IMPORTANT NOTICE

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THE PROSPECTUS IS NOT AN OFFER TO SELL THE PREEMPTIVE RIGHTS, INTERIM SHARES AND/OR NEW SHARES (EACH AS DEFINED IN THE ATTACHED PROSPECTUS) AND THE COMPANY IS NOT SOLICITING OFFERS TO BUY THE PREEMPTIVE RIGHTS, INTERIM SHARES AND/OR NEW SHARES IN ANY JURISDICTION WHERE SUCH OFFER OR SALE IS NOT PERMITTED.

Confirmation of your representation: By accessing the attached Prospectus, you have confirmed to the Joint Global Coordinators, Joint Lead Managers and the Company (each, as defined in the attached Prospectus) that (i) you have understood and agree to the terms set out herein, (ii) (a) you and the electronic mail address you have given to us are not located in the United States, its territories and possessions or (b) you are a person that is a "qualified institutional buyer" ("**QIB**") within the meaning of Rule 144A under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the attached Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person and (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to purchase any Preemptive Rights, Interim Shares and/or New Shares (as defined in the attached Prospectus).

You are reminded that the attached Prospectus has been delivered to you on the basis that you are a person into whose possession the attached Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the attached Prospectus, electronically or otherwise, to any other person and, in particular, to any address located in the United States (its territory and possessions, any state of the United States and the District of Columbia ("**United States**" or "**U.S.**"). Failure to comply with this directive may result in a violation of the U.S. Securities Act or the applicable laws of other jurisdictions.

Restrictions: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF THE PREEMPTIVE RIGHTS, INTERIM SHARES AND/OR NEW SHARES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

ANY PREEMPTIVE RIGHTS, INTERIM SHARES AND/OR NEW SHARES BEING SOLD HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN OR WITHIN THE UNITED STATES EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB THAT IS ACQUIRING SUCH PREEMPTIVE RIGHTS, INTERIM SHARES AND/OR NEW SHARES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM, IF AVAILABLE, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE ATTACHED PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED PROSPECTUS IN WHOLE OR IN PART IS

UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

Under no circumstances shall the attached Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Preemptive Rights, Interim Shares and/or New Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The attached Prospectus and the offer are only addressed to and directed at persons in member states of the European Economic Area ("**EEA**") (other than Denmark, Norway and Sweden) who fulfil the criteria for exemption from the obligation to publish a prospectus, including "qualified investors" ("**Qualified Investors**") within the meaning of Article 2(e) of the Prospectus Regulation. For the purposes of this provision, the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

In the United Kingdom, the Prospectus is only addressed to and directed at persons who are "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation and who are: (i) persons who have professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts, as described in Article 49(2)(a) to (d) of the Order; and / or (iii) persons to whom it may otherwise lawfully be communicated under the Order (all such persons together being referred to as "**Relevant Persons**"). For the purposes of this provision, the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018. The Prospectus must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. In the United Kingdom, any investment or investment activity to which the Prospectus relates is available only to, and will be engaged in only with, Relevant Persons.

The attached Prospectus must not be acted or relied on (i) in the United Kingdom, by persons who are not Relevant Persons and (ii) in any member state of the EEA (other than Denmark, Norway and Sweden), by persons who are not Qualified Investors. Any investment or investment activity to which the attached Prospectus relates is available only to (i) in the United Kingdom, Relevant Persons and (ii) in any member state of the EEA (other than Denmark, Norway and Sweden), Qualified Investors, and will be engaged in only with such persons.

The attached Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Global Coordinators, Joint Lead Managers, any person who controls any of the Joint Global Coordinators or Joint Lead Managers, or the Company, any director, officer, employee or agent of any of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version of the Prospectus. By accessing the linked document, you consent to receiving it in electronic form.

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Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories described above and to whom it is directed, and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

None of the Joint Global Coordinators, Joint Lead Managers, or any of their respective affiliates, or any of their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of the Prospectus or for any statement made or purported to be made by it, or on its behalf, in connection with the issuer or the offer. The Joint Global Coordinators, Joint Lead Managers and any of their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Global

Coordinators, Joint Lead Managers or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in the Prospectus.

The Joint Global Coordinators and Joint Lead Managers are acting exclusively for the Company and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of the Prospectus) as their client in relation to the offer and will not be responsible to anyone other than the Company for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Solely for the purposes of the product governance requirements contained within: (a) Directive 2014/65/EU of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing MiFID II with regard to safe-guarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the securities that are the subject of the Offering have been subject to a product approval process, which has determined that the Preemptive Rights, the Interim Shares and the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Preemptive Rights and the Shares may decline and shareholders and investors could lose all or part of their investment; the Preemptive Rights and the Shares offer no guaranteed income and no capital protection; and an investment in the Preemptive Rights and the Shares is compatible only with shareholders and investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties (except for a public offering to shareholders and investors in Denmark, Sweden, Norway and Greenland conducted pursuant to this Prospectus that has been approved by and registered with the DFSA). For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or shareholder in Tryg or group of investors or Shareholders in Tryg to invest in, or purchase, or take any other action whatsoever with respect to, the Preemptive Rights, the Interim Shares and the New Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Preemptive Rights, the Interim Shares and the New Shares and determining appropriate distribution channels.

Tryg A/S

(a public limited liability company incorporated in Denmark registered under CVR no. 26460212)

Rights issue of 352,505,989 new shares with a nominal value of DKK 5 each at a subscription price of DKK 105 per new share with preemptive rights for the existing shareholders of Tryg A/S at the ratio of 7:6.

This Prospectus (the "**Prospectus**") has been prepared in connection with a capital increase comprising an offering (the "**Offering**") and the admission to trading on the regulated market Nasdaq Copenhagen A/S ("**Nasdaq Copenhagen**") of 352,505,989 new shares (the "**New Shares**") with a nominal value of DKK 5 each in Tryg A/S ("**Tryg**") with preemptive rights for the Existing Shareholders (as defined below) of Tryg.

Immediately prior to the Offering, Tryg's registered nominal share capital is DKK 1,510,739,955 divided into 302,147,991 shares with a nominal value of DKK 5 each (the "**Existing Shares**" and together with the New Shares, the "**Shares**"). Tryg's Existing Shares are admitted to trading and official listing on Nasdaq Copenhagen under the ISIN code DK0060636678.

On 1 March 2021, under the authorisation adopted as article 8A in Tryg's articles of association (the "**Articles of Association**"), Tryg's board of directors (the "**Supervisory Board**") resolved to increase the nominal share capital of Tryg by DKK 1,762,529,945 (352,505,989 New Shares with a nominal value of DKK 5 each). Each holder of Existing Shares that is registered with VP Securities A/S ("**VP Securities**") on 5 March 2021 at 5:59 p.m. CET (the "**Allocation Time**") as a shareholder in Tryg (the "**Existing Shareholders**") will be allocated 7 preemptive rights (the "**Preemptive Rights**") for each Existing Share held. For every 6 Preemptive Rights, the holder is entitled to subscribe for one New Share at a price of DKK 105 per New Share (the "**Subscription Price**").

The trading period for the Preemptive Rights (the "**Rights Trading Period**") commences on 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET. The subscription period for the New Shares (the "**Subscription Period**") commences on 8 March 2021 at 9:00 a.m. CET and closes on 19 March 2021 at 5:00 p.m. CET. Any Preemptive Rights that have not been exercised during the Subscription Period will lapse with no value, and the holder of such Preemptive Rights will not be entitled to any compensation. Once a holder of Preemptive Rights has exercised such rights and subscribed for New Shares, such subscription cannot be withdrawn or modified by the holder, except as set forth in this Prospectus with respect to any withdrawal rights in connection with the filing of a supplement to this Prospectus. The Preemptive Rights have been approved for trading and official listing on Nasdaq Copenhagen under the interim ISIN code DK0061534450 and will be traded in the interim ISIN code under the symbol "TRYG T".

Interim shares corresponding to and representing New Shares which have been subscribed for based on Preemptive Rights and which will be recorded on subscribers for New Shares' accounts with VP Securities after the subscription has been effected (the "**Interim Shares**") will be issued under an interim ISIN code DK0061534534 and have been conditionally approved for admission to trading and official listing on Nasdaq Copenhagen in the interim ISIN code as from 4 March 2021 at 9:00 a.m. CET and will be traded in the interim ISIN code under the symbol "TRYG N". The trading of the Interim Shares will commence before specific conditions to the Offering are met and all dealings in the Interim Shares prior to the registration of the New Shares with the Danish Business Authority are for the account, and at the sole risk, of each of the parties concerned. Registration of the New Shares with the Danish Business Authority will take place following completion of the Offering, expected to take place on 25 March 2021. Nasdaq Copenhagen has conditionally approved the New Shares for admission to trading and official listing. Admittance to trading and official listing of the New Shares under the existing ISIN code, DK0060636678, is expected to take place on 29 March 2021. As soon as possible thereafter, the interim ISIN code of the Interim Shares, DK0061534534, will be merged with the ISIN code of the Existing Shares, DK0060636678, and the Interim Shares will automatically be converted into New Shares, expected to take place on 30 March 2021. Until such merger has been completed, the liquidity and market price of the Interim Shares under the interim ISIN code may be substantially different from the liquidity and market price of the Existing Shares.

The Offering is fully underwritten. Subject to the satisfaction of certain conditions in the underwriting agreement dated the date of this Prospectus (the "**Underwriting Agreement**"), any New Shares that have not been subscribed for by the Existing Shareholders through the exercise of their allocated or acquired Preemptive Rights or by other investors through the exercise of their acquired Preemptive Rights before the expiry of the Subscription Period (the "**Remaining Shares**") will, without compensation to the holders of unexercised Preemptive Rights, be subscribed for by an underwriting syndicate consisting of Danske Bank A/S ("**Danske Bank**") and Morgan Stanley & Co. International plc ("**Morgan Stanley**") as joint global coordinators and joint bookrunners (the "**Joint Global Coordinators**") and Citigroup Global Markets Europe AG ("**Citigroup**"), HSBC Continental Europe ("**HSBC**") and Nordea Danmark, filial af Nordea Bank Abp, Finland ("**Nordea**") (the "**Joint Lead Managers**" and jointly with the Joint Global Coordinators, the "**Managers**"). Therefore, subject to the satisfaction of such conditions, Tryg has ensured that all New Shares will be subscribed for corresponding to aggregate gross proceeds of DKK 37,013 million.

The Offering consists of (i) a public offering in Denmark, Greenland, Norway and Sweden and (ii) private placements in certain other jurisdictions, including to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A under the U.S. Securities Act ("**Rule 144A**") in the United States, and in offshore transactions outside the United States within the meaning and in accordance with Regulation S.

Joint Global Coordinators and Joint Bookrunners

Danske Bank **Morgan Stanley**

Joint Lead Managers

Citigroup **HSBC** **Nordea**

This Prospectus is dated 1 March 2021

Important Information

The Managers may offer and sell any Remaining Shares (i) in offshore transactions within the meaning of and in accordance with Regulation S under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") ("**Regulation S**"), or (ii) inside the United States to persons reasonably believed to be QIBs and/or in reliance on another exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act or other applicable securities laws.

Prospective investors are hereby notified that sellers of the Preemptive Rights, the Remaining Shares, the Interim Shares and the New Shares may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder.

TryghedsGruppen smba (the "**TryghedsGruppen**") which as at the date of this Prospectus holds 53% of Tryg's share capital is entitled to 1,120,969,052 Preemptive Rights allowing TryghedsGruppen to subscribe for 186,828,175 New Shares through the exercise of Preemptive Rights. TryghedsGruppen has signed an irrevocable undertaking under which TryghedsGruppen irrevocably has undertaken towards Tryg and each of the Joint Global Coordinators in connection with the Offering to (i) subscribe in cash for New Shares for a total subscription amount of DKK 12,585,329,264 (the "**TryghedsGruppen Firm Shares**") (including by using the net proceeds of the sale of Existing Shares which occurred on 23 November 2020); and (ii) further participate in the Offering on a cash neutral basis. This cash neutral participation will be achieved by TryghedsGruppen subscribing for the maximum number of New Shares that it can using the net proceeds (after transaction costs) arising from the sale of Preemptive Rights, such sale of Preemptive Rights to occur as soon as reasonably practicable during the Subscription Period. For further information, see "*Material Contracts—Material contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*". Any Preemptive Rights sold by TryghedsGruppen will be exercised and the resulting Interim Shares will be sold, at the discretion of Danske Bank and Morgan Stanley on behalf of TryghedsGruppen, in open market transactions, private placements, block trades or otherwise.

Investing in the Preemptive Rights and the Shares involves a high degree of risk. See "*Risk Factors*" for a discussion of certain risks that shareholders and investors should consider before investing in the Preemptive Rights and the Shares.

The Preemptive Rights, the Interim Shares and the New Shares, following automatic conversion from Interim Shares, will be delivered in book-entry form through allocation to accounts with VP Securities. The New Shares have been accepted for clearance through Euroclear Systems ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**").

The offering is subject to Danish law and this Prospectus has been prepared under Danish law in compliance with the requirements set out in Danish Consolidated Act no. 1767 of 27 November 2020 on capital markets, as amended (the "Danish Capital Markets Act"), Regulation (EU) 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended, (the "Prospectus Regulation") as well as the commission delegated regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended, (the "Delegated Prospectus Regulation") and the commission delegated regulation (EU) 2019/979 of 14 March 2019 supplementing the Prospectus Regulation with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, as amended. This Prospectus will be passported to Norway and Sweden in accordance with the Prospectus Regulation. This Prospectus has been drawn-up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation and in conformity with Annex 3 and Annex 12 of the Delegated Prospectus Regulation.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of the Preemptive Rights or New Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer in such jurisdiction.

This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, Preemptive Rights, Interim Shares or New Shares, or subscribe for New Shares, to any person with a registered address, or who is resident or located in, the United States.

Neither the Preemptive Rights, the Interim Shares nor the New Shares have been or will be registered under the U.S. Securities Act, or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly within the United States, except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Preemptive Rights and the New Shares are being offered and sold outside the United States in offshore transactions within the meaning of and in accordance with Regulation S under the U.S. Securities Act. In the United States, only persons that are QIBs may, subject to certain conditions, acquire Preemptive Rights or subscribe for New Shares upon exercise of Preemptive Rights in the Offering pursuant to the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided for transactions not involving a public offering. There will be no public offer of the Preemptive Rights or the New Shares in the United States.

For certain restrictions on receipt, exercise and transfer of the Preemptive Rights, the Interim Shares and New Shares, see "*Terms and Conditions of the Offering—Jurisdictions in which the Offering will be announced and restrictions applicable to the Offering*". The distribution of this Prospectus and the offer of the Preemptive Rights, the Interim Shares and New Shares in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by Tryg and the Managers to inform themselves about and to observe such restrictions.

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SUMMARY

Section A—Introduction and warnings	
Introduction and warnings	This summary should be read as an introduction to this Prospectus. Any decision to invest in the Preemptive Rights, the Interim Shares and the New Shares should be based on consideration of this Prospectus as a whole by the shareholders in Tryg and investors. Shareholders and investors could lose all or part of the invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff shareholder or investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid shareholders and investors when considering whether to invest in the Preemptive Rights, the Interim Shares and the New Shares.
Issuer Information	The Existing Shares are issued in the following ISIN code DK0060636678. The issuer is Tryg A/S. The address and other contact details of Tryg are Klausdalsbrovej 601, DK-2750 Ballerup, telephone number +45 70112020. Tryg has the legal entity identifier number (LEI) 213800ZRS8AC4LSTCE39 and company registration (CVR) no. 26 46 02 12. The interim ISIN code for the Preemptive Rights is DK0061534450. The interim ISIN code for the Interim Shares is DK0061534534.
Competent authority	This Prospectus has been approved by the Danish Financial Supervisory Authority as competent authority under the Prospectus Regulation. The address and other contact details of the Danish Financial Supervisory Authority are Århusgade 110, DK-2100 Copenhagen Ø, Denmark, telephone number +45 33558282, email finanstilsynet@ftnet.dk and fax +45 33558200. This Prospectus has been approved on 1 March 2021.

Section B—Issuer	
Who is the issuer of the securities?	
Domicile and legal form	Tryg is incorporated in Denmark and operates as a public limited liability company under the laws of Denmark. Tryg has legal entity identifier number (LEI) 213800ZRS8AC4LSTCE39.
Principal activities	The Tryg Group is one of the largest non-life insurance companies in the Scandinavian region with strong market shares in Denmark and Norway and a solid market presence in Sweden. The Tryg Group is the third largest and, after completion of the Acquisition, is expected to be the largest, general insurer in Scandinavia, based on latest available statistics from Forsikring og Pension in relation to Denmark, Finans Norge in relation to Norway, and Svensk Försäkring in relation to Sweden. In Denmark, the Tryg Group is the leading general insurer with a market share of 22.9% based on gross premium income in 2019, the latest period for which data are publicly available, according to Forsikring og Pension. In Norway, the Tryg Group is the fourth largest general insurer with a market share of 13.2% based on gross premiums written in 2020, according to Finans Norge (2019: 13.3%). In Sweden, the Tryg Group is the fifth largest general insurer with a market share of 3.4% based on gross premium income in 2020, according to Svensk Försäkring (2019: 3.3%). As of 31 December 2020, the Tryg Group estimates that it provides insurance coverage to over 4 million customers, including private individuals, households, small and medium sized enterprise ("**SMEs**") and large corporate customers (2019: approximately 4 million). As of 31 December 2020, the Tryg Group had approximately 4,400 full-time employees throughout Denmark, Norway and Sweden (2019: 4,152). For the year ended 31 December 2020, the Tryg Group had gross premiums written of DKK 23,652 million (2019: DKK 22,563 million), a profit on ordinary activities before taxation of DKK 3,541 million (2019: DKK 3,628 million), a combined ratio of 84.5% (2019: 85.1%) and a return on equity after tax of 22.5% (2019: 24.6%). The Tryg Group has three geographical segments; its Danish general insurance (which includes Danish general insurance and German, Dutch, Austrian and Finnish credit and surety insurance), Norwegian general insurance and Swedish general insurance segments which contributed 61.8% (2019: 60.7%), 28.3% (2019: 29.8%) and 9.9% (2019: 9.7%), respectively, to the Tryg Group's gross premium income as of 31 December 2020 before eliminations and discrete items. The Tryg Group has the following operating segments: • *Private*. Private provides a comprehensive range of general insurance products for private individuals in Denmark and Norway under the brand names "Tryg", "Alka" and "Enter Forsikring". The Tryg Group's range of general insurance products include

	motor, fire and contents, personal accident, travel, motorcycle, pet and health insurance. • *Commercial*. Commercial provides general insurance products for SMEs in Denmark and Norway under the brand name "Tryg" and "Moderna" in Sweden. The Tryg Group's range of general insurance products include motor, fire and contents, liability, workers' compensation, travel and health insurance. • *Corporate*. Corporate provides general insurance products for larger businesses under the brand name "Tryg" in Denmark and Norway, "Moderna" in Sweden. In addition, credit and surety insurance is provided to larger businesses under the brand "Tryg Garanti" in Denmark, Norway, Sweden, Germany, Austria, the Netherlands and Finland. The Tryg Group's range of general insurance products include fire and contents, liability, workers' compensation, motor, cargo, personal accident/disease and group life insurance. • *Sweden.* The Tryg Group's Sweden operating segment sells general insurance products to private individuals under the brands "Moderna", "Moderna Djurförsäkringar", "Atlantica Båtförsäkring", and "Bilsport & MC specialförsäkring". The Tryg Group's range of general insurance products include motor, fire and contents, pet, child, boat and personal accident insurance.
Major shareholders	As at the date of this Prospectus, Tryg has received notification that TryghedsGruppen holds 5% or more of Tryg's share capital and/or voting rights. TryghedsGruppen is incorporated as a limited liability company under Danish law in the form of a "smba". As a "smba" (a "company with limited liability"), TryghedsGruppen does not have shareholders, but is instead owned by its members (i.e. the 'smba' structure is broadly akin to a UK mutual or co-operative). Other than TryghedsGruppen, Tryg is as of the date of this Prospectus not aware of any person who, directly or indirectly, owns an interest in Tryg's share capital or voting rights that is notifiable under Danish law. As at the date of this Prospectus, TryghedsGruppen holds 160,138,436 Shares and 80,069,218,000 voting rights in Tryg (corresponding to approximately 53% of the total share capital and voting rights in Tryg).
Key managing directors	As at the date of this Prospectus, the Supervisory Board consists of Jukka Pekka Pertola (Chairman), Torben Henning Nielsen (Deputy Chairman), Gunnar Elias Bakk, Charlotte Dietzer, Ida Sofie Jensen, Lene Skole-Sørensen, Mari Thjømøe, Claus Wistoft, Karen Bladt, Gert Ove Mikkelsen, Tina Snejbjerg and Carl-Viggo Johannes Östlund. In addition, Tryg's executive board (the "**Executive Board**") consists of Morten Marc Hübbe (Group CEO), Barbara Plucnar Jensen (Group CFO), Lars Ulrik Bonde (Group COO) and Johan Kirstein Brammer (Group CCO).
Statutory auditors	As at the date of this Prospectus, the statutory auditor of Tryg is Deloitte Statsautoriseret Revisionspartnerselskab. Tryg's financial statements covering the financial years ended 31 December 2020, 2019 and 2018 was audited by Jens Ringbæk (mne27735) and Kasper Bruhn Udam (mne29421).
What is the key financial information regarding the issuer?	
Key financial information	The key financial information shown below has been derived from (i) the Tryg Group's consolidated financial statements as of and for each of the years ended 31 December 2020, 2019 and 2018 prepared in accordance with IFRS as adopted by the EU and (ii) the Enlarged Group's unaudited condensed combined pro forma financial information as at and for the year ended 31 December 2020 prepared to illustrate an estimated and hypothetical presentation of the Enlarged Group's assets, liabilities, financial position and results of operations as the Enlarged Group would have been if the Acquisition had been completed and the Separation had been carried out as at those dates and for such period. The unaudited condensed combined pro forma financial information has been prepared in accordance with Annex 20 to the Delegated Prospectus Regulation, as amended, and in accordance with the accounting principles applied in the Tryg Group's consolidated financial statements as at and for the year ended 31 December 2020 incorporated into this Prospectus by reference. The unaudited condensed combined pro forma financial information has not been prepared, and shall not be construed, as having been prepared, in accordance with Article 11 of Regulation S-X under the U.S. Securities Act or the guidelines established by the American Institute of Certified Public Accountants.

		Financial year ending 31 December			
	DKK millions	**2020 Unaudited Pro Forma Financial Information**	**2020**	**2019**	**2018**
	Income Statement				
	Premium income, net of reinsurance	31,617	21,998	21,198	17,675
	Claims, net of reinsurance	(20,743)	(14,637)	(14,429)	(12,045)
	Technical result	5,470	3,495	3,237	2,766
	Total investment return after insurance technical interest	(1,332)	311	579	(332)
	Profit/loss before tax	2,935	3,541	3,628	2,262
	Profit/loss for the year	1,980	2,773	2,843	1,731
	Earnings per share	—	9.19	9.42	5.73
	DKK millions	**2020 Unaudited Pro Forma Financial Information**	**2020**	**2019**	**2018**
	Balance sheet				
	Total investment assets	74,255	46,881	45,390	43,340
	Total assets	123,662	60,916	59,059	56,545
	Total provisions for insurance contracts	52,386	32,488	32,224	31,948
	Total debt	16,442	12,255	10,543	9,058
	Total liabilities	76,234	48,651	46,974	45,211
	Total equity	47,427	12,264	12,085	11,334
	Solvency II—Own funds	16,515	8,884	8,119	8,058
		2020 Unaudited Pro Forma Financial Information	**2020**	**2019**	**2018**
	Ratios (%)				
	Premium growth in local currencies (APM)	—	7.0	17.1	6.3
	Gross claims ratio	—	68.1	68.3	67.4
	Net reinsurance ratio	—	2.2	2.6	3.3
	Claims ratio, net of ceded business	—	70.3	70.9	70.7
	Gross expense ratio	—	14.1	14.2	14.4
	Combined ratio	—	84.5	85.1	85.1

What are the key risks that are specific to the issuer?

Key risks

The risks discussed below are those that are specific for the Enlarged Group and that the Tryg Group's management currently views as material, but the risks described below are not the only ones faced and should be used as guidance only. Additional risks not presently known to the Tryg Group's management or that the Tryg Group's management currently deem immaterial may also, whether individually or cumulatively, have a material adverse effect on the Tryg Group's and the Enlarged Group's business, financial condition, results of operations and prospects, and could negatively affect the Tryg Group's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects resulting in a decline in the value of, and a loss of part or all of an investor's investment.

- The Acquisition is subject to a number of conditions that remain outstanding at the date of this Prospectus, which may not be satisfied or waived or the receipt of which may prevent or delay completion of the Acquisition and the Separation.
- There can be no assurance that regulators or other authorities will not seek to impose new or more stringent conditions on the Tryg Group or the Enlarged Group prior to approving completion of the Acquisition.
- If the Acquisition does not complete and the Tryg Group fails to identify suitable alternative uses for the net proceeds of the Offering, such proceeds may be returned to the Shareholders or other investors in the Offering.
- The Tryg Group has very limited rights to terminate the Acquisition or adjust the purchase price for RSA Scandinavia even if there is a decline in value of RSA Scandinavia or regulators impose additional requirements on the Acquisition affecting value.
- The Tryg Group may experience difficulties in connection with the implementation of the Separation, which may adversely affect the Tryg Group's business, financial condition, results of operations and prospects.

	• Factors outside the Tryg Group's and RSA Scandinavia's control, including adverse economic conditions, political developments or climate change, may adversely affect their and the Enlarged Group's business, financial condition, results of operations and prospects. • If the Tryg Group and RSA Scandinavia fail and, following completion of the Acquisition, the Enlarged Group fails, to keep pace with changes in the industry, including new challenges presented by traditional and non-traditional competitors, or fail or fails to continue to provide attractive and innovative products and services, use of the Tryg Group's and RSA Scandinavia's and the Enlarged Group's products and services could decline, reducing its revenues and earnings. • The Tryg Group's and RSA Scandinavia's business depends and, following completion of the Acquisition, the Enlarged Group's business will depend on, strategic partnerships and brokers to distribute their products; the loss of business provided by such strategic partners and brokers could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects. • Failure of the Tryg Group's and/or RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's own or outsourced information technology systems, including as a result of cybercrime or information security weaknesses, could lead to a breach of regulations and contractual obligations and have a material adverse effect on their reputation, business, financial condition, results of operations and prospects. • The Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's underwriting assumptions and pricing may accept excessive risks, misprice the risks that they assume and inadequately reflect risk exposure or cover claims, all of which could result in significant underwriting losses. • The Tryg Group and RSA Scandinavia are and, following completion of the Acquisition, the Enlarged Group will be, subject to extensive regulatory requirements. Failure to comply with such requirements, obtain, hold or renew licences, permissions, authorisations or notifications, or changes to the legal and regulatory systems under which the Enlarged Group will operate could have a material adverse effect on its reputation, business, financial condition, results of operations and prospects. • The Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group may not be able to protect itself against cyber threats that have the potential to significantly compromise the confidentiality, integrity and availability of their information systems and business data. • The Tryg Group and RSA Scandinavia are exposed to credit and counterparty risk in relation to financial institutions. Deteriorations in the financial soundness of financial institutions may have a material adverse effect on their and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects. • The Tryg Group, RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group are vulnerable to adverse market perception arising as a result of reputational damage, especially as they operate in a highly regulated industry.

Section C—Securities	
What are the main features of the securities?	
Type, class and ISIN	Tryg has one share class. The Shares are denominated in Danish kroner. As at the date of this Prospectus, Tryg has a registered nominal share capital of DKK 1,510,739,955 divided into 302,147,991 Shares with a nominal value of DKK 5 each. Tryg's Existing Shares are admitted to trading and official listing on Nasdaq Copenhagen under the ISIN code DK0060636678. The Preemptive Rights have been approved for trading and official listing on Nasdaq Copenhagen under the interim ISIN code DK0061534450. The Interim Shares will be issued under the interim ISIN code DK0061534534 and have been approved for trading and official listing on Nasdaq Copenhagen.
Rights attached to the New Shares	All Shares, including the New Shares, rank *pari passu* in respect of voting rights, preemptive rights, redemption, conversion and restrictions or limitations according to the Articles of Association, and eligibility to receive dividend or proceeds in the event of dissolution or liquidation. Each Share amount of DKK 5 entitles its holder to 500 votes at general meetings of Tryg.
Restrictions	The Shares, including the New Shares, are negotiable instruments and no restrictions under the Articles of Association or Danish law apply to the transferability of the Shares.

Dividend policy	Tryg's dividend policy is approved by the Supervisory Board on an annual basis and is based on the following assumptions: (i) an aspiration to distribute a steadily increasing dividend in nominal terms on a full-year basis; (ii) a general objective of creating long-term value for Tryg's shareholders; (iii) a competitive dividend policy in comparison with the policies of Tryg's Nordic competitors; (iv) annual distribution of 60 – 90% of Tryg's profit after tax; (v) the capital level must at all times reflect Tryg's return-on-equity targets and statutory capital requirements; and (vi) the capital level may be adjusted via extraordinary dividends. The ordinary dividend is paid on a quarterly basis.
Where will the securities be traded?	
Admission to trading and official listing	Tryg's Existing Shares have been admitted to trading and official listing on Nasdaq Copenhagen (a regulated market) under the ISIN code DK0060636678. In connection with the Offering, the Preemptive Rights have been approved for trading and official listing on Nasdaq Copenhagen under the interim ISIN code DK0061534450 and will be traded in the interim ISIN code under the symbol "TRYG T". The Interim Shares will be issued and registered under the interim ISIN code DK0061534534 and have been conditionally approved for admission to trading and official listing on Nasdaq Copenhagen from 4 March 2021 at 9:00 a.m. CET under the interim ISIN code DK0061534534 and will be traded in the interim ISIN code under the symbol "TRYG N". The trading of the Interim Shares will commence before specific conditions to the Offering are met and all dealings in the Interim Shares prior to the registration of the New Shares with the Danish Business Authority are for the account, and at the sole risk, of each of the parties concerned. Registration of the New Shares with the Danish Business Authority will take place following completion of the Offering, expected to take place on 25 March 2021. Nasdaq Copenhagen has conditionally approved the New Shares for admission to trading and official listing. Admittance to trading and official listing of the New Shares under the existing ISIN code, DK0060636678, is expected to take place on 29 March 2021. As soon as possible thereafter, the interim ISIN code of the Interim Shares will be merged with the ISIN code of the Existing Shares, DK0060636678, expected to take place on 30 March 2021.
What are the key risks that are specific to the securities?	
Key risks	The key risks that are specific to the Preemptive Rights, the Interim Shares and the New Shares are: • Due to the Offering, the prices of the Existing Shares, the Preemptive Rights, the Interim Shares and the New Shares may be volatile regardless of the Tryg Group's or the Enlarged Group's operating performance and results. The stock market in general may experience considerable volatility and investors may not be able to resell Shares at or above the Subscription Price.

Section D—Offering	
Under which conditions and timetable can I invest in this security?	
Terms and conditions of the Offering	Tryg is offering 352,505,989 New Shares with a nominal value of DKK 5 at the Subscription Price and with Preemptive Rights for the Existing Shareholders at the ratio of 7:6. Each holder of Existing Shares registered with VP Securities on 5 March 2021 at 5:59 p.m. CET as a shareholder in Tryg will be allocated 7 Preemptive Rights for each Existing Share. For every 6 Preemptive Rights, the holder is entitled to subscribe for one New Share at the Subscription Price. The Rights Trading Period commences on 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET. The Subscription Period for New Shares commences 8 March 2021 at 9:00 a.m. CET and closes on 19 March 2021 at 5:00 p.m. CET. Any Preemptive Rights not exercised during the Subscription Period will lapse with no value, and the holder of such Preemptive Rights will not be entitled to compensation. Once a holder of Preemptive Rights has exercised such rights and subscribed for New Shares, such subscription cannot be withdrawn or modified by the holder. The Preemptive Rights, the Interim Shares and the New Shares have been approved for trading and official listing on Nasdaq Copenhagen. If a holder of Preemptive Rights does not want to exercise its Preemptive Rights to subscribe for New Shares, the Preemptive Rights may be sold during the Rights Trading Period. New Shares that have not been subscribed for by the Existing Shareholders through the exercise of their allocated or acquired Preemptive Rights or by other investors through the exercise of their acquired Preemptive Rights before the expiry of the Subscription Period will, without compensation to the holders of unexercised Preemptive Rights, be subscribed for by the Managers.
Admission to trading	Preemptive Rights will be allocated free of charge to the Existing Shareholders that are registered as Shareholders with VP Securities on 5 March 2021 at 5:59 p.m. CET. Existing Shares traded after 3 March 2021 will be traded without Preemptive Rights, provided that the

	Existing Shares are traded at customary two-day settlement. The Preemptive Rights have been approved for trading and official listing on Nasdaq Copenhagen under the interim ISIN code DK0061534450 and will be traded in the interim ISIN code under the symbol "TRYG T". The Rights Trading Period commences on 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET. The Offering is being made at the ratio of 7:6, which means that each Existing Shareholder will be allocated 7 Preemptive Rights for each Existing Share held on 5 March 2021 at 5:59 p.m. CET and that 6 Preemptive Rights will be required to subscribe for one New Share at the Subscription Price of DKK 105 per New Share. The Subscription Period for the New Shares commences on 8 March 2021 at 9:00 a.m. CET and closes on 19 March 2021 at 5:00 p.m. CET. Any New Shares subscribed for from the exercise of Preemptive Rights will be recorded on the subscriber's book-entry account with VP Securities as Interim Shares representing New Shares after the subscription has been effected. The Interim Shares will be issued under an interim ISIN code, DK0061534534, and have been conditionally approved for admission to trading and official listing on Nasdaq Copenhagen in the interim ISIN code as from 4 March 2021 at 9:00 a.m. CET and will be traded in the interim ISIN code under the symbol "TRYG N". The trading of the Interim Shares will commence before specific conditions to the Offering are met and all dealings in the Interim Shares prior to the registration of the New Shares with the Danish Business Authority are for the account, and at the sole risk, of each of the parties concerned. Registration of the New Shares with the Danish Business Authority will take place following completion of the Offering, expected to take place on 25 March 2021. Nasdaq Copenhagen has conditionally approved the New Shares for admission to trading and official listing. Admittance to trading and official listing of the New Shares under the existing ISIN code, DK0060636678, is expected to take place on 29 March 2021. As soon as possible thereafter, the interim ISIN code of the Interim Shares will be merged with the ISIN code of the Existing Shares, DK0060636678, and the Interim Shares will automatically be converted into New Shares, expected to take place on 30 March 2021. Until such merger has been completed, the liquidity and market price of the Interim Shares under the interim ISIN code may be substantially different from the liquidity and market price of the Existing Shares. The admission of the Interim Shares, the New Shares as well as the continued admission to trading and official listing of the Shares on Nasdaq Copenhagen is subject to Tryg fulfilling the rules issued by Nasdaq Copenhagen, including that a sufficient number of Shares are distributed to the public.
Dilution	As at the date of this Prospectus, Tryg has a registered nominal share capital of DKK 1,510,739,955 divided into 302,147,991 Shares with a nominal value of DKK 5 each. Each Share amount of DKK 5 equals 500 votes. Upon issue of the New Shares, the percentage of ownership of Tryg's Existing Shareholders may be reduced. If the Existing Shareholders refrain from exercising the Preemptive Rights allocated to them, they will be diluted by 54%. If the Existing Shareholders elect to partly exercise the Preemptive Rights allocated to them, the rate of dilution will be between 0 and 54%. If the Existing Shareholders exercise their Preemptive Rights in full, they will not be diluted.
Estimated expenses	The total estimated costs and expenses in relation to the Offering payable by Tryg to the Managers, other adviser fees and expenses and fees related to the Offering, are estimated to be approximately DKK 550 million. However, from the gross proceeds of the Offering, only gross proceeds that remain after the amount of DKK 36,685,090,866.97 has been paid into a DKK denominated escrow account held by Danske Bank may be used for payment of fees and cost reimbursements payable to the Managers. Any remaining fees and cost reimbursements payable to the Managers and Tryg's other advisers will be paid using other funds held by Tryg. Further, Tryg has agreed to pay a subscription commission to Danish account holding banks (unless such account holding bank is a Manager) equivalent to 0.10% of the aggregate Subscription Price of the New Shares subscribed for through the relevant account holding institution (except for the Managers), in connection with the Offering. Neither Tryg nor the Managers will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account keeping financial institution.
Why is this prospectus being produced?	
Net amounts and use of proceeds	On the basis of a Subscription Price of DKK 105 per New Share and issuance of 352,505,989 New Shares with a nominal value of DKK 5 each and that the Offering is fully underwritten, the gross proceeds to Tryg from the subscriptions for New Shares will be DKK 37,013,128,845 and the net proceeds are expected to be approximately DKK 36.463 billion after deduction of commissions and estimated expenses payable by Tryg in connection with the Offering. The reason for the Offering is for Tryg to raise funds to finance its contribution of the cash consideration for the Acquisition. Hence, the majority of the proceeds from the Offering (up to DKK 36,685,090,866.97) will be used to pay the consideration payable by Tryg under the Tryg SPA for the Tryg Consideration Shares at completion of the Acquisition. The funds payable by Tryg under the Tryg SPA shall be paid in GBP and the specific amount payable by Tryg will be calculated in accordance with the terms of the Tryg SPA (expected to amount to approximately GBP 4.2 billion, corresponding to up to DKK 36,685,090,866.97, based on the exchange rates

	agreed under certain deal-contingent FX forward agreements entered into between Tryg and each of Danske Bank and Morgan Stanley). The remaining part of the proceeds from the Offering will be used to cover part of the fees payable by Tryg in connection to the Offering to the Managers (which fees are expected to be approximately DKK 460 million). Any remaining fees and cost reimbursements payable to the Managers and Tryg's other advisers will be paid using other funds held by Tryg.
Underwriting agreement	The Offering is fully underwritten. Subject to the satisfaction of certain conditions in the Underwriting Agreement, the Managers have agreed with Tryg to subscribe for any Remaining Shares. Completion of the Offering is conditional upon the Offering not being withdrawn. The Underwriting Agreement provides that the obligations of the Managers are subject to the following conditions, excluding any conditions which have been satisfied as at the date of this Prospectus: (i) there not having occurred certain insolvency related events in relation to Tryg prior to the registration of the New Shares with the Danish Business Authority; (ii) the Scheme not having lapsed or been validly withdrawn in accordance with its terms prior to the registration of the New Shares with the Danish Business Authority (or if the Acquisition is structured as a Takeover Offer, such Takeover Offer not having lapsed, been terminated or validly withdrawn in accordance with its terms prior to the registration of the New Shares with the Danish Business Authority); and (iii) no notification having been received from Nasdaq Copenhagen that the approval for admission to trading and official listing of the New Shares has been withdrawn prior to the registration of the New Shares with the Danish Business Authority. Any withdrawal of the Offering will be announced immediately via Nasdaq Copenhagen. Any Preemptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Preemptive Rights will not be entitled to compensation. If the Offering is not completed, any exercise of Preemptive Rights that has already taken place will be cancelled automatically. The subscription amount for the New Shares will be refunded (less any transaction costs) to the last registered owner of the Interim Shares as at the date of withdrawal. All Preemptive Rights will be null and void, and no New Shares will be issued.
Material conflicts of interest	None of the members of the Supervisory Board or the Executive Board have conflicts of interest with respect to their duties as members of the Supervisory Board or the Executive Board, except for the members of the Supervisory Board, Ida Sofie Jensen, Claus Wistoft and Karen Bladt, who have been elected by the General Meeting following a nomination by Tryg's majority shareholder TryghedsGruppen and who serve on the supervisory board of TryghedsGruppen. Ida Sofie Jensen is chairman of the supervisory board of TryghedsGruppen and Claus Wistoft and Karen Bladt are both ordinary members of the supervisory board of TryghedsGruppen. Further, certain members of the Supervisory Board and of the Executive Board are shareholders, directly or indirectly, in Tryg and some of these persons have indicated that they intend to exercise their Preemptive Rights in whole or in part. Therefore, these persons have an interest in the Offering. The Managers and their respective affiliates have from time to time been engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with Tryg or any of Tryg's respective related parties. For example, Morgan Stanley acts as sole financial adviser to Tryg, and Danske Bank provides debt financing to TryghedsGruppen, in connection with the Acquisition. Danske Bank and Morgan Stanley have also acted as joint global coordinators and joint bookrunners in connection with the accelerated bookbuild offering by TryghedsGruppen in November 2020. The Managers have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with the interests of shareholders, prospective investors and Tryg. In addition, in the ordinary course of business the Managers and their respective affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of Tryg. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

PART I. DESCRIPTION OF TRYG

1. RISK FACTORS

Any investment in the Preemptive Rights, the Interim Shares and/or the New Shares is subject to a number of risks and involves a high degree of financial risk. Accordingly, prospective investors should consider and review this document carefully in its entirety and consider all information included in this Prospectus (including any information or material incorporated by reference) including the risks described below, before they decide to invest in the Preemptive Rights, the Interim Shares or the New Shares. A number of factors affect the business, financial condition, results of operations and prospects of each of the Tryg Group, RSA Scandinavia and the Enlarged Group and the insurance industry in which they operate.

This section describes the risk factors considered to be material in relation to the Tryg Group and RSA Scandinavia as discrete groups based on the information known as at the date of this document and each of these risks will continue to be relevant to the Enlarged Group. If any of these risks actually materialise, the Tryg Group's or, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects could be materially adversely affected and the value of the Preemptive Rights, the Interim Shares and/or the Shares, including the New Shares could decline. Further, this section describes certain risks relating to the Offering, the Preemptive Rights, the Interim Shares and the New Shares which could also adversely impact the value of the Preemptive Rights, the Interim Shares and/or the Shares, including the New Shares.

The risks described below are not the only ones faced and should be used as guidance only. Additional risks in relation to the Tryg Group and/or RSA Scandinavia not presently known to the Tryg Group's management or that the Tryg Group's management currently deem immaterial may also, whether individually or cumulatively, have a material adverse effect on the Tryg Group's business, financial condition, results of operations and prospects or those of the Enlarged Group, and could negatively affect the Tryg Group's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects resulting in a decline in the value of, and a loss of part or all of an investor's investment.

The most material risks, as assessed by the Tryg Group, are set out in order of the expected magnitude of their negative impact on the Tryg Group, RSA Scandinavia and the Enlarged Group and their businesses and the probability of their occurrence in each category.

1. Risks relating to the Acquisition

1.1. *The Acquisition is subject to a number of conditions that remain outstanding at the date of this Prospectus, which may not be satisfied or waived or the receipt of which may prevent or delay completion of the Acquisition and the Separation.*

The obligations of the parties to complete the Acquisition and, subsequently, effect the Separation are subject to a number of conditions that remain outstanding as of the date of this Prospectus which are detailed in this Prospectus under the headings "*Details of the Proposed Transaction*" and "*Material Contracts*". These include, among others:

- receipt of the required regulatory clearances to implement the Acquisition, including from the Danish Financial Supervisory Authority (the "**DFSA**"), the Swedish Financial Supervisory Authority (the "**SFSA**"), the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, and regulatory clearances in each of Canada, Ireland, Luxembourg, Guernsey, Oman, the Isle of Man, Brazil, Bahrain, United Arab Emirates, and Saudi Arabia;
- receipt of competition approval from the Danish Competition and Consumer Authority;
- sanction of the RSA scheme of arrangement (the "**Scheme**"), which is a statutory procedure in the UK allowing a company to make an arrangement with its

shareholders in a takeover scenario, by the High Court of Justice in England and Wales (the "**Court**") (which condition is expected to be satisfied in the second quarter of 2021);

- re-registration of RSA as a private limited company following the sanction of the Scheme by the Court; and
- implementation of the Offering and the admission of the New Shares to trading on Nasdaq Copenhagen pursuant to the Offering becoming effective in accordance with applicable Danish law and the Nasdaq Nordic Main Market Rulebook for Issuers of Shares, and the admission of such New Shares to listing and trading becoming effective on Nasdaq Copenhagen under the existing ISIN code of the Existing Shares.

Although each of Tryg, Intact and Intact Bidco have given certain contractual commitments to satisfy the conditions to the Acquisition for which they are responsible, including to use reasonable endeavours to ensure the satisfaction of the required regulatory approvals referenced above, and in the case of the required competition approval from the Danish Competition and Consumer Authority, to take all such actions as are necessary to receive such approval (subject to limited exceptions), there is no guarantee that the conditions to completion of the Acquisition that have not been satisfied as of the date of this Prospectus will be satisfied (or waived, if applicable) or, if satisfied, when this may occur. The Acquisition and the Separation may, therefore, not complete (if the conditions are not satisfied (or, if capable of waiver, waived) by the Long Stop Date (as defined herein)) or may be delayed.

Further, the Intact Group is wholly or partly responsible for leading the process for seeking certain of these approvals, in particular the competition approval from the Danish Competition and Consumer Authority and the regulatory approval from the Prudential Regulation Authority in the United Kingdom. Any failure or delay by the Intact Group to obtain such approvals in a timely manner may result in delays in the Tryg Group's acquisition of its interest in the Enlarged Group and the implementation of the Separation (including any realisation of synergies) and/or lead to the abandonment of the Acquisition.

If the Acquisition does not complete, the Tryg Group has nevertheless also incurred, and will incur additional, significant legal, accounting and transaction fees and other costs relating to the Acquisition which are expected to amount to a total of approximately DKK 1.6 billion. Failure to complete the Acquisition may have a material adverse effect on the business, financial condition, results of operations and prospects of the Tryg Group and, in the case of a delay, may have a material adverse effect on the business, financial condition, results of operations and prospects of the Enlarged Group including by delaying the realisation of anticipated synergies.

1.2. *There can be no assurance that regulators or other authorities will not seek to impose new or more stringent conditions on the Tryg Group or the Enlarged Group prior to approving completion of the Acquisition.*

The Acquisition is subject to a number of regulatory approvals having been obtained from regulators including, the DFSA, the SFSA and the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom. The Acquisition is also subject to receipt of competition approval from the Danish Competition and Consumer Authority. These and other regulators may impose conditions to completion of the Acquisition, changes to the terms of the Acquisition, or additional requirements, limitations or costs on the business of the Tryg Group.

There can be no assurance that any such legal or regulatory conditions, changes, requirements, limitations or costs will not materially change the economic rationale for the Acquisition, limit the contractual rights of the Tryg Group under the Shareholders' Agreement, limit the revenues of the Tryg Group or the Enlarged Group, impose additional regulatory capital requirements on the Tryg Group or the Enlarged Group, restrict the ability of the Tryg Group or the Enlarged Group to generate, distribute or release cash, increase the costs of the Tryg Group or the Enlarged Group, reduce the ability of the Tryg Group or the Enlarged Group to achieve cost and capital synergies, in some cases lead to

the abandonment of the Acquisition or otherwise affect the Tryg Group's or the Enlarged Group's practices or otherwise adversely affect the business, financial condition, results of operations and prospects of the Tryg Group or the Enlarged Group.

Further, given the Intact Group is wholly or partially responsible for leading the process for seeking certain of these regulatory approvals, including the competition approval from the Danish Competition and Consumer Authority, in accordance with the announced anticipated date of Completion in the second quarter of 2021 or by the Long Stop Date, the Tryg Group is not in direct interaction with such regulators and party to discussions relating to any requirements, limitations or costs on the business of the Enlarged Group that may be necessary for obtaining approval for the Acquisition. Failure or delay in obtaining such regulatory approvals or any such requirements, limitations or costs may materially adversely affect the Tryg Group's or the Enlarged Group's business, financial condition, results of operations and prospects.

1.3. ***If the Acquisition does not complete and the Tryg Group fails to identify suitable alternative uses for the net proceeds of the Offering, such proceeds may be returned to the Shareholders or other investors in the Offering.***

The Tryg Group intends to apply the proceeds of the Offering to fund the consideration for the Acquisition, together with the associated transaction and acquisition costs.

In the event that the Acquisition does not complete and no suitable alternative use for the proceeds is found, the net proceeds from the Offering would ultimately be returned to the Shareholders. Statutory restrictions under Danish law such as in relation to regulatory and solvency requirements, the level of reserves available for distribution and the financial and operating performance of the Tryg Group, may prevent the Tryg Group from returning the full proceeds of the Offering to Shareholders. If the amounts are returned to Shareholders, this would be expected to be effectuated either through a dividend payment, a capital reduction, a share buyback or a combination of the three. This would result in Shareholders incurring costs, including tax costs, in addition to bearing the costs and expenses payable by the Tryg Group, which would include the costs and expenses arising from the Acquisition and the Offering. In addition, proceeds from the Offering may be returned to all Shareholders, including Shareholders which have not participated in the Offering.

1.4. ***The Tryg Group has very limited rights to terminate the Acquisition or adjust the purchase price for RSA Scandinavia even if there is a decline in value of RSA Scandinavia or regulators impose additional requirements on the acquisition affecting value.***

The Tryg Group has very limited rights to terminate the Acquisition or adjust the purchase price, even in the event of a material adverse change in the value of RSA Scandinavia or if regulators impose additional requirements, limitations or costs on the business of the Enlarged Group as conditions to providing approval for the Acquisition. As a result of the application of the UK Takeover Code, certain conditions to the Acquisition may be invoked only if deemed by the UK Panel on Takeovers and Mergers to be of material significance in the context of the Transaction and, in any event, Intact, Intact Bidco and Tryg have given certain contractual commitments to take steps to satisfy certain conditions to obtain regulatory clearances, including (subject to limited exceptions) to take all such actions as are necessary to ensure receipt of the required competition approval from the Danish Competition and Consumer Authority and with respect to regulatory approvals from the DFSA, the SFSA, the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, and regulatory clearances in each of Canada, Ireland, Luxembourg, Guernsey, the Isle of Man, Brazil, Bahrain, United Arab Emirates, Oman and Saudi Arabia, to use reasonable endeavours to ensure the satisfaction of such conditions for which they are responsible, in each case prior to seeking to invoke the relevant condition in order to terminate the Acquisition. Accordingly, in the event that there is an adverse event affecting the value of RSA Scandinavia, an adverse requirement, limitation or cost is imposed by a regulator (including as the same may be proposed by the Intact Group for the approvals under its control) affecting value or the value of RSA

Scandinavia declines for any reason, the Acquisition may nonetheless have to complete and the value of either or both of Trygg-Hansa and Codan Norway (which are to be solely legally owned by the Tryg Group after the Demerger) and of the Tryg Group's 50% economic interest in Codan Denmark could be less than the consideration that has been agreed by Tryg to pay irrespective of any such value decline. The Tryg Group may therefore have to pay as consideration for its interests in RSA Scandinavia an amount in excess of market value at the time of completion of the Acquisition and such excess may be material, resulting in an adverse effect on the Tryg Group's cash flows, business, financial condition, results of operations and prospects.

1.5. *The Tryg Group may experience difficulties in connection with the implementation of the Separation, which may adversely affect the Tryg Group's business, financial condition, results of operations and prospects.*

As set out in the Separation Agreement and as further described in this Prospectus under the heading "*Details of the Proposed Transaction*", from completion of the Acquisition the Tryg Group and the Intact Group intend to hold their respective indirect interests in RSA Scandinavia through a limited liability company newly incorporated in Denmark jointly owned by Intact and Tryg, Scandi JV Co A/S ("**ScandiJVCo**"). ScandiJVCo will hold the entirety of RSA Scandinavia from completion of the Acquisition until the Demerger is completed.

While the Tryg Group has a contractual framework pursuant to the Separation Agreement to implement the Separation, including the contribution of RSA Scandinavia to ScandiJVCo, the Separation Agreement is a framework agreement which contains the principles for the Separation with detailed steps of the Separation remaining to be identified and implemented on the basis of those principles. There can be no assurance that the steps necessary to complete the Separation including for the Tryg Group to have sole legal ownership of Trygg-Hansa and Codan Norway will be implemented without complication or without there being a delay from the expected date of completion of the Separation during the first quarter of 2022.

For instance, whilst Intact and Tryg have sought to structure the Separation in a tax efficient manner, tax costs may have to be borne by the Tryg Group in respect of steps required to implement the Separation that are not envisaged as at the date of this Prospectus, including, for example, if the additional steps envisaged to be taken alongside the Scandinavia Carve-Out or Demerger are unable to or otherwise fail to be implemented in the manner envisaged by the Intact Group or the Tryg Group pursuant to the terms of the Separation Agreement (such as if Intact is unable to procure that the DKK 2,500 million Floating Rate Subordinated Notes due 31 May 2047 issued by Codan A/S are capitalised for new shares in Codan A/S). Further, new matters may be identified following additional due diligence that were not anticipated at the time the Separation Agreement was executed, for example, the need for additional transitional services arrangements. Disagreements between the Tryg Group and the Intact Group regarding implementation of the Separation, including these transitional services agreements, may also lead to complications or delays. There may also be a delay in obtaining or it may not be possible to obtain the regulatory approvals required for the portfolio transfers and the qualifying holding applications required for the implementation of the Demerger, or supervisory authorities may require additional conditions to be fulfilled in order to grant the approvals required for the implementation of the Demerger. Further, there may be a delay in obtaining, or it may not be possible, to obtain the insurance licence for NewCo required for the implementation of the Demerger.

Any complication and/or resulting delay in the implementation of the Separation could lead to a diminishment in the value of RSA Scandinavia, including Trygg-Hansa and Codan Norway, and result in the Separation being more difficult, time-consuming or expensive to implement than envisaged, adversely impacting the Tryg Group's business, financial condition, results of operations and prospects.

1.6. ***The Tryg Group will, following the Acquisition and until the completion of the Demerger, have limitations on its ability to control Trygg-Hansa and Codan Norway.***

While the Separation Agreement provides that the Tryg Group will enjoy the benefits and risks of Trygg-Hansa and Codan Norway (including by having control of their daily and long term operations) from Completion of the Acquisition, the Tryg Group will only become the legal owner of Trygg-Hansa and Codan Norway upon completion of the Demerger. Between the Acquisition and completion of the Demerger, the Tryg Group's control is based on contract and will not allow for a full implementation of synergies to begin until completion of the Demerger. The fact that Trygg-Hansa and Codan Norway from a corporate law and financial regulatory perspective will be a part of Codan Forsikring A/S also limits the Tryg Group's control. This includes that bank secrecy and data protection rules may limit the sharing of information between the Tryg Group and Trygg-Hansa and Codan Norway. Further, the method and procedures relating to the implementation of the Tryg Group's control may be amended as a result of discussions with or requirements from the DFSA, NFSA and/or SFSA.

The Codan Forsikring A/S board of directors (as controlled by the Intact Group) and management of the Codan Forsikring A/S will continue to have overall responsibility for the governance and prudent operation of the whole of Codan Forsikring A/S, including Trygg-Hansa and Codan Norway, between Completion of the Acquisition and completion of the Demerger. For this reason they must continue to have insight into the operations of Trygg-Hansa and Codan Norway and be able to reject Tryg decisions if against the interest of Codan Forsikring A/S as a whole. However, the Intact Group is otherwise contractually obliged to procure that Tryg will have operational and management control with Trygg-Hansa and Codan Norway and/or that decisions of Tryg in respect thereof are implemented. From a financial regulation perspective, there will need to be certain common framework policies in place for Codan Forsikring A/S, including Trygg-Hansa and Codan Norway, because Codan Forsikring A/S must comply with the regulatory requirements that apply to it. The Tryg Group will therefore have to ensure any amendments to such common framework policies that may be necessary to implement the Tryg Group's plans for Trygg-Hansa and Codan Norway through its contractual right by requesting Intact Group to procure such changes (to the extent it could not reasonably be expected to materially interfere with Codan Denmark). For example, during this interim period, the Intact Group will be responsible for adopting a common investment policy framework for RSA Scandinavia as a whole due to regulatory requirements. The Tryg Group, therefore, will only be able to implement an appropriate general investment strategy for Trygg-Hansa and Codan Norway in line with the Tryg Group's investment strategy plan and in preparation for their integration with the Tryg Group's investment strategy in connection with the Demerger by its contractual right to request such implementation (to the extent it could not reasonably be expected to materially interfere with Codan Denmark). The Intact Group is not currently operating and has never operated a Scandinavian business prior to the Acquisition.

The terms and duration of the period of ownership of Codan Forsikring A/S by ScandiJVCo as described above could result in a diminishment in the value of Codan Forsikring A/S, including Trygg-Hansa and Codan Norway. This may occur through, for example, losses of Codan Forsikring A/S' key staff and employees or poor performance of the business of Codan Forsikring A/S during such period of ownership or for other reasons, all of which may have a material adverse effect on the Tryg Group's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.

1.7. ***The Tryg Group has, and will prior to completion of the Acquisition have, conducted limited due diligence investigations on RSA Scandinavia, which may impact the factors considered in attributing value to RSA Scandinavia or result in unforeseen difficulties and costs in integrating Trygg-Hansa and Codan Norway into the Tryg Group.***

The scope of the Tryg Group's due diligence investigation of RSA Scandinavia has been and will continue to be limited in scope prior to completion of the Acquisition as the due diligence process for the acquisition of a public company in the UK is customarily more limited than for the acquisition of a private company owing to the greater amount of publicly disclosed information available on public companies and limitations imposed by the UK Takeover Code. Applicable competition law restrictions have and will also limit the information that may be shared and as such limit the Tryg Group's ability to directly perform due diligence on Codan Denmark in relation to competitively sensitive areas of Codan Denmark's business. This may subject the Tryg Group to unknown risks, valuation adjustments and liabilities.

Following completion of the Acquisition, new issues may be identified, such as material liabilities or risks within RSA Scandinavia. Moreover, the Tryg Group may encounter integration challenges that it did not foresee when announcing the Acquisition and executing the Separation Agreement due, in each case, to the Tryg Group's limited due diligence investigation of RSA Scandinavia.

The Tryg Group has also incurred, and will incur additional, significant legal, accounting and transaction fees and other costs relating to the Acquisition which are expected to amount to a total of approximately DKK 1.6 billion, some of which are payable whether or not the Acquisition completes. Actual fees and costs may exceed those estimated by the Tryg Group including because there may be further additional and unforeseen expenses incurred in connection with the Acquisition.

1.8. ***The Enlarged Group's management and resources may be diverted away from core business activities due to personnel being required to assist in the integration process.***

The Enlarged Group's management and resources may be diverted away from core business activities due to the integration process, which will continue even after completion of the Demerger expected for the first quarter of 2022. The integration process will divert management time from its other responsibilities which could potentially lead to the interruption of operations of the Enlarged Group or a loss of customers or key personnel. For example, key personnel in RSA Scandinavia may leave following the Acquisition or the Separation or customers of RSA Scandinavia may decide that they would prefer to conduct business with one of the Enlarged Group's competitors. Loss of key personnel could also lead to reputational damage. Any diversion of management time from its other responsibilities as a result of the integration process may have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

1.9. ***The Enlarged Group may fail to realise all or part of the expected benefits and synergies of the Transaction.***

The Enlarged Group may not realise the anticipated benefits and cost synergies of the Transaction which are to a large extent dependent on the successful integration of Trygg-Hansa and Codan Norway into the Enlarged Group. Completion of the Acquisition is expected to occur during the second quarter of 2021 and the Separation is expected to be completed during the first quarter of 2022. While the Tryg Group believes that it has demonstrable experience in integrating businesses and is able to draw on its skilled resource pool as a result of its previous integration of Alka Forsikring A/S ("**Alka**") in Denmark, Trygg-Hansa and Codan Norway are the largest businesses that the Tryg Group has ever had to integrate, which the Tryg Group expects to give rise to additional complexities due to the size and complexity of Trygg-Hansa and Codan Norway and the complexity surrounding the Separation. These challenges may be exacerbated to the extent that the Separation timetable is delayed.

In addition to any delay in the Separation timetable, integrating Trygg-Hansa and Codan Norway into the Tryg Group may take longer than expected or other difficulties may arise in connection with the integration, which are unknown at this time. In particular, given the complexity of the financial control systems and technological infrastructure employed by insurance companies, which includes complex computer and data processing platforms, integration of Trygg-Hansa's and Codan Norway's information technology systems and processes into the Tryg Group may take longer and may prove more difficult than anticipated. Likewise, Trygg-Hansa and Codan Norway are dependent on the RSA Group in a number of areas such as financial reporting support, investment management, capital management, underwriting, actuarial services and related systems which may prove to be difficult to separate from the RSA Group and thus may potentially delay the integration process. Any delays or difficulties encountered in connection with the integration process could adversely affect the implementation of the Enlarged Group's plans and may result in the Enlarged Group not realising some of the anticipated benefits and cost synergies of the Acquisition and the Separation proving to be more difficult, time-consuming or expensive to implement than was expected.

Delays resulting from the above integration challenges may result in the Enlarged Group encountering difficulties in achieving the anticipated revenue synergies of the Transaction, including those that the Tryg Group expects from increasing the volume of business with new and existing customers or from the presentation of new products as part of the Enlarged Group's portfolio. The Tryg Group anticipates a reduction of duplicative costs across corporate and group functions, procurement of savings from existing partnerships and investment management cost savings. There can be no assurance that these anticipated revenue and cost synergies will be achieved following the Acquisition or as to their amount or timing, particularly in light of any complications to the integration of Trygg-Hansa and Codan Norway into the Tryg Group, and any failure to realise the anticipated benefits and synergies may have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

1.10. ***The Tryg Group may realise a loss on its investment in Codan Denmark.***

Notwithstanding the Tryg Group co-owning with the Intact Group Codan Denmark on a 50/50 economic basis, the Intact Group will have responsibility for the management and operation of Codan Denmark with Codan Denmark remaining operationally separate and independent from the Tryg Group business. The Intact Group also has the responsibility leading the process for seeking approval from the Danish Competition and Consumer Authority, with Intact, Intact Bidco and Tryg having agreed with RSA that (subject to limited exceptions) they will take all such actions as are necessary to ensure the obtaining of such approval.

The Tryg Group is, therefore, materially dependent on the Intact Group in respect of protecting the value of its investment in Codan Denmark and the financial performance of Codan Denmark following completion of the Acquisition including in respect of Codan Denmark's ability to preserve Codan Denmark's value for potential buyers or for an IPO in the event a disposal process is explored by the Intact Group. Pursuant to the Shareholders' Agreement, it is expected the consent of both the Intact Group and the Tryg Group will also be required before any dividend is made by Codan Denmark. The Intact Group is not currently operating and has not operated a Scandinavian business prior to the Acquisition.

Following the Transaction, Codan Denmark will also no longer be able to rely on the wider RSA Group infrastructure and platforms, including many technological systems, with Codan Denmark having to operate as a standalone business following completion of the Demerger and with any support from the wider RSA Group, Trygg-Hansa and Codan Norway limited to specifically agreed transitional arrangements. Any failure by the Intact Group to support the Codan Denmark business, particularly regarding any disruptions to available infrastructure as a result of the Separation, or wider difficulties in connection with its management of the same could have a material adverse effect on the business, financial condition, results of operations and prospects of Codan Denmark and in turn on the value of the Tryg Group's investment in Codan Denmark. Intact Group's operation of

Codan Denmark may also be complicated by the history of Trygg-Hansa, Codan Norway and Codan Denmark having been operated as an integrated business as part of the RSA Group, which will no longer be the case after completion of the Separation and any agreed transitional arrangements.

Moreover, whilst the Tryg Group has confirmed it would be supportive of any disposal process undertaken by the Intact Group, if there is compelling interest from potential buyers, or an IPO proves a viable option, the Tryg Group is not permitted to have material involvement in such disposal process with the Intact Group expected to manage such available strategic alternatives for Codan Denmark. The Tryg Group will also therefore be materially dependent on the Intact Group with respect to the amount of sale proceeds it will receive for its economic interest in Codan Denmark and the timing of any sale. There can be no assurance with respect to the value that the Tryg Group will receive upon a potential future sale or IPO of Codan Denmark or the manner in which the Intact Group will choose to carry out any such disposal process or the timing of the same. *See "—There can be no assurance that regulators or other authorities will not seek to impose new or more stringent conditions on the Tryg Group or the Enlarged Group prior to approving completion of the Acquisition*".

A loss or diminishment of the Tryg Group's investment in Codan Denmark would have a material adverse effect on the Tryg Group's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.

2. Risks relating to the businesses and industries in which the Tryg Group and RSA Scandinavia operate and in which the Enlarged Group will operate

2.1. *Factors outside the Tryg Group's and RSA Scandinavia's control, including adverse economic conditions, political developments or climate change, may adversely affect their and the Enlarged Group's business, financial condition, results of operations and prospects.*

As general non-life insurers, the Tryg Group's, RSA Scandinavia's and the Enlarged Group's return on investments and results of operations may be materially affected by changes and volatility in the worldwide financial markets and macroeconomic conditions generally. For example, premium growth in the Scandinavian general insurance market is positively correlated with economic growth, although the private general insurance market, in which both the Tryg Group and RSA Scandinavia operate, historically also has demonstrated more resilience when the larger economy is exhibiting low growth or contraction.

Increased volatility in the financial markets in recent years and prolonged low yields in the global fixed income markets have been influenced by a wide variety of factors, including:

- the impact of novel coronavirus disease ("**COVID-19**") (including any post-COVID-19 global or localised recession) and government measures and lockdowns designed to stop its spread, including but not limited to business closures, restrictions on non-essential business activity, travel restrictions, quarantines and cancellations of gatherings and events (the "**COVID Measures**");
- uncertainty regarding the future economic relationship between the United Kingdom and the European Union;
- concerns over the slow rates of growth in the global economy and, in particular, the impact of slowing rates of growth in emerging markets;
- high levels of sovereign debt;
- inflationary or deflationary threats;
- extensive use of macroeconomic and monetary policy tools by governments, central banks and other institutions, and uncertainty about future actions;
- the solvency of financial institutions; and

- the failure of governments to agree upon, and implement, necessary fiscal, monetary and regulatory reforms.

Ongoing uncertainty over future fiscal and monetary policy could continue to further disrupt global markets, including equity and fixed income markets which may have a material adverse impact on the Enlarged Group's investment portfolios and investment income due to continuing low interest rates and general market volatility. In particular, in times of exceptional market volatility, to the extent it holds illiquid assets, the Enlarged Group may be unable to sell or buy assets at beneficial prices and may therefore realise investment losses or be obliged to issue securities at higher financing costs.

Macroeconomic conditions can impact the Tryg Group's (in particular Tryg Garanti), RSA Scandinavia's and the Enlarged Group's underwriting results as well. In a sustained economic phase of low growth and high public debt, characterised by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for certain insurance products that are less resilient to an economic downturn than other non-life insurance products, could be adversely affected, with customer behaviour and confidence exacerbating the unfavourable impact on demand. Macroeconomic conditions can also impact estimates for claims reserves. See "*—The Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's underwriting assumptions and pricing may accept excessive risks, misprice the risks that they assume and inadequately reflect risk exposure or cover claims, all of which could result in significant underwriting losses*".

The Enlarged Group will also be subject to corporate and other tax rules in the jurisdictions where it will conduct its business operations and changes to these rules could result in increased charges, financial loss, penalties and reputational damage, which may have a material adverse effect on the Enlarged Group's financial condition and results of operations. For example, the Danish government has proposed a new tax impacting non-life insurance companies. While the proposal is still in its early stages and is not expected to come into force until 2023, it may result in tax payment increases of approximately 4% per year for the Danish part of the Enlarged Group equivalent to approximately 1-2% per year for the Enlarged Group.

The frequency and severity of claims incurred by the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group could also be affected by the incidence of adverse and extreme weather events, catastrophes and climate change. Severe weather events such as rainstorms, windstorms, snowstorms, severe winter weather, hailstorms, floods, and fires, all of which may be exacerbated by the increasing effects of climate change, may cause significant damage to insured homes and commercial property, particularly in heavily populated areas where there is a commensurate concentration of risk. Severe weather also increases damage to renewables projects by damaging wind turbines and resulting in cable drag which may give rise to high value claims. In particular, the severity of winters in Norway can result in significant fluctuations in results, particularly with regards to house, motor and property lines. Harsh winters result in higher levels of claims due to auto accidents and broken pipes from snowfalls and cold weather. See "*Operating and Financial Review of the Tryg Group—Key factors affecting results of operations—Weather effects and impact on results from catastrophes and disasters*" for further discussion on weather effects and seasonality impacts to the Tryg Group's and Trygg-Hansa's and Codan Norway's business. Global commitments to limit climate change, particularly with regards to changes in technology, policies and regulations and the speed of their implementation could also have an adverse effect on the value and the future performance of the investment portfolio of the Enlarged Group if climate change considerations are not effectively integrated into its investment decisions. Climate change considerations are a particular risk in Norway, given the significant contribution from the fossil fuel sector to the Norwegian economy.

Accordingly, factors outside the Tryg Group's and RSA Scandinavia's control, including adverse economic conditions, political developments or climate change, may adversely affect their and the Enlarged Group's business, financial condition, results of operations and prospects.

2.2. ***If the Tryg Group and RSA Scandinavia fail and, following completion of the Acquisition, the Enlarged Group fails, to keep pace with changes in the industry, including new challenges presented by traditional and non-traditional competitors, or fail or fails to continue to provide attractive and innovative products and services, use of the Tryg Group's and RSA Scandinavia's and the Enlarged Group's products and services could decline, reducing its revenues and earnings.***

The insurance industry in which the Tryg Group and RSA Scandinavia compete and, following completion of the Acquisition, the Enlarged Group will compete, is subject to rapid and significant technological change, new product and service introductions, changing customer needs and preferences and the entrance of non-traditional competitors. In order to remain competitive, the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group will need to anticipate and respond to these changes, which requires continued investment in, and time spent on, innovation and research and development. For example, the Tryg Group's acquisition of Alka boosted its early fraud detection and online sales and the Tryg Group anticipates capitalising on Trygg-Hansa's digitalisation and customer onboarding expertise following completion of the Acquisition in order to remain competitive in light of evolving technologies. In particular, the Tryg Group has implemented new online initiatives such as digital invoicing and online insurance check-ups, a fully automated claims handling process and a mobile application for selling insurance products to millennials.

If the Tryg Group and RSA Scandinavia fail and, following completion of the Acquisition, the Enlarged Group fails to identify and keep pace with these changes or to continue to develop and introduce attractive and innovative products and services, the use of their products and services could decline. For example, advancements in technology facilitating self-driving cars could potentially reduce the incidence of car accidents altering the motor insurance industry. Any lack of, or delay in, offering new products and services, or failure to differentiate the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's products and services or accurately predict and address market trends and demand, could render their products and services less desirable to their customers or even obsolete, which, in turn, could have a material adverse effect on their business, financial condition, results of operations and prospects.

Moreover, the projects that the Tryg Group undertakes and, following completion of the Acquisition, the Enlarged Group will undertake in order to enhance its technological solutions and respond to evolving market trends require significant investments, and there can be no assurances that the trends, products or services such enhancements are designed to address will develop as expected or that these undertakings will be successful. If the Tryg Group invests in acquisitions and/or research and development to target new products, services and solutions for markets or trends that do not develop as anticipated or at all, the Tryg Group could have difficulty recovering the costs that it has incurred in relation to any acquisitions or in researching and developing these new products, services and solutions and, to the extent that such investments have been capitalised, incur significant write-offs, all of which may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.

2.3. ***The Tryg Group's and RSA Scandinavia's business depends and, following completion of the Acquisition, the Enlarged Group's business will depend on, strategic partnerships and brokers to distribute their products; the loss of business provided by such strategic partners and brokers could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.***

The Tryg Group and RSA Scandinavia, and following completion of the Acquisition, the Enlarged Group, will rely on strategic partnerships, brokers and other insurance intermediaries to distribute many of their products. The Tryg Group's strategic partnerships include relationships with car dealers, consumer electronics retailers, banks and other intermediaries that distribute insurance to their customers. RSA

Scandinavia's strategic partners include financial institutions, trade unions, professional associations and other affinity or shared-interest groups.

While the agreements for strategic partnerships vary in form and content, with some being pure referral agreements, strategic partners, insurance intermediaries and independent brokers are not committed to recommend or sell the Tryg Group's or RSA Scandinavia's products. As such, strategic partners, insurance intermediaries and brokers represent more than one insurance company, including direct competitors, and therefore the Enlarged Group will face competition within such strategic partnerships, insurance intermediaries and brokerages. Consequently, the Enlarged Group's relationships with its strategic partners, insurance intermediaries and brokers will be important and the failure, inability or unwillingness of its partners and/or brokers to market the Enlarged Group's products could have a material adverse effect on its results of operations. The Enlarged Group will operate in a competitive market and relationships with brokers are important; loss of business or the relationship with a strategic partner, insurance intermediary and/or broker could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

2.4. *Failure of the Tryg Group's and/or RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's own or outsourced information technology systems, including as a result of cybercrime or information security weaknesses, could lead to a breach of regulations and contractual obligations and have a material adverse effect on their reputation, business, financial condition, results of operations and prospects.*

The Tryg Group's and RSA Scandinavia's technological infrastructure is critical to the operations of their respective businesses and delivery of products and services to clients. Even with the back-up recovery systems and contingency plans that are in place, the Tryg Group and RSA Scandinavia cannot assure and, following completion of the Acquisition, the Enlarged Group will be unable to assure that interruptions, failures or breaches in capacity, security or data (including use of corrupt data) of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. This includes disruptions of their operating or information systems, arising from events that are wholly or partially beyond their control, including distributed denial of services computer viruses or electrical or telecommunication outages, breakdowns in processes, controls or procedures, and operational errors, including administrative or recordkeeping errors or errors resulting from system failures, faulty computer or telecommunications systems. Inadequate password management may also increase the risk of disruptions and data breaches. See "*—The Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group may not be able to protect itself against cyber threats that have the potential to significantly compromise the confidentiality, integrity and availability of their information systems and business data*". This also includes the intentional or unintentional release of proprietary information about the Tryg Group and/or RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group, their clients or their employees. Such leaked information may be used against their interests, their clients or their employees, including in litigation and arbitration proceedings.

The Tryg Group and RSA Scandinavia have experienced minor data breaches. For a discussion of these as well as the "My Pages" and Scalepoint data protection incidents please see "*—The Tryg Group and RSA Scandinavia are and, following completion of the Acquisition, the Enlarged Group will be, subject to the GDPR. Failure to comply with the GDPR could have a material adverse effect on their reputation, business, financial condition, results of operations and prospects*". Likewise, RSA Scandinavia's IT platform in Sweden has experienced stability and performance issues within the last year, suffering higher than expected downtime due to higher customer demand via digital channels resulting from the COVID-19 pandemic, as well as technical configuration changes. Shortcomings in RSA Scandinavia's IT systems also led to write offs in 2020 of certain Swedish debtors.

The Tryg Group and RSA Scandinavia rely on their operational processes and communication and information systems to conduct their business, including pricing of

their products, their underwriting liabilities, the required level of provisions and the acceptable level of risk exposure and to maintain accurate records, customer services and compliance with their reporting obligations. They also depend on third-party providers of administration and IT services and other back-office functions. For example, the Tryg Group relies on Tata Consultancy Services as their top partner and supplier for IT development and infrastructure. In addition, even though back-up and recovery systems and contingency plans are in place and legacy removal and upgrading (quality improvement) of their systems are in progress to update systems and infrastructure, it is still possible that interruptions, failures with conversions, failures or breaches in security of these processes and systems will occur and, if they do occur, that they may not be adequately addressed. See "*Business of the Tryg Group—Information technology*" for more detailed information on the Tryg Group's IT strategy.

Any interruption in the Tryg Group's or RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of the Enlarged Group's services to its customers and result in loss of customers, inefficient or detrimental transaction processing and regulatory non-compliance, all of which could also damage the Enlarged Group's brands, reputation and have a material adverse effect on its business, financial condition, results of operations and prospects.

2.5. ***The Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's underwriting assumptions and pricing may accept excessive risks, misprice the risks that they assume and inadequately reflect risk exposure or cover claims, all of which could result in significant underwriting losses.***

The Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's results will depend to a significant extent on whether their claims experience is consistent with the assumptions they use in underwriting, setting the prices for their products and establishing the liabilities for their obligations for future claims. To the extent that their actual claims experience is less favourable than the underlying assumptions they use in establishing such liabilities, they could be required to increase the reserves made for their liabilities, which could result in losses.

Due to the nature of the risks the Tryg Group and RSA Scandinavia incur in underwriting general insurance, they cannot determine precisely the amounts that they will ultimately pay to meet such liabilities covered by the insurance policies written. Their respective claims reserves may prove to be inadequate to cover the actual claims, particularly when payments of claims may not occur until well into the future. The Tryg Group and RSA Scandinavia maintain claims reserves to cover their estimated ultimate liability for claims and claims adjustment expenses for reported and incurred but not reported claims as of the end of each accounting period. Claims reserves represent estimates of the ultimate cost, including related expenses, to bring all pending and incurred but not reported claims to final settlement. These estimates are based on actuarial and statistical projections and assumptions. The estimates are also based on other variable factors, including changes in the legal and regulatory environment and general economic conditions. Further, the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group are dependent on internal mathematical models which are complex and increasingly make use of sophisticated computational tools to set claims reserves and price their products. Should these models not be accurate, or should the implementation of these models be erroneous, then there is a risk that the pricing of products or the reserving for future claims payments may be incorrect for a period of time.

Following completion of the Acquisition, the Enlarged Group's earnings will depend significantly upon the extent to which its actual claims experience is consistent with the projections and the assumptions it uses in setting claims reserves and subsequent premium levels. In addition, any changes in actuarial assumptions may lead to changes in the level of capital that is required to be maintained; in the event that the Enlarged Group's reserving and/or regulatory capital requirements are significantly increased, the

amount of cash or other assets available for other business purposes, for distribution to Shareholders or to meet its financing commitments, may decline.

Changes in these trends or other variable factors, including changes in legislation, could result in claims in excess of the Tryg Group's or RSA Scandinavia's claims reserves. Significant negative developments may require them to increase their reserves with a corresponding reduction of their net income in the period in which the deficiency is identified. For long-tail claims, which carry a long settlement period and include mainly motor, personal accident, disease, workers' compensation and child insurance, it has been necessary for the Tryg Group and RSA Scandinavia, and may over time continue to be necessary for the Enlarged Group, to revise estimated potential claims exposure and, therefore, related claims reserves. Consequently, actual claims and related expenses paid may differ from estimates reflected in the claims reserves in the financial statements, although prices may be adjusted to minimise any differences. For example, RSA Scandinavia's motor annuity liabilities rely on assumptions about future mortality rates. If life expectancy continues to improve, these mortality assumptions may need to be revisited in the future. Any such reassessment may increase reserves held for Swedish annuities. To the extent the Enlarged Group's current claims reserves are insufficient to cover actual claims, it would have to increase its claims reserves and incur a corresponding charge to its earnings. This risk is magnified by generally low yields in long-tail claims payments. In addition, if the Enlarged Group's claims reserves would be excessive as a result of an over-estimation of risk, it may set premiums at levels too high for it to be able to compete effectively, which may result in a loss of customers and premium income and could have a material adverse effect on the Enlarged Group's future financial condition, results of operations and cash flows.

2.6. ***The Tryg Group and RSA Scandinavia are and, following completion of the Acquisition, the Enlarged Group will be, subject to extensive regulatory requirements. Failure to comply with such requirements, obtain, hold or renew licences, permissions, authorisations or notifications, or changes to the legal and regulatory systems under which the Enlarged Group will operate could have a material adverse effect on its reputation, business, financial condition, results of operations and prospects.***

The Tryg Group and RSA Scandinavia are subject to extensive governmental regulation in each of the jurisdictions in which they operate. The regulations may differ between the different parts of the insurance industry and between the various countries in which the Tryg Group and RSA Scandinavia operate and, following completion of the Acquisition, the Enlarged Group will operate; such complexity increases the risk of breaking any regulations, which could result in fines or reduced operating concessions being imposed by the relevant regulatory authorities. In addition, the Tryg Group and RSA Scandinavia depend upon their ability to obtain and maintain certain licences, permissions, authorisations or notifications to conduct their business. Failure to obtain, hold or renew such licences, permissions, authorisations or notifications could, following completion of the Acquisition, have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

Insurance laws and regulations applicable to the Tryg Group, RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group:

- require the maintenance of solvency levels and capital adequacy;
- set conditions for obtaining and maintaining government approval;
- require the licensing of insurers and their management;
- regulate the marketing, sale and content of certain policies;
- limit insurers' rights to amend, cancel, refuse or renew policies or to withdraw from markets;
- give customers the right to cancel their policies under certain conditions, e.g. the right to cancel the policy within 14 days for non-life insurances and 30 days for life-insurances of entering into it;

- may entail involuntary assignments of high risk policies, participation in reinsurance facilities and underwriting associations, assessments, and other governmental charges;
- restrict the amount and type of investment assets held; and
- require harmonisation of regulation of the insurance market across the European market.

Changes in or failure to comply with any applicable laws and regulations or government approvals or conditions or lack of approvals could lead to disciplinary action, the imposition of fines and/or the revocation or lack of renewal of the licence, permission, authorisation or notification to conduct their business in the jurisdictions in which the Tryg Group and RSA Scandinavia operate, or to a civil liability. This could have a material adverse effect on the Enlarged Group's ability to continue business in the relevant jurisdiction following completion of the Acquisition.

Applicable insurance laws, regulations, government approvals and policies, and/or the interpretation or enforcement thereof, may change at any time, which may adversely affect the Enlarged Group's business, financial condition, results of operations and prospects. For example, legislative changes may affect the level of insurance compensation for past accident periods impacting the Tryg Group's and RSA Scandinavia's reserving risk. For further information on the regulatory environment in which the Tryg Group and RSA Scandinavia operate see "*Regulation*".

2.7. *The Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group may not be able to protect itself against cyber threats that have the potential to significantly compromise the confidentiality, integrity and availability of their information systems and business data.*

As retail insurance providers in possession of customer information and data, including usernames, administrative codes and personal details, and with a growing number of new policies originating online, the Tryg Group's and RSA Scandinavia's information technology infrastructure and systems underpin their businesses. As such, the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group are exposed to cyber security threats.

Cyber-attacks may compromise the confidentiality, integrity and availability of information systems and business data of the Tryg Group and RSA Scandinavia. Cyber risks generally fall into six broad categories: (i) systems may be hacked and data locked, and the hackers then demand a ransom to release the data; (ii) hackers attack with the intention to harm or even destroy a company's IT infrastructure with no obvious monetary benefit; (iii) hackers attack with the intent to obtain sensitive data, such as confidential industrial information, bank details or personal data, in order to gain monetary benefits by selling or misappropriating such data; (iv) hackers may attack with the intention of modifying data to make them unreliable in order to provoke erroneous business decisions or unintended consequences such as the payout of funds to incorrect bank accounts; (v) hackers may attack with the intention of stealing available computing power; or (vi) there may be state attacks as acts of hostility or war with the intention of disrupting critical societal functions. Further, because of growing interconnectedness and dependence on critical infrastructure such as electrical power, internet, telecoms and cloud services, any attack thereon could result in widespread deliberate disruptions.

The scope of cyber-attacks has in recent years developed such that cyber-attacks now occur on a frequent basis. While the vast majority of these attacks do not reach a level of sophistication that could pose a threat to the Tryg Group or RSA Scandinavia, the Tryg Group and/or RSA Scandinavia may not be able to stop cyber-attacks despite efforts to continually monitor and assess their security organisation in terms of resources and service offerings. Cyber risk exposure may also increase as a result of complications stemming from the migration of data from the RSA Group onto the Tryg Group IT infrastructure. Recent examples of disruptive cyber-attacks include the Danish shipping and logistics company, A.P. Møller—Mærsk A/S, which suffered an estimated total loss of

up to USD 300 million following a June 2017 cyber-attack as well as Demant A/S, a Danish hearing healthcare company, which lost up to an estimated USD 95 million following a cyber-attack on Demant A/S' IT infrastructure in September 2019. In both instances, A.P. Møller—Mærsk A/S and Demant A/S' were forced to shut down their IT systems across multiple sites and business units.

The Tryg Group and RSA Scandinavia occasionally experience distributed denial-of-service ("**DDoS**") attacks, which are cyber-attacks where the perpetrator seeks to make a machine or network resource unavailable to its intended users by disrupting services of a host connected to the Internet. DDoS attacks may be undertaken with the intention to harm or even destroy IT infrastructure and in more severe cases, with the intention of disrupting critical societal functions. The denial-of-service is typically accomplished by flooding the targeted machine or resource with a large number requests in an attempt to overload systems and prevent some or all legitimate requests from being fulfilled. Despite the Tryg Group's and RSA Scandinavia's forward planning and disaster recovery procedures which have been successful to date, the occurrence of any DDoS attacks could lead to interruptions, delays or shutdowns, potentially causing harm to their business by making critical data, including personal data, temporarily inaccessible.

In addition, the Tryg Group and RSA Scandinavia may not be able to adapt to new cyber threats. An increase in social hacking (for example, unauthorised third parties attempting to gain credentials, access or information through direct personal interaction with the Tryg Group's and RSA Scandinavia's employees or as a result of weak password security) also creates a risk for the Tryg Group and RSA Scandinavia. Human error by the Tryg Group's and RSA Scandinavia's personnel poses a constant risk and the Tryg Group's and RSA Scandinavia's efforts in awareness training and process improvements are unlikely to remove all risk of potentially negative consequences of human error.

There can be no assurance that IT security incidents or breaches will not occur in the future, or that future security incidents, breaches and other issues will not have a material impact on the Tryg Group and/or RSA Scandinavia's business or that their respective procedures will be sufficient to address such future IT security incidents, breaches and other issues. Further, cyber risk is exacerbated by the age and complexity of the Enlarged Group's technology and network architecture, which can only be gradually upgraded for reasons such as complexity, cost and planning pre-requisites. The occurrence of any cyber threats, such as the theft or unauthorised use or publication of their confidential information or other proprietary business information as a result of an IT security incident, could expose them to liability, adversely affect their competitive position and reputation, and reduce marketplace acceptance of their insurance products, whether or not the incident is ultimately determined to be their fault. Consequently, if the Tryg Group's or RSA Scandinavia's IT systems are compromised, this could have a material adverse effect on their and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.

2.8. ***If the Tryg Group is unable to successfully implement its strategy, or if the strategy does not yield the anticipated benefits, this may have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects and the projected financial information included in this prospectus may differ materially from the Tryg Group's actual results.***

During the periods under review, the Tryg Group has undertaken a variety of strategic initiatives aimed at increasing the cost and operational efficiency of its general insurance operations. These include:

- Product & service innovation: developing and selling innovative products in order to stay relevant to customers.
- Claims excellence: improving technical results and bringing down claims costs through a number of different measures, including by leveraging procurement power to negotiate better supplier contracts, improving the claims process and reducing the occurrence of fraud by improving fraud detection capabilities.

- Digital empowerment of customers: digital empowerment of customers through digital communication and cost savings through investments in digitalisation.
- Distribution efficiency: optimising the Tryg Group's channel mix, including through in-creased use of agents and focus on strategic partnerships, to make distribution more cost-efficient.

Implementation of the Tryg Group's strategic initiatives and broader strategy going forward which includes realising synergies from the Acquisition, depends on a number of factors, including management and the Tryg Group's employees successfully taking the necessary steps to implement the strategy (including the Tryg Group's IT strategy). There can be no assurance that management will be able to implement such arrangements or that it can do so to the extent necessary or within the required time frame. Completion of the Tryg Group's strategy is furthermore subject to a number of external factors, including market conditions and the Tryg Group's ability to attract new and retain existing customers. Failure by management to complete the strategy to the necessary extent may have a material adverse impact on the Tryg Group's, and following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects and result in increased requirements to the Enlarged Group's capital base, including its solvency.

As part of monitoring its performance indicators, the Tryg Group has established certain financial targets and has published financial information for 2021 in this Prospectus under the heading "*Consolidated Prospective Financial Information*" in accordance with the rules of the Prospectus Regulation. There can be no assurance, however, that the Tryg Group will be able to achieve these targets, which, in any event, relate to the Tryg Group and not the Enlarged Group. These targets also do not take into account the implications of the Acquisition and the Separation. The Tryg Group further expects to present new targets for the Enlarged Group in its Capital Markets Day ("**CMD**") in the fourth quarter of 2021 following the closing of the Acquisition. See "*Operating and Financial Review of the Tryg Group—Key factors affecting results of operations—Strategic initiatives relating to cost and operational efficiency*".

2.9. ***The Tryg Group and RSA Scandinavia are and, following completion of the Acquisition, the Enlarged Group will be, subject to the GDPR. Failure to comply with the GDPR could have a material adverse effect on their reputation, business, financial condition, results of operations and prospects.***

The Tryg Group and RSA Scandinavia depend upon their ability to comply with the relevant rules and regulations in the jurisdictions where they operate. This includes, inter alia, general regulation such as Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**GDPR**"), which may impose additional obligations, costs and risk upon the businesses of the Tryg Group, RSA Scandinavia, and, following completion of the Acquisition, the Enlarged Group, owing to the large number of private individuals included in their respective customer bases. The GDPR substantially increases penalties, which may amount to a maximum of 4% of annual global revenue, in the event of any non-compliance with the data protection regulations. For example, from July 2019 to August 2020, customer data including usernames and admin access codes held by the Tryg Group was exposed to Scalepoint IT developers—third-party developers employed by the Tryg Group—in Poland and the Ukraine. RSA Scandinavia was also impacted by the Scalepoint exposure in Denmark. Under the GDPR, companies are required to notify local data protection authorities, such as the Danish Data Protection Agency (the "**DDPA**"), in the event of a data breach which may require the Tryg Group to communicate the data breach to the exposed customers and may lead to civil liability, fines and/or reputational damage. The Tryg Group, Trygg-Hansa, Codan Norway and Codan Denmark all have procedures in place to prevent data breaches but these have not been, and may not in the future be, wholly effective. In November 2019, the DDPA found that a majority of data breaches reported by the Tryg Group from May 2018 to November 2019, mainly related to unintentional disclosure of personal data caused by documents being sent to the wrong recipient via the communication solution "My Pages", e-mail or physical mail.

Following an inquiry initiated by the DDPA, the Tryg Group was found to be in compliance with GDPR requirements in relation to the reported data breaches and the case was closed in April 2020. The Tryg Group is also currently the subject of an inquiry from the DDPA regarding automated decision-making. The inquiry commenced in 2019 and the Tryg Group is currently awaiting a response having provided its material comments to the DDPA in November 2020. The Tryg Group does not expect substantial sanctions to result from this inquiry.

The Tryg Group and RSA Scandinavia are in the ordinary course of business reporting data breaches to the DDPA, none of which, however, have resulted in fines or other sanctions from the DDPA. Trygg-Hansa has also been involved in similar data breaches concerning unintentional disclosure of personal data due to proxy access as a result of its usage of "My Pages". See "*Business of the Tryg Group—Information technology—Data Protection*" and "*Business of RSA Scandinavia—Data protection*" for further information.

In addition, the Tryg Group, RSA Scandinavia, and, following completion of the Acquisition, the Enlarged Group, may incur substantial expense in complying with obligations to be imposed by the Court of Justice of the European Union's ("**CJEU**") interpretation of the GDPR. For example, the Tryg Group may incur expense in complying with GDPR obligations regarding transfers to countries outside the European Union or the European Economic Area, including the United States as a consequence of the ruling from the CJEU in the Schrems II (as defined herein) case in July 2020. Failure by the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group to comply with the GDPR could have a material adverse effect on their reputation, business, financial condition, results of operations and prospects.

2.10. ***The Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group may be exposed to failures in underwriting, operating controls or risk management systems that could increase claims incidence and force premiums to be raised or cause claims reserves to be insufficient or have other material adverse effects on their business.***

The Tryg Group and RSA Scandinavia have operating controls in place that the Tryg Group believes are sufficient. However, any mismanagement, fraud or failure to satisfy fiduciary responsibilities, to comply with underwriting guidelines and authorisation limits, to comply with applicable anti-money laundering and other similar rules and requirements in all of the geographies in which they operate, the negative publicity resulting from these activities or the accusation by a third party of such activities, could have a material adverse effect on the Tryg Group and on RSA Scandinavia's businesses, and following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects. If the Enlarged Group's underwriting guidelines or internal controls are ineffective or if its employees do not properly follow those guidelines, the Enlarged Group may not have proper reserves for claims attributable to the relevant product line, it may not be able to adjust its prices accordingly and/or its risk appetite may be incorrectly set. For example, the Tryg Group has seen a number of errors in claims handling in recent years, most of which stem from human error and include payment of excess insurance amounts to customers. The Enlarged Group may be at risk both from customers who misrepresent or fail to provide full disclosure in relation to the risk against which they are seeking cover before such cover is purchased and from employees who undertake, or fail to follow procedures designed to prevent, fraudulent activities. See also "*—The Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's underwriting assumptions and pricing may accept excessive risks, misprice the risks that they assume and inadequately reflect risk exposure or cover claims, all of which could result in significant underwriting losses*".

If the Enlarged Group does not train its claims employees effectively or fails to implement properly its counter-fraud strategy, the Enlarged Group's ability to combat fraud could be adversely affected. A failure to combat the risks of fraud effectively could adversely affect the Enlarged Group's profits, as claims incidence and average payouts could increase. Further, such costs may have to be passed on to the Enlarged Group's policyholders,

which could result in a decrease in policy sales owing to the need for higher premium levels.

2.11. *COVID-19 has materially impacted and is expected to continue to materially impact, and other future epidemics or pandemics may impact, the Tryg Group and RSA Scandinavia, the global economy and/or financial markets which in turn may affect, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.*

On 11 March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Governments across the world have imposed a number of COVID Measures, which continue to have an impact on the global economy. While the Tryg Group's business has continued to operate and remains profitable, its operations have also been adversely impacted by the COVID-19 pandemic and the COVID Measures. The Tryg Group has also seen a slightly higher number of customer complaints across the non-life insurance industry since the outbreak of the COVID-19 pandemic. Specifically, the Tryg Group has been impacted by high levels of claims in its travel insurance business relating to travel cancellations in the first quarter of 2020 with lower claims frequencies recorded in the remaining quarters of 2020. The Tryg Group may also be subject to business interruption claims resulting from the COVID Measures despite its policies not covering pandemic-related business interruptions. There has also been a significant decrease in customer demand for its travel insurance products due to restrictions on travel. At the same time, these lower levels of economic activity have led to improved performance of other lines of business such as motor insurance, accident insurance and contents insurance due to lower claims frequencies. See "*Operating and Financial Review of the Tryg Group—Key factors affecting results of operations—Impact of COVID-19*". Revenue for the Tryg Group's motor (including comprehensive and third-party liability), accidents & health, and fire & contents (relating to the Tryg Group's Private and Commercial business segments) insurance lines of business for the year ended 31 December 2020 was DKK 7,053 million (as compared to DKK 6,699 million for the year ended 31 December 2019), DKK 2,736 million (as compared to DKK 2,591 million, for the year ended 31 December 2019) and DKK 8,604 million (as compared to DKK 8,202 million, for the year ended 31 December 2019), respectively.

RSA Scandinavia's business has also continued to operate and remains profitable despite the impact of the COVID Measures. Specifically, while RSA Scandinavia has seen a negative impact in motor rental insurance revenues in 2020 as compared to 2019 in Norway, it has seen an increase in motor rental insurance revenues in Sweden and Scandinavia as a whole during 2020. RSA Scandinavia has also seen a reduction in claims incidence with respect to its motor and household-related insurance products during the same financial period. The COVID Measures have, however, resulted in certain claims against RSA Scandinavia in relation to its hotel insurance products. For a further discussion of these claims, see "*—Litigation and regulatory investigations and sanctions may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects*".

The COVID-19 pandemic and related impacts have caused a deep recession in the EU and elsewhere. The decline in gross domestic product ("**GDP**") in the EU has led to and is likely to lead further to lower consumer spending and increased financial market volatility. In addition, this may lead to reduced returns on and loss of value of pensions and other investments, which may reduce consumer confidence and levels of disposable income. During certain periods, COVID-19 has also resulted in reduced access to credit markets. Any such reduction in consumer spending, consumer confidence or levels of disposable income such as an increased proportion of the Enlarged Group's customers choosing lower-margin "no-frills" insurance cover may lead to decreased demand for certain limited products and services of the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group that are less resilient to an economic downturn than other non-life insurance products. The impact of COVID-19 on working practices, such as remote working rather than physical meetings, might also have an adverse effect on the integration of Trygg-Hansa and Codan Norway into the Tryg Group.

The long-term impacts of the COVID-19 pandemic remain unclear. For example, additional resurgences of COVID-19 cases and new variants throughout the fourth quarter of 2020 and the first quarter of 2021 have led to further national or local lockdowns or other restrictive measures being reinstated throughout Europe and significant social distancing and other protective measures may remain in place in 2021 and beyond, which would result in even more severe macroeconomic impacts, with GDP and consumer spending suffering further reductions. In particular, newly emerging strains of COVID-19 with materially higher transmission rates have led to further national lockdowns and restrictive measures globally. For example, the Swedish government, which had mostly relied on voluntary compliance with COVID-19 restrictions throughout 2020, authorised an emergency lockdown law in January 2021. Even if COVID-19 vaccines are widely deployed, they may not be effective, particularly against the emerging strains, and a return to normality may take time or never occur. As a result, the Enlarged Group could experience persistently increased competition and lower margins on new insurance policies. Future developments around COVID-19 and any other future epidemics or pandemics may impact the global economy and/or financial markets which in turn may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.

2.12. ***Litigation and regulatory investigations and sanctions may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.***

The Tryg Group and RSA Scandinavia are involved in, and may become involved in, legal proceedings (including class actions) that may be costly if they are not determined in their favour and that may divert their management's attention away from the running of their business. In the ordinary course of their insurance activities, Tryg Group and RSA Scandinavia are each routinely involved in legal, mediation and arbitration proceedings with respect to liabilities which are the subject of policy claims.

RSA Scandinavia is currently involved in litigation in Norway following a claim in March 2020 from a Scandinavian hotel chain operator that COVID-19 restrictions led to losses at one of their hotels covered by Codan Norway's master insurance policy with the hotel chain operator, which is a policy very specific to this client. The case was argued in court in mid-February 2021 with a decision expected approximately five to seven weeks from the date of the hearing. While the Tryg Group does not consider the case or the amount at stake to be material, based on the information regarding such cases provided to the Tryg Group by RSA Scandinavia, if RSA Scandinavia is found liable in respect to the claim or is subject to further claims from the Scandinavian hotel operator (which is likely in the event of an adverse judgment in the litigation), there may be material adverse effects on RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group. In particular, the Scandinavian hotel operator's claim, if successful, may trigger further COVID-19 related business interruption claims under Codan's Norway's relevant master insurance policy with this hotel chain operator. See "*Business of RSA Scandinavia—Legal proceedings*" for further information.

On 25 January 2019, Alka (which is now part of the Tryg Group) received an indictment from the Danish prosecution service for violations of Danish Act no. 426 of 3 May 2017 on marketing (the "**Danish Marketing Act**"). The alleged violation related to a marketing campaign shown on Danish television commercials and YouTube from February 2016 to November 2017. Alka has been in dialogue with the Danish Consumer Ombudsman (the "**DCO**") regarding a settlement agreement, however, the DCO has so far rejected settlement offers as it views the case to be in the wider public interest. The trial was originally scheduled to take place on 20 April 2020 but has been postponed to the first half of 2021 due to COVID-19. While the Tryg Group deems any potential fines stemming from these charges to be immaterial, there is a risk of reputational damage to the Tryg Group in the event of an adverse outcome following the trial.

In a letter dated 27 October 2020, the DCO also informed the Tryg Group that it had assessed that the Tryg Group's insurance price increases (which were not notified to customers) from March 2016 through February 2020 and which were in excess of usual indexation, lacked a legal basis. According to the DCO, customers affected by these price increases and whose claims are not time-barred or lost due to passivity have a repayment claim against the Tryg Group. See "*Business of the Tryg Group—Legal proceedings—Danish Consumer Ombudsman*". In addition to the possible repayment to affected customers, there is also a risk of reputational damage for the Tryg Group, which, in particular given its business model, may be susceptible to lower customer retention rates as a result of general scepticism towards auto-renewals.

If the Tryg Group, RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group are involved in any other protracted legal, mediation or arbitration proceedings and/or are found to be liable in respect of any claim or litigation or subject to any costly settlement, there could be a material adverse effect on their business, financial condition, results of operations and prospects.

2.13. ***The Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group may experience unexpected delays or costs in connection with existing or future IT projects.***

The Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group may experience unexpected delays or costs as a result of their undertaking large-scale information technology projects. For example, the Tryg Group is currently in the process of moving its data servers to a new location in Finland as well as upgrading its claims handling systems, both of which have required the implementation of planned, short-term outages of access to the Tryg Group's resources such as emails. The new claims handling system, Guidewire, is one of the Tryg Group's largest IT investments to date and the first phase of implementation is ongoing, with an increasing number of product lines being added onto the new system. Guidewire was first used to help process travel insurance claims in the first quarter of 2020. As more product lines are added onto Guidewire, complications may arise and any complications in its continued implementation could pose an increasing risk to the Tryg Group and, following completion of the Acquisition, the Enlarged Group. Trygg-Hansa is also currently in the process of updating its IT systems. While these upgrades are planned and routine, they or any future IT projects may be delayed due to complications in their implementation resulting in delayed use of the systems and/or unexpected costs for the Tryg Group, RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group, which may have a material adverse effect on their business, financial condition, results of operations and prospects.

2.14. ***Any decrease in the availability and amount of reinsurance, increases in the cost of reinsurance and/or the inability or refusal of reinsurers to meet their financial obligations could materially adversely affect the results of operations and financial position of the Tryg Group, RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group.***

An important element of the Tryg Group's and RSA Scandinavia's risk management strategy is to purchase reinsurance, thereby transferring parts of the risk they underwrite to reinsurers. Under a reinsurance contract, the assuming reinsurer becomes liable to the Tryg Group or RSA Scandinavia to the extent of the risk ceded although the Tryg Group or RSA Scandinavia remain liable to the insured as the insurers. In the year ended 31 December 2020 and the year ended 31 December 2019, 6.6% and 5.6%, respectively, of the Tryg Group's gross premiums written were ceded to reinsurers. 2.2% and 2.9% of these premiums were related to the Tryg Group's fronting and captive business as of 31 December 2020 and 31 December 2019, respectively. See "*Business of the Tryg Group—Operations—Corporate*" for a more detailed description of fronting and captives. In the year ended 31 December 2020 and the year ended 31 December 2019, 1.4% and 1.5%, respectively, of Trygg-Hansa and Codan Norway's gross premiums written were ceded to reinsurers.

Although reinsurance does not discharge the Tryg Group or RSA Scandinavia and, following completion of the Acquisition, will not discharge the Enlarged Group from its primary obligation to pay under an insurance policy for losses incurred, reinsurance will make the reinsurer liable for the reinsured portion of the risks. Consequently, the Enlarged Group will be subject to credit risk with respect to its current and future reinsurers. The insolvency of any reinsurers, their inability or refusal to pay claims under the terms of any of their agreements with the Enlarged Group or any uncertainty or dispute regarding the interpretation thereof could have a material adverse effect on the Enlarged Group's financial condition and/or results of operations. As of 31 December 2020, the reinsured portion of the Tryg Group's claims reserves amounted to DKK 23.9 billion. The Tryg Group's four largest reinsurers accounted for 44% of the reinsured portion of its claims reserves as at 31 December 2020, of which the largest accounted for 14% and the second largest for 10%. Although the Tryg Group's reinsurance arrangements are generally with highly rated insurers, there is a possibility that one or more of the reinsurers are not or will not be able to fulfil their obligations to the Enlarged Group in respect of the relevant reinsurance contracts. See also "*Business of the Tryg Group—Legal proceedings*".

There is also a risk that the Enlarged Group may be unable to renew reinsurance agreements at rates equivalent to those of its existing cover and there is the possibility that cover may not be available at all. Reinsurance may also be diminished or removed altogether as a result of the Acquisition, with reinsurers opting to cancel their reinsurance contracts with the Tryg Group, including under shared group reinsurances. In response, however, the Enlarged Group may reduce its direct underwriting for the cover in question thereby reducing exposure risk.

The Enlarged Group may also be exposed to reinsurer insolvency and/or un-reinsured losses during any interim period between the termination of any existing reinsurance arrangements and the inception of the replacement cover. For example, reinsurance against communicable diseases, including pandemics, has limited availability and in the event of future pandemics, such reinsurance may cease to be available altogether. The Enlarged Group therefore faces the risk that some aspects of its reinsurance cover may be more expensive or even unavailable in the market at all or for certain periods, which may have a corresponding adverse effect on the Enlarged Group although it may accordingly reduce its direct underwriting for the cover in question thereby reducing risk exposure.

2.15. ***Foreign exchange rate fluctuations may materially adversely impact the value of the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's investments, adversely impact their financial position and results of operations, and result in volatility in their results.***

The Tryg Group prepares its consolidated financial statements in Danish kroner. Fluctuations in currency exchange rates impact the value of the Tryg Group's investments and the return on its investments in Danish kroner. The Tryg Group has a significant portion of its investments outside of Scandinavian countries, amounting to 97.5% of its portfolio as of 31 December 2020 (2019: 93.2%).

The impact of these fluctuations in currency exchange rates is mitigated by the fact that the Tryg Group's non-Danish kroner revenues and related expenses of its branches outside Denmark, as well as their respective assets and liabilities, are generally denominated in the same currencies; in addition, a significant portion of the Tryg Group's investment portfolio is denominated in Euro, to which the Danish kroner is pegged. The Tryg Group, however, does not hedge equity investments in its free portfolio. As a result, although the Tryg Group's non-Danish branches generally record their revenues and expenses in the same currency, changes in the exchange rates used to translate foreign currencies into Danish kroner may adversely affect the Tryg Group's, and following completion of the Acquisition, the Enlarged Group's financial results. The Tryg Group may also be subject to additional currency exchange rate impacts should the Danish kroner cease to be pegged to the Euro.

Furthermore, because hedging is not completely effective, changes in exchange rates may materially affect the financial condition and results of the Tryg Group, both through changes in the value of investment portfolios as well as changes in the value of revenue from branches. To the extent that the Tryg Group's hedges prove ineffective, the impact of fluctuation in foreign currency exchange rates could adversely affect its business, financial condition, results of operations and prospects. For a discussion of the impact of changes in foreign exchange rates on the Tryg Group's results of operations for each of 2019 and 2020, see "*Operating and Financial Review of the Tryg Group—Key factors affecting results of operations—Currency fluctuations*" and "Accounting Policies" in the Tryg Group's Consolidated Financial Statements.

All of these foreign exchange rate risks are expected to increase upon the consummation of the Separation and the Demerger, as well as pre-Demerger with respect to the arrangements under the Separation Agreement governing Trygg-Hansa and Codan Norway, as the Acquisition will materially increase the Tryg Group's business in Norway and in particular in Sweden.

For a discussion of the impact of currency fluctuations on Trygg-Hansa and Codan Norway, see "*Operating and Financial Review of Trygg-Hansa and Codan Norway—Key factors affecting results of operations—Currency fluctuations*".

2.16. *The Tryg Group and RSA Scandinavia are and, following completion of the Acquisition, the Enlarged Group will be, subject to competition regulations in certain jurisdictions in which it will have a leading market share.*

In addition to consumer protection measures imposed on the Tryg Group and RSA Scandinavia by financial services regulators, they are also subject to competition and consumer protection laws enforced in Denmark by the Danish Competition and Consumer Authority, in Sweden by the Swedish Competition Authority, in Norway by the Norwegian Competition Authority and within the EU by the European Commission, such as rules prohibiting price fixing, collusion and other anti-competitive behaviour in the jurisdictions where they operate. For example, operational management and disposal of Codan Denmark post-Acquisition have been structured per the Separation Agreement to comply with applicable competition laws and regulations within the EU and in Denmark. Similarly, the Tryg Group's acquisition of Alka was approved by the Danish Competition Council subject to certain remedies proposed by Tryg Group to address the competition concerns identified by the Danish Competition and Consumer Authority. These remedies apply for a five-year period commencing forty-five days after the date of the Danish Competition Council approval of the Alka acquisition and include, among others, the termination of exclusivity clauses in a number of Alka and Tryg specifically defined partnership agreements and the Tryg Group's undertaking not to charge termination fees on private non-life insurance policies.

The Tryg Group is the third largest and, after completion of the Acquisition, is expected to be the largest, general insurer in Scandinavia, based on latest available statistics from Forsikring og Pension, Finans Norge and Svensk Försäkring. In Denmark, the Tryg Group is the leading general insurer with a market share of 22.9% based on gross premium income in 2019. In Norway, the Tryg Group is the fourth largest general insurer with a market share of 13.2% based on gross premiums written in 2020. In Sweden, the Tryg Group is the fifth largest general insurer with a market share of 3.4% based on gross premium income in 2020. Competition law and regulations and the effect that these might have on the Tryg Group and RSA Scandinavia, particularly in jurisdictions where the Tryg Group and RSA Scandinavia have a leading position are difficult to predict with any certainty and could have a material adverse effect on the Tryg Group, and following completion of the Acquisition, the Enlarged Group's ability to obtain growth through further acquisitions in those markets, its business, financial condition, results of operations and prospects.

2.17. ***The Tryg Group's and RSA Scandinavia's prospects depend and, following completion of the Acquisition, the Enlarged Group's prospects will depend on a continued increase in demand for the products and services they offer and their ability to focus on new customer segments and roll-out adjacent product categories, as well as on continued economic development in Scandinavia.***

The Scandinavian insurance market is mature and thus growth is incremental. If the market lacks growth or if there is a general decline in conventional insurance products and demand for the Tryg Group's and RSA Scandinavia's products does not increase, they will not be able to develop their customer base or be able to focus on new customer segments and adjacent product categories as expected, which may have a material adverse effect on their business, financial condition, results of operations and prospects.

Because the Tryg Group and RSA Scandinavia operate and, following completion of the Acquisition, the Enlarged Group will operate in the Scandinavian market, the success of certain limited products that are less resilient to an economic downturn than other non-life insurance products will be more closely tied to the general economic development in Scandinavia. The Scandinavian economies saw a decline in growth in 2020, which is expected to continue into 2021. In particular, Denmark is projected to see a decline in its GDP growth and a slight increase in its unemployment rates in 2021 as a result of economic slowdowns across Europe in 2020. Norway has experienced slower economic growth as the boom in oil industry investments of recent years has been gradually fading, a trend that may accelerate as a result of the transition to a low carbon economy, and Sweden has seen its GDP decline in 2019 and 2020 while unemployment has increased as a result of declining housing investments, with a recession forecasted for 2021. The Scandinavian general insurance market has exhibited and is expected to continue to have limited growth potential. In Denmark, this trend is primarily driven by decreasing premiums for employee and private insurance products; in Sweden and Norway, claims growth has outpaced premium growth. COVID-19 has also had a significant impact on the Scandinavian economy. The Scandinavian commercial general insurance market outlook in particular remains uncertain as business bankruptcies in Scandinavia (excluding Sweden) were comparatively low in the first half of 2020, but Scandinavian commercial insurers face a bottleneck risk as government-issued aid packages are phased out. See "*—COVID-19 has materially impacted and is expected to continue to materially impact the Tryg Group and RSA Scandinavia, and other future epidemics or pandemics may impact, the global economy and/or financial markets which in turn may affect, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects*".

Although the Tryg Group and RSA Scandinavia have not experienced such impacts in the past, negative developments in, or the general weakness of, the Scandinavian economies may have a negative impact on the spending patterns of existing or potential customers and the willingness of such customers to make investments or sign up for their services and products. A weakening economy may also lead to a higher number of missed premium payments and the cancellation of policies. Therefore, weak economies or negative economic developments in Scandinavia could have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.

2.18. ***The Tryg Group and RSA Scandinavia face and, following completion of the Acquisition, the Enlarged Group will face significant competition from large multi-national insurance companies acting through local brokers and companies offering the same or similar products and services.***

The Scandinavian general insurance market is competitive, including in the Scandinavian corporate insurance market where the Tryg Group and RSA Scandinavia face competition from large multi-national insurance companies. Such companies are promoted by local brokers who may be able to sell insurance products to the largest Scandinavian corporate customers and affinity group members. The targeting of the Scandinavian market by these large multi-national insurance companies with significant financial resources could

adversely affect the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's ability to obtain new, or retain existing, corporate customers, or its ability to adjust prices, particularly in relation to its largest corporate customers. Although the Tryg Group has increased its exposure to the private and commercial segments and reduced its exposure to the corporate segment as a result of increased competition in the Scandinavian corporate market and other adverse developments in this segment, it remains exposed to the corporate segment. Increased competition in the private and commercial general insurance markets could also have a material adverse effect on the Tryg Group's business, financial condition, results of operations and prospects.

The Tryg Group and RSA Scandinavia operate in markets in which the most important competitive factors for general insurance products include brand recognition of the issuing company, the utilisation of various distribution channels, the quality of services to customers before and after a contract is entered into (including claims handling), product flexibility and product innovation. If the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group are unable or are perceived to be unable to compete effectively in one or more of these areas in the face of new competitors and methods, their competitive position may be adversely affected in the long term which could have a material adverse effect on their business, financial condition, results of operations and prospects. In particular, competitive pressures may compel the Enlarged Group to reduce prices, which may adversely affect its operating margins and underwriting results or its market share.

2.19. ***Market risk may materially adversely affect the value of the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's investments in their equity portfolios, adversely impact their financial position and results of operations, and result in volatility in their results.***

The Tryg Group and RSA Scandinavia invest and, following completion of the Acquisition, the Enlarged Group will invest a portion of its assets in equities, which are generally subject to greater risk and more volatility than fixed income securities. The Tryg Group's investment assets are marked to market on a daily basis and its investment portfolio is therefore affected by fluctuations in both equity and bond prices. General economic conditions, stock market conditions and many other factors beyond the Tryg Group's control may adversely affect the market value of equity securities and investment return on the equities portfolio, with the impacts of COVID-19 having had a particularly pronounced effect on the performance of the equities portfolios in 2020.

As of 31 December 2020, the Tryg Group's equity investment assets amounted to DKK 2.6 billion, or 5.6% of its portfolio and Trygg-Hansa and Codan Norway's equity investment assets amounted to DKK 1.3 billion, or 5.1% of its portfolio. Trygg-Hansa and Codan Norway's returns on their equity portfolio were a loss of 28.2% in 2020, a gain of 27.3% for 2019 and a loss of 9.8% for 2018. In the event of future market declines, the Enlarged Group can provide no assurance as to the amount or timing of future unrealised losses or impairments of its equity investments, which may, in each case, materially adversely impact its results of operations and shareholders' equity. Volatility in the prices of equity securities will also lead to significant changes in both the valuation of the portfolio as well as investment returns on the portfolio from period to period.

For a discussion of the impact of changes in equity markets on the Tryg Group's results of operations for each of 2019 and 2020, see "*Operating and Financial Review of the Tryg Group—Key factors affecting results of operations—Investment-related factors*". See also "*Business of the Tryg Group—Investments*" for a description of our equity investments.

The Tryg Group will also be subject to risks stemming from the integration of Trygg-Hansa's and Codan Norway's investment portfolios. See "*—The Enlarged Group may fail to realise all or part of the expected benefits and synergies of the Transaction"*. See also "*Operating and Financial Review of Trygg-Hansa and Codan Norway—Investment return*" for further information regarding Trygg-Hansa's and Codan Norway's equity investments.

2.20. ***The Tryg Group's investment management business is complex and a failure to properly perform asset management services could have a material adverse effect on its business, financial condition, results of operations and prospects.***

The Tryg Group conducts its investment management activities through its subsidiary, Tryg Invest whose investment management and related activities include, among other things, portfolio management, investment advice, fund administration and fiduciary services. In order to be competitive, the Tryg Group must properly perform its administrative, asset management and related responsibilities, including recordkeeping, accounting, valuation, corporate actions, compliance with investment guidelines and restrictions, daily net asset value computations, account reconciliations, use of derivatives for hedging and required distributions. The performance of these responsibilities is subject to increased risk in times of macroeconomic uncertainty as a result of increased volatility in the capital markets.

Failure by the Tryg Group to properly perform and monitor its investment management operations could lead to, among others, poor investment decisions and poor asset allocation, the wrong investments being bought or sold or the incorrect monitoring of exposures. If the Tryg Group and, following completion of the Acquisition, the Enlarged Group, is able to grow its asset management business at the rate it currently intends as a result of the addition of Trygg-Hansa's and Codan Norway's investment portfolios, its exposure to these risks, and therefore also the risk of reputational damage and third-party claims, may increase. Any such failure could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

2.21. ***If the Enlarged Group is unable to retain skilled employees and members of its senior management or attract and retain qualified skilled employees and members of senior management in the future, it may not be able to execute its business strategy.***

The Enlarged Group will depend on the continued contributions of its senior management. The loss of one or more of the Enlarged Group's senior management could adversely affect its business. Competition for senior management in the insurance industry is intense. Qualified individuals are in high demand, and the Enlarged Group may incur significant costs to retain them. Further, the Enlarged Group may be unable to retain members of the RSA Scandinavia's management or skilled personnel following completion of the Acquisition.

The Enlarged Group's continued success will also depend on its ability to attract, motivate and retain highly competent managers and specialists, particularly with financial, IT, data analytics, underwriting and actuarial skills. Competition for personnel with the requisite financial, IT, data analytics, underwriting and actuarial skills and proven ability is intense among insurance companies in Scandinavia. The Enlarged Group will also compete with other insurers and with financial services groups for skilled personnel, primarily on the basis of its reputation, financial position, remuneration policies and support services. Any inability of the Enlarged Group to attract and retain highly skilled personnel and to motivate and train its staff effectively could adversely affect its competitive position.

2.22. ***Changes in interest rates may materially adversely affect the value of the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's fixed income investment portfolio and investment returns on the fixed income portfolio, and accordingly adversely impact their financial position and results of operations, and result in volatility in their results.***

Investment returns are an important part of the Tryg Group and RSA Scandinavia's overall profitability and fluctuations in long- or short-term interest rates may materially adversely affect their and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects, and particularly the value of and investment income with respect to the fixed income portfolios. The Tryg Group's investment assets are marked to market on a daily basis and are therefore affected by

interest rate fluctuations. In addition, investment income will be impacted; in particular, decreasing during sustained periods of lower interest rates, as higher-yielding fixed income securities are called, mature or sold and the proceeds are reinvested at lower rates.

Trygg-Hansa and Codan Norway's investment portfolios consist of financial assets, primarily bonds, as well as to a lesser extent equity investments and equity investments in associates with the total investment return amounting to negative DKK 111 million for 2020. This included a significant value adjustment of the fixed income portfolio of negative DKK 194 million and a decrease in income and dividends (which was partially offset by the effect of hedging policies). See "*Operating and Financial Review of Trygg-Hansa and Codan Norway—Investment return*" for further information regarding Trygg-Hansa's and Codan Norway's investments for the years ended 31 December 2020, 2019 and 2018.

The Tryg Group's investment portfolios are heavily weighted toward fixed-income investments denominated in mostly Nordic currencies but also Euro. Accordingly, interest rate movements in international markets will significantly affect the value of these investment portfolios. As of 31 December 2020, the Tryg Group's fixed-income investment assets amounted to DKK 35 billion (2019: DKK 35 billion), or 86% of its investment portfolio (2019: 89%). Unrealised gains and losses run through the Tryg Group's income statement and either increase or decrease (as the case may be) the investment assets on its balance sheet subject to the Tryg Group's risk management policies. For information about how the Tryg Group manages its investment risk, see "*Operating and Financial Review of the Tryg Group—Qualitative and quantitative disclosure about principal risks—Investment risk*". For information about the Tryg Group's bond investments, see "*Business of the Tryg Group—Investments*".

Under IFRS, the Tryg Group is generally required to discount all of its claims reserves using market-based interest rates. Depending on the nature of the claims covered by the claims reserves (whether such claims are settled quickly or over a long period of time), interest rate fluctuations will have a lesser or greater impact on the value of the Tryg Group's, and the Enlarged Group's, liabilities. A general increase in interest rates will lead to a decrease in the Tryg Group's and the Enlarged Group's claims reserves but at the same time lead to a decrease in the value of its bond portfolio. Given that a perfect match is not possible, such offsetting movements are not necessarily equal. As of 31 December 2020, the Tryg Group's claims reserves according to IFRS amounted to DKK 25.0 billion gross of reinsurance and DKK 23.9 billion net of reinsurance (2019: DKK 24.9 billion gross of reinsurance and DKK 23.6 billion net of reinsurance). If interest rates for all maturities had been 100 basis points higher on that date, the discounting effect would have been higher and the Tryg Group's claims provisions would have been DKK 1,071 million lower due to discounting (2019: DKK 1,028 million) and the impact of interest bearing securities would be DKK 1,159 million lower (2019: DKK 1,150 million), leading to a net impact of DKK 88 million (2019: DKK 122 million). A sensitivity analysis on the Trygg-Hansa and Codan Norway financial asset portfolio is contained at "*Operating and Financial Review of Trygg-Hansa and Codan Norway—Qualitative and quantitative disclosure about principal risks—Market risk*".

A mismatch resulting from changes in value described above is likely to result in fluctuations in the Tryg Group's and the Enlarged Group's earnings. It is not always possible or, in certain cases, desirable, for the Tryg Group or the Enlarged Group to match these cash flows and, as a result, such a mismatch will normally exist and interest rate fluctuations will therefore impact its financial results, and such impact could be material. As a result of fluctuations in interest rates, its results of operations could be more volatile.

The Tryg Group also has pension liabilities relating to its employees in Norway on its balance sheet, which are subject to interest rate fluctuations. As of 31 December 2020, under IFRS these pension liabilities amounted to DKK 130 million. If interest rates had been 100 basis points lower on that date, the pension liabilities would have been DKK 2 million higher. For a discussion of the impact of changes in interest rates on the Tryg Group's results of operations for each of 2019 and 2020, see "*Operating and Financial Review of the Tryg Group—Key factors affecting results of*

operations—Investment-related factors" and "*—If the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's use of derivatives to protect against certain risks is inadequate or ineffective, their business, financial condition, results of operations and prospects may be adversely affected*".

2.23. ***The Tryg Group and RSA Scandinavia are subject to and, following completion of the Acquisition, the Enlarged Group will be subject to stress tests and other regulatory enquiries. Stress tests and the announcement of the results by regulatory authorities can destabilise the insurance sector and lead to a loss of trust with regard to individual companies or the insurance sector as a whole. Such stress tests, and the announcement of the results, could negatively impact the Enlarged Group's reputation and financing costs and trigger enforcement actions by regulatory authorities.***

In order to assess the level of capital in the insurance sector, the DFSA, the SFSA, as well as the European Insurance and Occupational Pensions Authority (the "**EIOPA**") periodically require solvency calculations and conduct stress tests where they examine resilience of the insurance sector against possible adverse developments. For example, the 2016 stress test focused on life insurance companies while the 2018 stress test focused on major European insurance groups.

The Tryg Group is regulated by the DFSA based on the common European EIOPA regime. The Holmia life insurance subsidiary of RSA Scandinavia will comprise part of the Enlarged Group following completion of the Acquisition and is regulated by the SFSA also based on the common European EIOPA regime.

Announcements by regulatory authorities about carrying out stress tests or similar regulatory analyses can destabilise the insurance sector and lead to a loss of confidence with regard to individual companies or the insurance sector as a whole. In addition, if the Enlarged Group were to be part of such a stress test or any other calculations or analyses of public authorities and the Enlarged Group's results were worse than those of competitors and these results became known, this could adversely affect the Enlarged Group's financing costs, customer demand for its insurance products and its reputation in general.

Loss of reputation could result in customers terminating their insurance contracts. Furthermore, poor results in stress tests or similar regulatory analyses could trigger regulatory measures by the DFSA or the SFSA, which could have adverse effects on the Enlarged Group. If any of the risks above occurs, this could materially and adversely affect the Enlarged Group's business, financial condition, results of operations and prospects.

2.24. ***The Tryg Group and RSA Scandinavia are and, following completion of the Acquisition, the Enlarged Group will be exposed to the risk of mis-selling claims from customers.***

The Tryg Group's and RSA Scandinavia's products are and, following completion of the Acquisition, the Enlarged Group's products will be exposed to mis-selling claims. Mis-selling claims are claims from customers who believe that they received misleading advice from the Tryg Group, RSA Scandinavia or, following completion of the Acquisition, the Enlarged Group's sales personnel or insurance intermediaries' advisers as to which products were most appropriate for them, or that the terms and conditions of the products, the nature of the products or the circumstances under which the products were sold were misrepresented to them.

For a variety of reasons, including the role of brokers in the Scandinavian market and the standardisation of insurance products in the Scandinavian market, the Tryg Group and RSA Scandinavia have historically faced a limited number of mis-selling claims but there can be no assurance as to the magnitude or consequences of future mis-selling claims. For example, on 25 January 2019, Alka (now merged into Tryg Forsikring A/S) received an indictment from the Danish prosecution service where Alka was charged with violations of the Danish Marketing Act. The indictment related to an allegedly misleading marketing

campaign on Danish television and on YouTube in the period from February 2016 to November 2017. Although any potential fine is expected to be insignificant in the context of the Tryg Group's business, there is a risk of reputational damage for the Tryg Group in relation to this matter. See "*Business of the Tryg Group—Legal proceedings*" and "*—Litigation and regulatory investigations and sanctions may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects*" for further information.

Customers (whether individual or group customers) who believe that they have been misled or misinformed may in the future seek redress for expectations that the advice or perceived misrepresentations created. Customers who are, for any reason, dissatisfied with their product may hold the insurance company accountable for the advice given by an insurance intermediary, even though the insurance intermediary gives advice on the basis of a mandate from the customer and the insurance company is legally not responsible for the advice given by an insurance intermediary. Complaints or negative publicity may also arise in respect of any other aspect of the Tryg Group's or RSA Scandinavia's business if customers believe that they have not been treated reasonably or fairly (whether or not this is accurate or well founded) or that the Tryg Group or RSA Scandinavia have not complied with their duty of care. The negative publicity associated with any sales practices, any compensation payable in respect of any such issues and regulatory changes resulting from such issues, may have a material adverse effect on each of the Tryg Group's, RSA Scandinavia's, and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.

3. Risks relating to the financial position of the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group

3.1. *The Tryg Group and RSA Scandinavia are exposed to credit and counterparty risk in relation to financial institutions. Deteriorations in the financial soundness of financial institutions may have a material adverse effect on their and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects.*

Insurance companies, such as the Tryg Group and RSA Scandinavia, are interdependent as a result of trading, counterparty and other relationships in the global financial system. Financial institutions with whom the Tryg Group and RSA Scandinavia conduct business act as counterparties to them in such capacities as borrowers, issuers of securities, customers, banks, reinsurance companies, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other financial intermediaries. In any of these capacities, a financial institution acting as a counterparty may not perform its obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security it provides may prove inadequate to cover its obligations at the time of the default. The risk may be enhanced in an economic downturn.

The interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution due to disruptions in the financial markets could materially disrupt securities markets or clearance and settlement systems in the markets. This could cause severe market declines or volatility. Such a failure could also lead to a chain of defaults by counterparties that could materially adversely affect the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group. This risk, known as "systemic risk", could adversely impact future product sales as a result of reduced confidence in the insurance industry. It could also reduce results because of market declines and write-downs of assets and claims on third parties. The Tryg Group believes that, despite increased focus by regulators around the world with respect to systemic risk, this risk remains part of the financial system in which the Enlarged Group will operate and dislocations caused by the interdependence of financial

market participants could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

3.2. ***The Tryg Group, RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group are vulnerable to adverse market perception arising as a result of reputational damage, especially as they operate in a highly regulated industry.***

The Tryg Group and RSA Scandinavia must display a high level of integrity and have the trust and the confidence of their customers and stakeholders. Any mismanagement, fraud or failure to satisfy fiduciary responsibilities, or any negative publicity resulting from their activities, the activities of any third parties to whom they have licensed their brands or have outsourced any services, or any accusation by third parties in relation to their activities (in each case, whether well founded or not) associated with the Tryg Group or RSA Scandinavia or the industry generally, could have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects, including:

- reducing public confidence in the Tryg Group and RSA Scandinavia;
- decreasing their ability to retain current policyholders;
- increasing the likelihood that the DFSA or other regulators will not approve acquisitions in cases of very severe violations or breaches of the financial regulation and other applicable regulatory requirements or will subject the Enlarged Group to closer scrutiny than would otherwise be the case;
- increasing costs of borrowing, including in debt capital markets transactions;
- adversely affecting the Tryg Group's and RSA Scandinavia's ability to obtain reinsurance or to obtain reasonable pricing on reinsurance; and
- decreasing customers' willingness to acquire particular products.

There have been a number of highly publicised cases involving fraud or other misconduct by employees in the financial services industry in recent years. It is not always possible to deter or prevent employee misconduct and the precautions the Tryg Group and RSA Scandinavia take to prevent and detect this activity may not be effective in all cases. They therefore run the risk that employee misconduct could occur, with possible adverse effects on them as set out above.

Any of the above could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

3.3. ***Failure to maintain adequate capital could have a variety of negative regulatory and operational implications for the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group including requiring additional capital in the future, which will hinge on the credit ratings of the Enlarged Group and may not be available or may only be available on unfavourable terms.***

Insurance companies and insurance holding companies such as the Tryg Group and RSA Scandinavia are required to maintain a minimum level of own funds (also referred to as regulatory capital) in excess of the value of their liabilities to comply with a number of regulatory requirements relating to their (and their subsidiaries') solvency and reporting bases. Solvency requirements are governed by the European Commission's directive 2009/138/EC of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance ("**Solvency II**"). These regulatory requirements apply to individual insurance subsidiaries on a standalone basis and in respect of the Tryg Group and RSA Scandinavia as a whole. The Tryg Group is also in regular discussions with its regulators in relation to its regulatory capital requirements. The Tryg Group's and RSA Scandinavia's regulatory capital requirements have in the past both increased and decreased, and may from time to time in the future increase and decrease for a number of

reasons, including as a result of the discount rate set by regulators under Solvency II. The Tryg Group's and RSA Scandinavia's capital position is also assessed by their regulators, which may include evolving regulatory views on capital adequacy. For example, the European Commission is in the process of reviewing Solvency II which may result in regulatory changes to the Tryg Group's and RSA Scandinavia's solvency requirements. The Tryg Group's and RSA Scandinavia's regulatory capital requirements also depend on the level of risk facing them as well as on internal risk margin calculations, and as such correlate to economic and general insurance market cycles, their ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses, as well as the performance of their investment portfolio.

The Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's capital position can be adversely impacted by a number of factors, in particular factors that may erode the Enlarged Group's capital resources and could impact the quantum of risk to which the Enlarged Group is exposed. Such factors include lower than expected earnings and accumulated market impacts (such as foreign exchange and asset valuation). In addition, any event that erodes current profitability and/or is expected to reduce future profitability or make profitability more volatile could impact the Enlarged Group's capital position.

Any inability to meet regulatory capital requirements in the future would be likely to lead to intervention by regulatory authorities in the interests of policyholder security and could be expected to require the Enlarged Group to take steps to restore regulatory capital to acceptable levels. The Enlarged Group may also need to increase premiums, increase its reinsurance coverage or divest additional parts of its business and investment portfolio, any of which may be difficult or costly or result in a significant loss, particularly in cases where such measures need to be undertaken in a short time frame. The Enlarged Group might also have to restrict its ability to release capital thereby reducing the amount of dividends they pay to their shareholders, or possibly cease paying dividends to meet its regulatory capital requirements. Regulatory capital requirements may also change in the future such that the Enlarged Group's own funds may no longer be sufficient to meet its regulatory capital requirements.

To the extent that the funds currently available to the Tryg Group and the RSA Scandinavia are insufficient to fund the Enlarged Group's future capital and operating requirements and cover claims payments, it may need to raise additional funds through financings or curtail its growth and/or reduce its assets. Any equity or debt financing, if available at all, may be on terms that are not favourable to the Enlarged Group and a downgrade in the Enlarged Group's credit ratings could impact the terms and availability of such financing and access to the debt capital markets. See "*—A downgrade or a potential downgrade in the Tryg Group's and/or RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's credit or financial strength ratings could affect their standing in the market and may decrease premiums and earnings, which may adversely affect their liquidity or capital position, or the cost of raising capital or cause them to incur additional financing obligations*". If the Enlarged Group cannot obtain adequate capital on favourable terms or at all, its business, financial condition, results of operations and prospects could be materially adversely affected.

3.4. *A downgrade or a potential downgrade in the Tryg Group's and/or RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's credit or financial strength ratings could affect their standing in the market and may decrease premiums and earnings, which may adversely affect their liquidity or capital position, or the cost of raising capital or cause them to incur additional financing obligations.*

Credit ratings are an important factor in the Tryg Group's and RSA Scandinavia's competitive positions. Rating organisations periodically review the financial performance and condition of insurers, including the insurance subsidiaries of the Tryg Group and RSA Scandinavia. Rating organisations assign ratings based upon a variety of factors according to published criteria. While most of the factors relate to the rated company including the level of capital and diversity of insurance risk and mix of invested assets,

some of the factors relate to general economic conditions and other circumstances outside the rated company's control.

In April 2020, Moody's assigned an "A1" Financial Strength Rating with stable outlook for the Tryg Group. This rating was reconfirmed on 18 November 2020 following the announcement of the Acquisition. Codan Forsikring A/S' credit rating is an "A" rating from Standard & Poor's ("**S&P**"), which has been placed on creditwatch negative following the announcement of the Acquisition. According to S&P, the creditwatch placement was primarily related to the Tryg Group and Intact Group potentially having weaker credit profiles than that of the RSA Group. Codan Forsikring A/S' credit rating is an "A2" rating from Moody's on review for downgrade. According to Moody's, the review for the downgrade was primarily related to anticipated weakening of Codan Forsikring's stand-alone credit profile following the intended purchase of Trygg-Hansa and Codan Norway by the Tryg Group, and the split ownership of Codan Denmark. These ratings reflect the current opinions of the rating agencies and remain subject to change. There can be no assurance that the Tryg Group and RSA Scandinavia, or following completion of the Acquisition, the Enlarged Group will be able to maintain its current credit ratings, particularly if the Tryg Group's leverage ratios and capital position were to adversely change following the Acquisition. Rating agencies may downgrade the Enlarged Group's credit rating if, going forward, the business does not perform in line with the targets or expectations of these rating agencies.

A downgrade of any of the Enlarged Group's credit ratings could have a material adverse impact on the ability of the Enlarged Group to write certain types of general insurance business, particularly commercial insurance business. A downgrade could also lead brokers (especially large global brokers) to stop recommending the Enlarged Group's products and lead to the loss of other customers whose confidence in the Enlarged Group may be affected or whose policies require insurance from insurers with a certain rating. While the Enlarged Group could, among other things, consider writing business on a fronted basis (i.e. an arrangement where a higher rated insurer writes certain lines of the Enlarged Group's business) to mitigate the effects of the loss of broker recommendations, such measures may have an adverse effect on the Enlarged Group's underwriting profitability. A downgrade could also impact the terms and availability of financing and access to the debt capital markets, and could have a material adverse effect on the continued availability and terms of the Enlarged Group's reinsurance arrangements. A reduction by Moody's in credit quality metrics could require the Enlarged Group to hold additional capital, on the basis of Moody's methodology, to maintain its credit rating. While the Tryg Group and RSA Scandinavia have taken various actions and are undertaking additional actions to improve their capital position, such actions may not prevent a downgrade of the Enlarged Group's ratings. For example, between completion of the Offering and completion of the Acquisition, the Tryg Group is contemplating the issuance of additional Tier 2 capital of approximately DKK 1,500 million to DKK 2,000 million or an amount of similar value or part of such amount, in currencies other than DKK (based on the prevailing exchange rates at the time of the proposed issuance) to improve its capital position.

A downgrade of any of the Enlarged Group's credit ratings, and the related consequences described above, could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

3.5. ***Changes in accounting standards or policies, including changes to IFRS and the implementation of future orders, standards and interpretations to IFRS, including in relation to the implementation of IFRS 17 (insurance contracts), could materially adversely affect the Enlarged Group's reported results and shareholders' equity.***

Accounting standards impact the presentation of, among other things, shareholders' equity and annual profits. The Tryg Group and RSA Scandinavia have adopted and, following completion of the Acquisition, the Enlarged Group will adopt IFRS as its accounting standard. There is no guarantee that these accounting standards will not change, and adversely affect reported revenues, results or capital position.

The implementation of IFRS 9 (Financial Instruments) is not currently expected to significantly change the Tryg Group's financial position. The assessment of no significant impact on the statement of financial position or profit and loss is based on the assumption that the Tryg Group already carries all financial instruments at fair value through profit and loss. The Tryg Group has postponed the implementation of IFRS 9 (Financial Instruments) to 1 January 2023 when IFRS 17 (Insurance Contracts) will be applicable.

IFRS 17 applies to all insurance and reinsurance contracts written by an entity and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents insurance contracts and to enable users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows and applies for accounting periods beginning on or after 1 January 2023. The impact of IFRS 17 is currently being assessed and its implementation is being prepared for 1 January 2023. While the Tryg Group anticipates a limited impact on key figures due to reclassifications under IFRS 17, it remains uncertain whether and how implementation of IFRS 17 will affect the Tryg Group and, following completion of the Acquisition, the Enlarged Group.

These and any other changes to IFRS that may be proposed in the future, whether or not specifically targeted at insurance companies, could adversely affect the Enlarged Group's business, financial condition, results of operations and prospects.

3.6. *Trygg-Hansa's and Codan Norway's and Codan Denmark's financial statements and other financial information related to Trygg-Hansa and Codan Norway and Codan Denmark presented in this prospectus may not be representative of their results as part of the Enlarged Group.*

Prior to Separation, RSA Scandinavia is a part of the RSA Group. Because the RSA Group does not prepare separate financial statements in respect of Trygg-Hansa's and Codan Norway's and Codan Denmark's business prior to the Offering, the Trygg-Hansa and Codan Norway Audited Combined Financial Statements and the Codan Denmark Audited Combined Financial Statements included elsewhere in this Prospectus have been derived from the consolidated financial statements of the RSA Group for the periods presented. Although Trygg-Hansa and Codan Norway, or Codan Denmark, as the case may be, were not a combined operational entity during the periods presented, the combined carve-out financial statements present on a combined basis the historical assets, liabilities, revenue and expenses that were directly related to Trygg-Hansa and Codan Norway, or Codan Denmark, as the case may be, within the RSA Group during the periods presented, subject to certain adjustments described in the historical financial information of Trygg-Hansa and Codan Norway and Codan Denmark. See "*Operating and Financial Review of Trygg-Hansa and Codan Norway—Basis of Preparation*". Post-Separation, Trygg-Hansa and Codan Norway will be operating independently from Codan Denmark in which Trygg-Hansa and Codan Norway were closely integrated and heavily dependent, including during the periods presented in this Prospectus. Post-Separation, Trygg-Hansa and Codan Norway will also be operating as part of the Enlarged Group. Therefore, the historical financial performance Trygg-Hansa and Codan Norway, or Codan Denmark, as the case may be, presented in this prospectus may not be indicative of its financial performance as part of the Enlarged Group.

3.7. *If the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's use of derivatives to protect against certain risks is inadequate or ineffective, their business, financial condition, results of operations and prospects may be adversely affected.*

The Tryg Group and RSA Scandinavia are, and following completion of the Acquisition, the Enlarged Group will be exposed to financial market risk, among others, credit spread fluctuations, fluctuations in equity markets, the impact of interest rate and currency rate fluctuations and fluctuations in the fair value of its investments and liabilities. The Tryg Group and RSA Scandinavia use common financial derivative instruments such as swaps, futures and forward contracts which they have entered into with a number of

counterparties to hedge or partly hedge certain of these exposures. The Enlarged Group may not be able to manage these exposures adequately through the use of derivatives, or appropriate derivative products may not be available on favourable terms, or at all.

The Tryg Group also uses derivatives only upon board approval of each type of derivative and makes sure that reporting and risk management systems adequately handle them. Derivatives are used routinely in the day-to-day asset management of the Tryg Group. In addition, major derivatives positions are related to the hedging of the currency risk from the investment in foreign branches through foreign exchange currency hedging for non-DKK positions and in the hedging of interest rate and inflation risk in the reserves of the workers' compensation line of business in Denmark.

Furthermore, the derivative counterparty may default or there may be other dependencies on counterparties. For instance, the Tryg Group is dependent on third parties for the daily calculation of the market values of its derivative collateral. RSA Scandinavia is also dependent on third parties for the daily calculation of the market values of its derivative collateral. If these third parties (mostly large banks) miscalculate the collateral required and the counterparty fails to fulfil its obligations under the derivatives contract, it could result in unexpected losses, which could have a material adverse effect on the business, financial condition, results of operations and prospects of the Tryg Group and RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group. The Enlarged Group's inability to manage risks successfully through derivatives (including a single counterparty's default and the systemic risk that a default is transmitted from counterparty to counterparty) could have a material adverse effect on its business, revenues, results of operations and financial position.

4. Risks relating to the Offering and the Existing Shares

4.1. *Due to the Offering, the prices of the Existing Shares, the Preemptive Rights, the Interim Shares and the New Shares may be volatile regardless of the Tryg Group's or the Enlarged Group's operating performance and results. The stock market in general may experience considerable volatility and investors may not be able to resell Shares at or above the Subscription Price.*

The market price of the Existing Shares, the New Shares, the Interim Shares and the Preemptive Rights may be volatile and could be subject to significant fluctuations due to a change in sentiment in the market regarding the Acquisition or Separation and the issue of the New Shares. In particular, this may be in response to various facts and events many of which are beyond the control of the Tryg Group or the Enlarged Group, including; (i) if the Acquisition or Separation fails to complete in time or at all; (ii) large sales or purchases of Existing Shares, New Shares, Interim Shares or Preemptive Rights (including as a result of speculative activity or TryghedsGruppen's sales of Existing Shares, New Shares, Interim Shares or Preemptive Rights) and (iii) following completion of the Acquisition, variations in results of operations during the Enlarged Group's reporting periods; changes in financial estimates by financial analysts compared to prior to the Offering, market rumours; changes in the market valuation of comparable companies; changes in laws and regulations applicable to any of the companies within the Enlarged Group; the public's response to Tryg's company announcements, press releases or other public announcements by the Enlarged Group; and any shortfall in premiums from levels expected by financial analysts prior to the Offering and general economic conditions unrelated to the Enlarged Group's actual performance. Any of these and other events could adversely affect the price of the Existing Shares, the New Shares, the Interim Shares and the Preemptive Rights.

There can be no assurance that the public trading market price of the Shares will not decline below the Subscription Price. Should that occur, relevant Shareholders will suffer an immediate, unrealised loss as a result. Moreover, there can be no assurance that, following investors' or Shareholders' acquisition of New Shares or Interim Shares, investors or Shareholders will be able to resell their Shares at a price equal to or greater than the acquisition price for the New Shares or Interim Shares, and there can be no assurance that investors or Shareholders may not experience a loss when attempting to do so.

4.2. ***Following completion of the Acquisition, the Tryg Group's majority shareholder, TryghedsGruppen, will continue to be a large shareholder and may control or otherwise substantially influence the Enlarged Group and TryghedsGruppen's interests may conflict with those of other shareholders.***

Prior to the announcement of the Acquisition, TryghedsGruppen had an ownership of 60% of Tryg's share capital, and historically has accounted for over 70% of the votes and share capital present at the Tryg Group's general meetings.

TryghedsGruppen has signed an irrevocable subscription undertaking under which TryghedsGruppen irrevocably has undertaken towards Tryg and each of the Joint Global Coordinators in connection with the Offering to (i) subscribe in cash for the TryghedsGruppen Firm Shares (including by using the net proceeds of the sale of Existing Shares which occurred on 23 November 2020, as further described below); and (ii) further participate in the Offering on a cash neutral basis. This cash neutral participation will be achieved by TryghedsGruppen subscribing for the maximum number of New Shares that it can using the net proceeds (after transaction costs) arising from the sale of Preemptive Rights, such sale of Preemptive Rights to occur as soon as reasonably practicable during the Subscription Period. For further information, see "*Material Contracts—Material contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*".

On 23 November 2020, TryghedsGruppen announced that it had agreed to sell 21,149,745 Existing Shares (equivalent to 7% of the Existing Shares as at that date, and reducing TryghedsGruppen's interest in Tryg from 60% to approximately 53%) pursuant to an accelerated bookbuild offering. The net proceeds from this sale of Existing Shares will be used to subscribe for TryghedsGruppen Firm Shares.

After TryghedsGruppen reduced its shareholding to approximately 53% of the Existing Shares, Tryg held an extraordinary general meeting on 18 December 2020. At the extraordinary general meeting, TryghedsGruppen again accounted for more than 70% of the votes and share capital present at the general meeting regardless of the reduction in ownership percentage.

Following completion of the Offering (including TryghedsGruppen's cash neutral participation) as referred to above, TryghedsGruppen is expected to hold between 40% and 50% of Tryg's share capital and voting rights. TryghedsGruppen may in the future increase its percentage of ownership of Tryg either through the purchase of Shares in the open market or by not participating in any future share buyback programmes launched by Tryg.

Depending on general attendance at, or voting in writing prior to, the general meetings of Tryg, TryghedsGruppen will most likely, following completion of the Acquisition, have a controlling influence over decisions requiring a simple majority of the voting rights and the share capital represented at the general meetings, including, among other things, the election and dismissal of the members of the Supervisory Board. Further, depending on general attendance at, or voting in writing prior to, the general meetings of Tryg, TryghedsGruppen may also hold two-thirds or more of the voting rights and the share capital represented at the general meetings and thereby have a controlling influence over decisions requiring a two-thirds majority. These include amendments to Tryg's articles of association (including the elimination of the provision in the Articles of Association setting out independence requirements from TryghedsGruppen for at least half of the members appointed to the Supervisory Board).

TryghedsGruppen has established a member bonus scheme, as further described under *"Shareholders—TryghedsGruppen—Governance structure of TryghedsGruppen—Economic return for members of TryghedsGruppen*" and "*Operating and Financial Review of the Tryg Group—Related party transactions*". In order for TryghedsGruppen to be able to pay its membership bonus to its members and carry out or support charitable activities, it is dependent on receiving dividend distributions from the Tryg Group. TryghedsGruppen has been paying a membership bonus each year since 2016 and the Tryg Group believes that it has been an important competitive advantage for boosting customer loyalty and retention in Denmark. Were the Tryg Group to be unable to pay its

dividend distributions in the future, including pursuant to further regulatory restrictions of the nature described below, TryghedsGruppen would be unable to pay a membership bonus, which may have an adverse impact on the Tryg Group's customer retention and loyalty.

To the extent that the interests of TryghedsGruppen may differ from the interests of Tryg's other Shareholders, its other Shareholders may be disadvantaged by any actions that TryghedsGruppen may seek to pursue. TryghedsGruppen may from time to time have objectives that diverge from those of the Tryg Group and/or the Enlarged Group given its desire to carry out charitable activities in Denmark and to pay the member bonus.

The Tryg Group announced on 27 March 2020 that it was moving to a full-year dividend decision for 2020 following the outbreak of COVID-19, see "*Operating and Financial Review of the Tryg Group—Liquidity and capital resources*". On 9 November 2020, however, the Supervisory Board announced that it had decided to revisit this decision and approved an ordinary dividend of DKK 5.25 per Existing Share (DKK 1.6 billion). Payment of this dividend which related to the first three quarters of 2020 occurred on 12 November 2020, with ex-dividend date on 10 November 2020. The dividend was based on Tryg's assessment of the strength of the business and the manageability of the impact of COVID-19 and also in support of TryghedsGruppen's member bonus for 2021. Furthermore, it was announced that the Tryg Group would return to a quarterly dividend payment starting in the fourth quarter of 2020. The Tryg Group's decision to pay dividends contradicted recommendations of the DFSA, EIOPA and the European Systemic Risk Board (the "**ESRB**"), applicable at the time of the Tryg Group's decision, to not pay dividends. On 15 December 2020, the ESRB amended its recommendation regarding restrictions on distributions to permit, under extreme caution and applying a conservative approach, financial institutions with a sufficiently strong capital position to distribute dividends. On 18 December 2020, the DFSA confirmed that it would follow the amended ESRB recommendations in its supervisory discussions with financial institutions. On 29 January 2021, the Tryg Group paid an ordinary dividend of DKK 1.75 per share relating to the fourth quarter of 2020, for a total dividend of DKK 7.00 per share for 2020 (2019: DKK 6.80).

Furthermore, TryghedsGruppen has obtained debt financing to participate in the Offering. See "*Essential Information—Interest of natural or legal persons involved in the Offering*". Although the Enlarged Group expects TryghedsGruppen to support its interests and proposed measures, TryghedsGruppen may have obligations or interests that are suitable for TryghedsGruppen but that will conflict with the Enlarged Group's interests. Certain members of the Supervisory Board also serve as members of the supervisory board of TryghedsGruppen and will have obligations to both the Enlarged Group and TryghedsGruppen and may have conflicts of interest with respect to matters potentially involving or affecting the Enlarged Group. For further details, see "*Supervisory Board and Executive Board—Statement on conflict of interest".*

Lastly, the concentration of share ownership could also have the effect of delaying, postponing or preventing a change of control in the Enlarged Group, and may impact consolidations, acquisitions or other forms of combinations, which may or may not be desired by other shareholders.

No assurances can be given that the interests of TryghedsGruppen will not differ from the interests of other shareholders. The interests of the TryghedsGruppen may not be aligned with the interests of minority shareholders.

See "*Shareholders—TryghedsGruppen*" for further information regarding TryghedsGruppen.

4.3. *U.S. and other Shareholders resident outside Denmark, Greenland, Norway and Sweden may be unable to exercise Preemptive Rights or acquire additional Preemptive Rights.*

Existing Shareholders registered as of 5 March 2021, regardless of the jurisdiction in which they reside, will be allocated Preemptive Rights in proportion to their number of Existing Shares. However, due to restrictions under applicable laws and regulations of

Existing Shares, Shareholders resident in certain jurisdictions will not be able to participate in the Offering. Holders of Existing Shares in jurisdictions outside Denmark Greenland, Norway and Sweden, such as the United States, may consequently be unable to exercise Preemptive Rights allocated to them, unless such exercise occurs in accordance with relevant local securities laws and/or pursuant to an exemption from applicable registration requirements. Similar restrictions may also apply to Shareholders' ability to acquire additional Preemptive Rights from other Shareholders who want to dispose their allocated Preemptive Rights. In such cases, Shareholders resident in such non-Danish jurisdictions may experience a dilution of their shareholding without such dilution necessarily being offset by any compensation received in exchange for Preemptive Rights. The Tryg Group cannot make any representation to its Shareholders as to the availability of any exemption from such overseas securities law requirements to enable Shareholders in the United States or certain other jurisdictions to exercise their Preemptive Rights or, if available, that the Tryg Group will utilise any such exemption.

In addition, Tryg is under no obligation and does not intend to file a registration statement in any other jurisdictions outside Denmark in respect of the Preemptive Rights, the Interim Shares or the New Shares, and makes no representation as to the availability of any exemption from any registration requirements under the laws of any other jurisdictions outside Denmark in respect of any future equity offerings.

4.4. ***Shareholders who do not (or are not permitted to) exercise any or all of their Preemptive Rights will experience dilution in their ownership of the Tryg Group and, following completion of the Acquisition, the Enlarged Group.***

If Shareholders do not exercise their Preemptive Rights under the Offering or are not eligible to participate in the Offering, such Shareholders' ability to subscribe for New Shares will lapse. Their proportionate ownership and voting interests in the Tryg Group, and following completion of the Acquisition, in the Enlarged Group, will be reduced and the percentage that their New Shares will represent of the total issued share capital of the Enlarged Group will be reduced accordingly. See "*Dilution*" for further information.

Furthermore, to the extent that Shareholders do not exercise their Preemptive Rights to subscribe for Existing Shares, their proportionate ownership and voting interest in the Tryg Group will be reduced and the percentage that the New Shares of that Shareholder would represent of the total share capital of the Tryg Group will also be reduced accordingly. Any consideration received may not be sufficient to compensate that Shareholder fully for the dilution of their percentage ownership of the Tryg Group's and, subject to completion of the Acquisition, the Enlarged Group's, share capital that may be caused as a result of the Offering.

4.5. ***Failure to exercise Preemptive Rights by the end of the Subscription Period will result in the lapse of the holder's Preemptive Rights.***

If Preemptive Rights are not exercised by the end of the Subscription Period (19 March 2021 at 5:00 p.m. CET), such holders' Preemptive Rights to subscribe for New Shares will lapse with no value, and the holder will not be entitled to compensation. Accordingly, holders of Preemptive Rights must ensure that all required exercise instructions are actually received by such holder's bank before the end of the Subscription Period. If a holder fails to provide all required exercise instructions or otherwise fails to follow the procedure for exercising the Preemptive Rights prior to 19 March 2021 at 5:00 p.m. CET, the Preemptive Rights will lapse with no value.

4.6. ***It may be difficult or impossible for investors outside Denmark to serve process on or enforce judgments against the Enlarged Group in connection with the Offering.***

The Tryg Group is, and following completion of the Acquisition, the Enlarged Group will be a public limited liability company incorporated in Denmark. As a result, it may be difficult or impossible for investors to serve process on the Enlarged Group or enforce judgments against the Enlarged Group outside of Denmark in connection with the Offering.

In addition, all of the Enlarged Group's directors and officers will be residents of countries other than the United States. All or a substantial portion of the assets of such non-resident persons and of the Enlarged Group's assets will be located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Enlarged Group, or to enforce against them in U.S. courts, judgments obtained in such courts based upon the civil liabilities provisions of the federal securities laws of the United States or otherwise.

4.7. *Tryg may not be able or may decide not to pay dividends at a level anticipated by Shareholders on its Shares, which could reduce investors' return on Shares.*

Tryg's ability to pay dividends on the Shares will be dependent upon the availability of distributable reserves. The Supervisory Board has adopted a dividend policy pursuant to which Tryg targets steadily increasing dividend in nominal terms on a full-year basis and a payout ratio between 60% and 90% of Tryg's profit after tax. Any excess capital may be paid out as extraordinary dividend. The ordinary dividend is paid out on a quarterly basis. The dividend policy is approved by the Supervisory Board on an annual basis. For further details on Tryg's dividend policy, see "*Dividends and Dividend Policy—Dividend policy*".

As a holding company, Tryg's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends from its subsidiaries. The payment of dividends by subsidiaries is, in turn, subject to restrictions, including the existence of sufficient distributable reserves and cash in those subsidiaries. These restrictions could limit or prohibit the payment of dividends to Tryg by its subsidiaries, which could restrict its ability to pay dividends to its Shareholders.

In addition, Tryg's ability to declare dividends and the ability of its subsidiaries to pay dividends may be restricted to protect the security of policyholders, as applicable regulations prohibit the payment of dividends.

The actual payment of future dividends, if any, and the amounts thereof, will depend upon a number of factors including, but not limited to, the regulatory guidance in response to the COVID-19 pandemic, the amount of the Tryg Group's, and following completion of the Acquisition, the Enlarged Group's distributable profits and reserves on an unconsolidated basis, the Tryg Group's, and following completion of the Acquisition, the Enlarged Group's capital expenditure and investment plans, earnings, level of profitability, ratio of debt to equity, the Tryg Group's, and following completion of the Acquisition, the Enlarged Group's debt ratings, applicable restrictions on the payment of dividends under Danish and other applicable law, EIOPA and local financial supervisory authority recommendations, the level of dividends paid by other comparable listed companies doing business in Scandinavia and elsewhere and such other factors as Supervisory Board may deem relevant.

As an example, on 2 April 2020, EIOPA announced a recommendation that insurers and reinsurers in the EU temporarily suspend all discretionary dividend distributions and share buybacks aimed at remunerating shareholders and on 3 April 2020 the DFSA announced that it supported that recommendation. This was followed up on 27 May 2020 by a recommendation by the ESRB that EU financial institutions (including insurers and reinsurers) refrain from, inter alia, making dividend distributions or share buybacks until at least 1 January 2021; on 26 June 2020 the DFSA endorsed that recommendation. Contrary to the above-mentioned recommendation, Tryg decided in November 2020 to distribute dividends, see "*—Following completion of the Acquisition, the Tryg Group's majority shareholder, TryghedsGruppen, will continue to be a large shareholder and may control or otherwise substantially influence the Enlarged Group and TryghedsGruppen's interests may conflict with those of other shareholders*" for further information. On 15 December 2020, the ESRB amended its recommendation regarding restrictions on distributions to permit, under extreme caution and applying a conservative approach, financial institutions with a sufficiently strong capital position to distribute dividends. On 18 December 2020, the DFSA confirmed that it would follow the amended ESRB recommendations in its supervisory discussions with financial institutions.

Consequently, there can be no guarantee that the Tryg Group's and, following completion of the Acquisition, the Enlarged Group's consolidated revenue, profit and cash flow may support the payment of dividends and as a result, Tryg Group's and, following completion of the Acquisition, the Enlarged Group's ability to pay dividends in the future may be limited or its dividend policy may change including in response to present or future rules, guidelines or recommendation issued by competent authorities with jurisdiction over the members of the Tryg Group and, following completion of the Acquisition, the Enlarged Group.

4.8. *The Offering may not be completed and may be withdrawn.*

Completion of the Offering is conditional upon the Offering not being withdrawn. The Underwriting Agreement provides that the obligations of the Managers are subject to the following conditions, excluding any conditions which have been satisfied as at the date of this Prospectus: (i) there not having occurred certain insolvency related events in relation to Tryg prior to the registration of the New Shares with the Danish Business Authority; (ii) the Scheme not having lapsed or been validly withdrawn in accordance with its terms prior to the registration of the New Shares with the Danish Business Authority (or if the Acquisition is structured as a Takeover Offer, such Takeover Offer not having lapsed, been terminated or validly withdrawn in accordance with its terms prior to the registration of the New Shares with the Danish Business Authority); and (iii) no notification having been received from Nasdaq Copenhagen that the approval for admission to trading and official listing of the New Shares has been withdrawn prior to the registration of the New Shares with the Danish Business Authority. If, by the times specified above, or if no time is specified, prior to registration of the New Shares with the Danish Business Authority, any of the conditions above is not satisfied (or waived by the Joint Global Coordinators, on behalf of the Managers), the Joint Global Coordinators, on behalf of the Managers, will be entitled to terminate the Underwriting Agreement. In addition, the Joint Global Coordinators, on behalf of the Managers, will be entitled to terminate the Underwriting Agreement in the event that the registration of the New Shares is refused by the Danish Business Authority.

Other than as set out above, the Joint Global Coordinators, on behalf of the Managers, will not be entitled to terminate the Underwriting Agreement. If the Underwriting Agreement is terminated, the Offering will be withdrawn. The termination rights of the Joint Global Coordinators, on behalf of the Managers, under the Underwriting Agreement will lapse upon registration of the New Shares with the Danish Business Authority, currently expected to take place on 25 March 2021. If the Offering is not completed, any exercise of Preemptive Rights that has already taken place will be cancelled automatically. The subscription amount for the New Shares will be refunded (less any transaction costs) to the last registered owner of the Interim Shares as at the date of withdrawal. All Preemptive Rights will be null and void, and no New Shares will be issued. However, trades of Preemptive Rights executed during the Rights Trading Period, which commences on 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET, will not be affected. As a result, Shareholders and investors who have acquired Preemptive Rights will incur a loss corresponding to the purchase price of the Preemptive Rights and any transaction costs.

Trades in Existing Shares and Interim Shares will also not be affected if the Offering does not complete, and Shareholders and investors that have acquired Interim Shares will receive a refund of the subscription amount for the New Shares (less any transaction costs). As a result, Shareholders and investors that have acquired Interim Shares will incur a loss corresponding to the difference between the purchase price of the Interim Shares and the Subscription Price for the New Shares and any transaction costs.

Any withdrawal will be announced through Nasdaq Copenhagen.

Should the Offering not be completed or be withdrawn, the Tryg Group will be liable to bear a part of the costs and fees related to the Offering, including the Tryg Group's adviser costs, which could have a material adverse effect on the Tryg Group's business, financial condition, results of operations and prospects.

4.9. ***The market for the Preemptive Rights and Interim Shares may be limited and may only offer limited liquidity, and if a trading market develops, the price of the Preemptive Rights, the Interim Shares and the Shares may be subject to greater volatility.***

Those who are registered as Shareholders in Tryg in VP Securities at the Allocation Time will receive Preemptive Rights in proportion to their holding of Existing Shares. The Preemptive Rights are expected to have an economic value that the holder can only benefit from if he or she either exercises the Preemptive Rights to subscribe for New Shares no later than by the end of the Subscription Period (19 March 2021 at 5:00 p.m. CET) or sells them no later than by the end of the Rights Trading Period (17 March 2021 at 5:00 p.m. CET). If a holder fails to exercise its Preemptive Rights prior to 19 March 2021 at 5:00 p.m. CET or fails to sell them no later than 17 March 2021 at 5:00 p.m. CET, the Preemptive Rights will lapse with no value, whereby the holder completely loses the expected financial value of the Preemptive Rights.

The market price and thereby the financial value of the Preemptive Rights and Interim Shares depends on the price of the Existing Shares. A decline in the price of the Existing Shares could have an adverse effect on the value and market price of the Preemptive Rights and the Interim Shares. Both the Preemptive Rights and the Interim Shares will be subject to time-limited trading on Nasdaq Copenhagen. Trading in these instruments may be limited, which could make it difficult for individual holders to sell their Preemptive Rights and/or Interim Shares and thus prevent the holder from being compensated for the dilutive effect that the Offering will have (see "*—Shareholders who do not (or are not permitted to) exercise any or all of their Preemptive Rights will experience dilution in their ownership of the Tryg Group and, following completion of the Acquisition, the Enlarged Group*"). The Rights Trading Period during which the Preemptive Rights can be traded on Nasdaq Copenhagen commences on 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET. In addition, the trading period for Interim Shares commences on 4 March 2021 at 9:00 a.m. CET and closes on 26 March 2021 at 5:00 p.m. CET.

The trading of the Interim Shares will commence before specific conditions to the Offering are met and all dealings in the Interim Shares prior to the registration of the New Shares with the Danish Business Authority are for the account, and at the sole risk, of each of the parties concerned. For a description of such conditions, see "*Terms and Conditions of the Offering—Withdrawal of the Offering*".

There can be no assurance that a trading market for the Preemptive Rights or the Interim Shares will develop in those periods, and if such markets do develop, the Preemptive Rights and/or Interim Shares may be exposed to higher levels of volatility than the Shares and may not be effectively priced against the price of the Shares. The price structure of these instruments could therefore be incorrect or misleading. Shareholders and investors, therefore, run the risk of not being able to realise the value of their Preemptive Rights and/or Interim Shares.

4.10. ***Tryg may be or become classified as a passive foreign investment company, which could cause U.S. Holders to be subject to adverse U.S. federal income tax consequences.***

A non-U.S. corporation will be a passive foreign investment company ("**PFIC**") in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules", either (i) at least 75 percent of its gross income is "passive income" or (ii) at least 50 percent of the value of its assets (generally determined based on an average of the quarterly values of the assets during a taxable year) consists of assets that produce passive income or are held for the production of passive income. Although passive income generally includes dividends, interest, rents, royalties and gains on assets that generate such income, special rules allow a qualifying insurance company ("**QIC**") to treat as non-passive certain income derived by it in the active conduct of an insurance business. To qualify for these rules, a non-U.S. corporation generally must satisfy a number of requirements regarding its applicable insurance liabilities and certain insurance business functions (such as

underwriting, investment, contract and claims management, and sales activities). Complex rules also apply to determine the extent to which the income and assets of a QIC and its subsidiaries will be treated as non-passive. Many of the special rules applicable to QICs were only recently published in final form or are in proposed form, have not yet taken effect, and are subject to further change. As a result, there is limited authoritative guidance regarding the application of these QIC rules to insurance companies. Although Tryg believes that it currently meets the requirements to qualify as a QIC and does not expect to be a PFIC for the current taxable year, Tryg has not undertaken a comprehensive analysis of whether it qualifies as a QIC or would be treated as a PFIC for any taxable year under the rules applicable to QICs, or the effect of the Acquisition on this analysis. Moreover, Tryg's possible status as a PFIC must be determined annually and may be subject to change. Accordingly, no assurance can be provided that Tryg is not a PFIC or will not become a PFIC.

If Tryg were to be treated as a PFIC in any year, U.S. Holders (as defined under "*Taxation—Certain U.S. federal income tax considerations*") generally would be subject to adverse U.S. federal income tax consequences, including having dividends or other distributions from Tryg or gains from the sale of Preemptive Rights, Interim Shares or New Shares subject to U.S. federal income taxes that are higher than would be required if Tryg were not a PFIC. See "*Taxation—Certain U.S. federal income tax considerations—Taxation of New Shares—Passive foreign investment company considerations*".

4.11. *Trading in the Shares on or around the last trading day in Existing Shares including Preemptive Rights and the Allocation Time of Preemptive Rights may not provide investors the right to receive Preemptive Rights in accordance with the timetable for the Offering.*

Trading in the Shares on or around the last trading day in Existing Shares including Preemptive Rights and the Allocation Time of Preemptive Rights may not provide investors the right to receive Preemptive Rights in accordance with the timetable for the Offering. The Existing Shareholders will be determined as the Shareholders in Tryg registered in VP Securities as of the Allocation Time on 5 March 2021 at 5:59 p.m. CET. According to the currently expected timetable, any trading in Existing Shares on or prior to the last trading day in Existing Shares including Preemptive Rights on 3 March 2021 at 5:00 p.m. CET, will include rights to receive Preemptive Rights in Tryg in connection with the Offering. However, a buyer of Shares prior to the last trading day in Existing Shares including Preemptive Rights will not receive Preemptive Rights if the registration in VP Securities of that particular trade in Shares does not take place until after the Allocation Time of Preemptive Rights. This may be the case if one or both parties to the trade is or will become a shareholder registered through a nominee or omnibus account and the trade in question, therefore, has to be registered through one or more custody banks prior to registration of the party in question with VP Securities and the parties to the trade may not be aware as to whether they are or will become a shareholder in Tryg registered through a nominee or omnibus account.

Any trading in Existing Shares after the last trading day in Existing Shares including Preemptive Rights on 3 March 2021 at 5:00 p.m. CET will be exclusive of rights to receive Preemptive Rights for the buyer due to the customary settlement cycle with settlement occurring two trading days after the transaction date, however, a shareholder in Tryg who sells its Shares after the last trading day in Existing Shares, including Preemptive Rights, may not be allocated Preemptive Rights on those Shares, if the parties to the trade in question have taken specific measures to settle the trade quicker than the customary two-day settlement cycle thus allowing for the buyer to become a registered holder of Shares in VP Securities on the Allocation Time. The buyer and seller should in such trade be aware that the value of the right to receive Preemptive Rights for the buyer will likely not be reflected in the trading price of the Share on Nasdaq Copenhagen after the Allocation Time, since such trading price is likely based on the customary two-day settlement cycle.

2. CERTAIN INFORMATION WITH REGARD TO THE PROSPECTUS

This Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation and in conformity with Annex 3 and Annex 12 of the Delegated Prospectus Regulation. In this Prospectus, "**Tryg**" refers to Tryg A/S and the "**Tryg Group**" refers to Tryg and its consolidated subsidiaries, unless the context requires otherwise. The "**Enlarged Group**" refers to, as the context may require: (i) the Tryg Group and the Tryg Group's interest in RSA Scandinavia (approximately 89.3%) for the period prior to completion of the Demerger and (ii) the Tryg Group, Trygg-Hansa, Codan Norway and the Tryg Group's 50% interest in Codan Denmark following completion of the Demerger.

No representation or warranty, expressed or implied, is made by the Managers, as to the accuracy or completeness of any information contained in this Prospectus.

The Offering will be completed under Danish law, and none of the Managers or Tryg has taken any action or will take any action in any jurisdiction, with the exception of Denmark, Greenland, Norway and Sweden, that is intended to result in a public offering of the Preemptive Rights, Interim Shares and/or the New Shares.

2.1 Notice to shareholders and investors in the United States and restrictions relating to the United States

This Prospectus is intended for use only in connection with offers and sales of Preemptive Rights, Interim Shares and New Shares outside the United States and is not to be sent or given to any person with a registered address, or who is resident or located, in the United States.

The Preemptive Rights, the Interim Shares and the New Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Preemptive Rights, the Interim Shares and the New Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state or other jurisdiction of the Unites States. Accordingly, the Preemptive Rights, the Interim Shares and the New Shares may not be offered, sold, resold, transferred, delivered, distributed, subscribed for, purchased or exercised, directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. No public offering of the Preemptive Rights, the Interim Shares or the New Shares is being made in the United States.

Any offering of the Preemptive Rights, the Interim Shares and the New Shares made in the United States will only be made by Tryg pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act to a limited number of investors that (i) are reasonably believed to be QIBs and (ii) have executed and delivered an investor representation letter addressed to Tryg. Consequently, in the United States, Shareholders and investors who are not QIBs cannot participate in the offer, subscribe for New Shares or exercise Preemptive Rights.

The investor representation letter will require each QIB to represent and agree that, amongst other things:

1. The purchaser (a) is a QIB or a broker-dealer acting for the account of a QIB, (b) is acquiring such Preemptive Rights, Interim Shares and/or New Shares for its own account or for the account of a QIB, and (c) is aware that the Preemptive Rights, Interim Shares and New Shares are "restricted securities" within the meaning of the U.S. Securities Act and may not be deposited into any unrestricted depositary facility, unless at the time of such deposit the Preemptive Rights, Interim Shares and New Shares are no longer restricted.

2. The purchaser is aware that the Preemptive Rights, Interim Shares and New Shares have not been and will not be registered under the U.S. Securities Act, and are being offered in the United States only to QIBs in a transaction exempt from the registration requirements of the U.S. Securities Act provided for transactions not involving a public offering.

3. The purchaser understands and agrees that the Preemptive Rights, Interim Shares and New Shares may not be offered, sold, resold, delivered, distributed, subscribed for, pledged or otherwise transferred, except (a) to a person that the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of another QIB or (b) outside the United States in offshore transactions within the meaning of and in accordance with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to another exemption from the registration requirements of the U.S. Securities Act, or (d) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

The investor representation letter contains additional written representations, agreements and acknowledgments relating to the transfer restrictions applicable to the Preemptive Rights and the New Shares. Any such QIBs who hold Shares or Preemptive Rights through a bank, a broker or other financial intermediary should procure that the relevant bank, broker or financial intermediary submits an investor representation letter on their behalf.

In connection with the Offering, no Manager will effect any transactions or induce or attempt to induce the purchase or sale of any security in or into the United States. The offering of Preemptive Rights, Interim Shares and New Shares to eligible shareholders in the United States will be the sole responsibility of Tryg.

Existing Shareholders, regardless of the jurisdiction in which they reside, will be allocated Preemptive Rights. However, due to restrictions under applicable laws and regulations, Existing Shareholders whose existing shares are directly registered in a securities account with registered addresses in the United States will not receive this Prospectus, nor will they receive any subscription rights on their respective securities accounts or any pre-printed issue statement or application form. Banks or other nominees that hold for shareholders in Tryg whose holdings on the record date are nominee registered must not send this Prospectus or any pre-printed issue statement or application form to shareholders with addresses in, or who are located or resident in, the United States without the prior written approval of Tryg.

Any person in the United States that obtains a copy of this Prospectus and that is not a QIB is required to disregard them.

For the period of 40 days after the commencement of the Offering, an offer or a transfer of Preemptive Rights, Interim Shares or New Shares in the United States made by a securities broker (regardless of whether or not this broker partakes in the rights issue) could entail a breach of the registration requirements under the U.S. Securities Act, unless made in accordance with an exemption from the registration requirements under the U.S. Securities Act.

For certain further restrictions on receipt, exercise and transfer of the Preemptive Rights, Interim Shares and New Shares, see "*Terms and Conditions of the Offering—Jurisdictions in which the Offering will be announced and restrictions applicable to the Offering*".

For as long as any of the Preemptive Rights, Interim Shares and New Shares are "restricted securities" within the meaning of Rule 144(a)(3) of the U.S. Securities Act, Tryg will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted Preemptive Rights, Interim Shares and New Shares, or to any prospective purchaser of such restricted Preemptive Rights, Interim Shares and New Shares designated by such holder or beneficial owner, upon written request the

information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act. Tryg is exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b).

No representation has been or will be made by Tryg or the Managers as to the availability of Rule 144 under the U.S. Securities Act or any other exemption under the U.S. Securities Act or any state securities laws for the reoffer, resale, pledge or transfer of Preemptive Rights, Interim Shares or New Shares.

Notwithstanding anything to the contrary herein, it is acknowledged and agreed that Nordea will not participate in the solicitation, offer or sale of any Shares within or directed into the United States and will not be involved in any activities relating to the Shares within or directed into the United States.

2.2 European Economic Area restrictions

In any member state of the European Economic Area (the "**EEA**") other than Denmark, Norway and Sweden (each a "**Relevant State**"), this Prospectus is only addressed to, and is only directed at, shareholders and investors in that Relevant State who fulfil the criteria for exemption from the obligation to publish a prospectus, including qualified investors, within the meaning of the Prospectus Regulation.

This Prospectus has been prepared on the basis that all offers of Preemptive Rights and the New Shares, other than the offer contemplated in Denmark, Norway and Sweden, will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of the Preemptive Rights, Interim Shares or New Shares. Accordingly, any person making or intending to make any offer within a Relevant State of Preemptive Rights, Interim Shares or New Shares which is the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for Tryg or any of the Managers to produce a prospectus for such offer.

Neither the Preemptive Rights, the Interim Shares nor the New Shares have been, and will not be, offered to the public in any Relevant State. Notwithstanding the foregoing, an offering of the Preemptive Rights, Interim Shares and New Shares may be made in a Relevant State: (i) to any qualified investor as defined in the Prospectus Regulation; (ii) to fewer than 150 natural or legal persons other than qualified investors as defined in the Prospectus Regulation per Relevant State; (iii) to investors who purchase securities for a total consideration of at least EUR 100,000 per investor, for each separate offer; or (iv) in any other circumstances falling within Article 1(4) of the Prospectus Regulation; subject to obtaining the prior consent of the Managers and Tryg and provided that no such offer of Preemptive Rights, Interim Shares and New Shares shall result in a requirement for the publication by Tryg or the Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Preemptive Rights, Interim Shares and New Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Preemptive Rights, the Interim Shares and the New Shares so as to enable an investor to decide to purchase Preemptive Rights and/or Interim Shares or subscribe for New Shares.

Although all Existing Shareholders, regardless of the jurisdiction in which they reside, will be allocated Preemptive Rights, due to restrictions under applicable laws and regulations in jurisdictions outside of Denmark, Greenland, Norway and Sweden, certain Existing Shareholders may not be able to receive this Prospectus and may not be able to exercise their allocated Preemptive Rights and to subscribe for the New Shares. Tryg makes no offer or solicitation to any person under any circumstances that may be unlawful.

2.3 Additional restrictions

For certain further restrictions on sales, receipt, exercise and transfers of the Preemptive Rights, Interim Shares and New Shares, see "*Terms and Conditions of the*

Offering—Jurisdictions in which the Offering will be announced and restrictions applicable to the Offering".

2.4 Notice to shareholders and investors in Greenland

This Prospectus has been approved by and registered with the DFSA in accordance with the standards and conditions applicable under the laws of Greenland.

2.5 United Kingdom restrictions

No New Shares, Interim Shares or Preemptive Rights have been offered or will be offered pursuant to the Offering to the public in the United Kingdom, except that the New Shares, the Interim Shares and the Preemptive Rights may be offered to the public in the United Kingdom at any time: (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK Prospectus Regulation**"); (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or (c) in any other circumstances falling within Section 86 of the UK Financial Services and Markets Act 2000; provided that no such offer of the New Shares, the Interim Shares or Preemptive Rights shall require Tryg or any Manager to publish a prospectus pursuant to Section 85 of the UK Financial Services and Markets Act 2000 or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the New Shares, the Interim Shares or Preemptive Rights in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any New Shares, Interim Shares or Preemptive Rights to be offered so as to enable an investor to decide to purchase or subscribe for any New Shares, Interim Shares or Preemptive Rights.

In the United Kingdom, this Prospectus is being distributed only to, and is directed only at, and any offer in relation to any Preemptive Rights, Interim Shares and New Shares is only directed at persons who are: (A) "qualified investors" (as defined in Article 2(e) of the UK Prospectus Regulation) and who are also: (B) (i) persons having professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2)(a) to (d) of the Order; and/or (iii) persons to whom it may otherwise lawfully be communicated under the Order (all such persons together being referred to as "**Relevant Persons**"). This Prospectus must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. In the United Kingdom, any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, Relevant Persons.

Any person in the United Kingdom who participates in the Offering will be deemed to have represented, warranted and acknowledged to Tryg and the Managers that:

(i) it is a Relevant Person (as defined above) and undertakes that it will subscribe for, hold, manage or dispose of any Preemptive Rights, Interim Shares and/or New Shares that are allocated to it for the purposes of its business;

(ii) it is subscribing for the Interim Shares and New Shares for its own account or is subscribing for the Interim Shares and New Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties and acknowledgements contained herein; and

(iii) if it is a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation, that any Interim Shares and New Shares subscribed for by it in the Offering will not be subscribed for on a non-discretionary basis on behalf of, nor will they be subscribed for with a view to their offer or resale to, persons in

circumstances which may give rise to an offer of securities to the public other than an offer or resale in the United Kingdom or a member state of the EEA to "qualified investors" (as defined in Article 2(e) of the UK Prospectus Regulation or the Prospectus Regulation, as applicable), or in circumstances in which the prior consent of the Joint Global Coordinators has been given to each such proposed offer or resale.

Although all Existing Shareholders, regardless of the jurisdiction in which they reside, will be allocated Preemptive Rights, due to restrictions under applicable laws and regulations in jurisdictions outside of Denmark, Greenland, Norway and Sweden, certain Existing Shareholders may not be able to receive this Prospectus and may not be able to exercise their allocated Preemptive Rights and to subscribe for the New Shares. Tryg makes no offer or solicitation to any person under any circumstances that may be unlawful.

2.6 Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) Directive 2014/65/EU of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing MiFID II with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the securities that are the subject of the Offering have been subject to a product approval process, which has determined that the Preemptive Rights, the Interim Shares and the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Preemptive Rights and the Shares may decline and shareholders and investors could lose all or part of their investment; the Preemptive Rights and the Shares offer no guaranteed income and no capital protection; and an investment in the Preemptive Rights and the Shares is compatible only with shareholders and investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties (except for a public offering to shareholders and investors in Denmark, Greenland, Norway and Sweden conducted pursuant to this Prospectus that has been approved by and registered with the DFSA).

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or shareholder in Tryg or group of investors or Shareholders in Tryg to invest in, or purchase, or take any other action whatsoever with respect to, the Preemptive Rights, the Interim Shares and the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Preemptive Rights, the Interim Shares and the New Shares and determining appropriate distribution channels.

2.7 Information regarding investors' NPID number or LEI code

In order to participate in the Offering, applicants will need a global identification code according to the MiFID II to be able to carry out securities transactions. Physical persons will need a NPID number (National Personal ID or National Client Identifier) and legal entities will need a LEI code (Legal Entity Identifier code) in order to be able to acquire and/or sell Preemptive Rights and Interim Shares and/or subscribe for New Shares in the Offering. It is the investor's legal status that determines whether a LEI code or NPID number is required, and the Managers may not be able to execute the transaction for the person in question if a LEI code or NPID number (as applicable) is not presented.

NPID number for physical persons: Physical persons will need an NPID number to participate in a financial market transaction, i.e. a global identification code for physical persons. For physical persons with only a Danish citizenship, the NPID number is the ten-digit personal ID (in Danish "CPR-nummer"). If the person in question has multiple citizenships or another citizenship than Danish, another relevant NPID number can be used. Investors are encouraged to contact their bank or securities dealer for further information.

LEI code for legal entities: Legal entities will need a LEI code to participate in a financial market transaction. A LEI code must be obtained from an authorised LEI issuer, which may take some time. Investors should obtain a LEI code in time for the application. Legal entities who need to obtain a LEI code can turn to any of the suppliers available on the market. Instructions regarding the global LEI system can be found on www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations. The information included on the aforementioned website does not form part of and is not incorporated by reference into this Prospectus.

3. RESPONSIBILITY STATEMENT

3.1 Tryg's responsibility

Tryg A/S is responsible for this Prospectus in accordance with Danish law.

3.2 Statement

We hereby declare, as the persons responsible for this Prospectus on behalf of Tryg A/S in our capacity as members of the Supervisory Board and the Executive Board of Tryg A/S (company registration no. 26 46 02 12), that to the best of our knowledge, the information contained in this Prospectus is in accordance with the facts and that this Prospectus makes no omission likely to affect its import.

We furthermore declare that this Prospectus has been approved by the DFSA as competent authority under the Prospectus Regulation. The DFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of Tryg A/S that is the subject of this Prospectus. Shareholders and investors should make their own assessment as to the suitability of investing in the Preemptive Rights, the Interim Shares and the New Shares. This Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation and in conformity with Annex 3 and Annex 12 of the Delegated Prospectus Regulation.

Ballerup, 1 March 2021

Tryg A/S

Supervisory Board

Jukka Pekka Pertola *Chairman*	Torben Henning Nielsen *Deputy Chairman*	Gunnar Elias Bakk *Board member*
Charlotte Dietzer *Board member*	Ida Sofie Jensen *Board member*	Lene Skole-Sørensen *Board member*
Mari Thjømøe *Board member*	Claus Wistoft *Board member*	Karen Bladt *Board member*
Gert Ove Mikkelsen *Board member*	Tina Snejbjerg *Board member*	Carl-Viggo Johannes Östlund *Board member*

Jukka Pekka Pertola: Professional board member
Torben Henning Nielsen: Professional board member
Elias Bakk: Employee representative
Charlotte Dietzer: Employee representative
Ida Sofie Jensen: CEO of The Danish Association of the Pharmaceutical Industry
Lene Skole-Sørensen: CEO of Lundbeckfonden
Mari Thjømøe: Professional board member

Claus Wistoft: CEO of Demex Holding A/S and C.W. Holding ApS
Karen Bladt: Director of HASLE Refractories A/S
Gert Ove Mikkelsen: Employee representative
Tina Snejbjerg: Employee representative
Carl-Viggo Johannes Östlund: Professional board member

Executive Board

Morten Marc Hübbe *Group CEO*	Barbara Plucnar Jensen *Group CFO*	Lars Ulrik Bonde *Group COO*

Johan Kirstein Brammer
Group CCO

4. IMPORTANT NOTICE AND EXPECTED TIMETABLE OF PRINCIPAL EVENTS

4.1 Special notice regarding this Prospectus

The information in this Prospectus is as of the date printed on the front of the cover, unless expressly stated otherwise. The delivery of this Prospectus at any time does not imply that there has been no change in the Tryg Group's business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. In the event of any changes to the information in this Prospectus that may affect the assessment of the Preemptive Rights, the Interim Shares and the New Shares during the period from the date of announcement of this Prospectus to the date of completion of the Offering, such changes will be announced pursuant to the rules in the Prospectus Regulation, *inter alia*, which governs the publication of prospectus supplements.

In making an investment decision, shareholders and investors must rely on their own assessment of Tryg and the terms of this Offering, as described in this Prospectus, including the merits and risks involved. Any investment in the Preemptive Rights and/or the New Shares, including by way of purchasing Interim Shares, should be based on the assessments of the information in this Prospectus, including the legal basis and consequences of the Offering, and including possible tax consequences that may apply, before deciding whether or not to invest in the Preemptive Rights and/or the New Shares, including by way of purchasing Interim Shares. Shareholders and investors should rely only on the information contained in this Prospectus, including the risk factors described herein.

No person has been authorised to give any information or make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Managers or Tryg. None of Tryg or the Managers accepts any liability for any such information or representation.

The distribution of this Prospectus and the offer or sale of the Preemptive Rights, Interim Shares and the New Shares in certain jurisdictions is restricted by law. By investing in the Preemptive Rights and/or the New Shares, including by way of purchasing Interim Shares, Shareholders and investors will be deemed to have made certain acknowledgements, representations and agreements as described in this Prospectus. Shareholders and prospective investors should be aware that they may be required to bear the financial risks of an investment in the Preemptive Rights and/or the New Shares, including by way of purchasing Interim Shares, for an indefinite period of time. No action has been or will be taken by the Managers or Tryg to permit a public offering in any jurisdiction other than Denmark, Greenland, Norway and Sweden. Persons into whose possession this Prospectus may come are required by the Managers and Tryg to inform themselves about and to observe such restrictions. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. For further information with regard to restrictions on offers and sales of the Preemptive Rights, the Interim Shares and the New Shares and the distribution of this Prospectus, see "*Terms and Conditions of the Offering—Jurisdictions in which the Offering will be announced and restrictions applicable to the Offering".* This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Preemptive Rights, the Interim Shares and/or the New Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer. This Prospectus may not be forwarded, reproduced or in any other way redistributed by anyone but the Managers and Tryg. Shareholders and investors may not reproduce or distribute this Prospectus, in whole or in part, and Shareholders and investors may not disclose the content of this Prospectus or use any information herein for any purpose other than considering the purchase of Preemptive Rights, Interim Shares and the New Shares. Shareholders and investors agree to the foregoing by accepting delivery of this Prospectus.

The Managers are acting for Tryg and no one else in relation to the Offering and admission to trading and official listing of the Preemptive Rights, the Interim Shares and the New Shares on Nasdaq Copenhagen. The Managers will not be responsible to

anyone other than Tryg for providing the protections afforded to clients of the Managers or for providing advice in relation to the Offering and admission to trading and official listing of the Preemptive Rights, the Interim Shares and the New Shares on Nasdaq Copenhagen.

4.2 Special notice regarding RSA Scandinavia

This Prospectus contains certain information pertaining to the commercial, financial, operational and legal position of RSA Scandinavia, Trygg-Hansa and Codan Norway, Codan Denmark and other entities within the RSA Group which Tryg has received from the RSA Group and/or which has been extracted from publications, reports and other documents prepared by the RSA Group. While Tryg can confirm that any information received from the RSA Group and/or extracted from publications prepared by the RSA Group has been accurately described and reproduced, Tryg has not independently verified and consequently cannot give any assurances as to the accuracy of the information as presented in this Prospectus which has been received from, or has been extracted from publications, reports or other documents prepared by, the RSA Group.

4.3 Special notice regarding forward-looking statements

Certain statements in this Prospectus constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and the Tryg Group's and the Enlarged Group's anticipated or planned financial and operational performance. The words "targets", "believes", "expects", "aims", "intends", "plans", "seeks", "will", "may", "might", "anticipates", "would", "could", "should", "estimates" or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in this Prospectus, including, without limitation, under the headings *"Summary", "Risk Factors", "Business of the Tryg Group", "Business of RSA Scandinavia",* "*Operating and Financial Review of the Tryg Group*", "*Operating and Financial Review of Trygg-Hansa and Codan Norway*" *and "Dividends and Dividend Policy"* and include, among other things, statements addressing matters such as:

- Expectations regarding regulatory and competition approvals required prior to completion of the Acquisition;
- Tryg's intended use of the proceeds of the Offering to fund the consideration for the Acquisition, together with the associated transaction and acquisition costs;
- The anticipated benefits and cost synergies resulting from the integration of Trygg-Hansa and Codan Norway into the Enlarged Group;
- Tryg's valuation of its investment in Codan Denmark;
- The future impact of economic, political and other developments outside of Tryg's control on the Enlarged Group's business, financial condition, results of operations and prospectus, including as a result of COVID-19 and severe weather;
- Tryg's expectations regarding profitability initiatives relating to its Corporate operating segment;
- Tryg's expectations regarding the implementation of Guidewire and any other technological upgrades including with regards to the integration of Trygg-Hansa and Codan Norway;
- Expectations regarding customer retention levels in Denmark, Sweden and Norway;
- Expectations regarding the adequacy of underwriting assumptions going forward and trends and other variable factors impacting claims calculations;

- Tryg's expectations regarding its financial targets (including prospective financial information) and the achievement of its strategic initiatives and broader strategy (including realising synergies from the Acquisition);
- Expectations regarding the development of legal proceedings;
- Tryg's expectations regarding the impact of changes in accounting standards or policies on the Enlarged Group's reported results and shareholders' equity; and
- Estimates of expenses, future revenue and capital requirements.

Although Tryg believes that the expectations reflected in these forward-looking statements are reasonable as of the date of this Prospectus, such forward-looking statements are based on Tryg's current expectations, estimates, forecasts, assumptions and projections about the Tryg Group's and the Enlarged Group's business and the industry in which the Tryg Group and the Enlarged Group operate are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other important factors beyond the Tryg Group's and the Enlarged Group's control that could cause the Tryg Group's and the Enlarged Group's actual results, performance, achievements or industry results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include the risks mentioned in the section "*Risk Factors*".

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Tryg Group's and the Enlarged Group's actual financial condition, cash flow or results of operations could differ materially from what is described herein as anticipated, believed, estimated or expected. Tryg urges its Shareholders and investors to read the sections: *"Risk Factors", "Business of the Tryg Group", "Business of RSA Scandinavia",* "*Operating and Financial Review of the Tryg Group*", "*Operating and Financial Review of Trygg-Hansa and Codan Norway*" and "*Consolidated Prospective Financial Information*" for a more complete discussion of the factors that could affect the Tryg Group's and the Enlarged Group's future performance and the market in which it operates.

These forward-looking statements speak only as of the date of this Prospectus.

Tryg does not intend, and does not assume, any obligations to update any forward-looking statements contained herein, except as may be required by law or the rules of Nasdaq Copenhagen. All subsequent written and oral forward-looking statements attributable to Tryg or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained in this Prospectus.

4.4 Special notice regarding personal data

Those who participate in the Offering will provide personal data to Danske Bank. Personal data provided to Danske Bank will be processed in data systems to the extent required to provide services and administer matters in Danske Bank. Personal data obtained from a party other than the customer to whom the processing relates may also be processed. Personal data may also be processed in data systems at companies and organisations with which Danske Bank cooperated. Information regarding the processing of personal data is provided by Danske Bank, which also accept requests for correction of personal data. Personal data may be obtained by Danske Bank in connection with settlement of the Offering in the systems of VP Securities. For detailed information about Danske Bank's handling of personal data, see www.danskebank.dk.

4.5 Expected timetable of principal events

Publication of this Prospectus	1 March 2021
Last day of trading in Existing Shares with Preemptive Rights	3 March 2021
First day of trading in Existing Shares without Preemptive Rights	4 March 2021
Rights Trading Period commences	4 March 2021 at 9:00 a.m. CET
Date of listing of the Interim Shares under the interim ISIN code	4 March 2021 at 9:00 a.m. CET
Allocation Time of Preemptive Rights	5 March 2021 at 5:59 p.m. CET
Subscription Period for New Shares commences	8 March 2021 at 9:00 a.m. CET
Rights Trading Period closes	17 March 2021 at 5:00 p.m. CET
Subscription Period for New Shares closes	19 March 2021 at 5:00 p.m. CET
Publication of the result of the Offering	23 March 2021
Registration of the capital increase regarding the New Shares with the Danish Business Authority and issuance of the New Shares through VP Securities	25 March 2021
Completion of the Offering (the Offering will only be completed if and when the New Shares subscribed for are issued by Tryg and the capital increase is registered with the Danish Business Authority)	Expected to take place on 25 March 2021
Last day of trading of Interim Shares	26 March 2021 at 5:00 p.m. CET
Official listing of and trading of the New Shares under the existing ISIN code	29 March 2021
Merger of the interim ISIN code for the Interim Shares and the ISIN code for the Existing Shares in VP Securities	30 March 2021

The above timetable is subject to change. Any changes will be announced via Nasdaq Copenhagen.

5. INFORMATION ABOUT TRYG

5.1 Name and legal entity

The name, address and telephone number of Tryg is:

Tryg A/S
Klausdalsbrovej 601
DK-2750 Ballerup
Telephone: +45 70 11 20 20
Website: www.tryg.com

The information included on Tryg's website does not form part of and is not incorporated by reference into this Prospectus, unless specifically stated in "*Additional Information—Information incorporated by reference*". The summary of this Prospectus as included in "*Summary*" will, together with a Danish and Swedish translation hereof, be available at Tryg's website, www.tryg.com. See also "*Additional Information—Information incorporated by reference*".

Tryg's registered office is in the municipality of Ballerup. Tryg was incorporated as a public limited liability company under the laws of Denmark on 28 January 2002. Tryg is registered with the Danish Business Authority under company registration number 26 46 02 12 and has legal entity identifier number 213800ZRS8AC4LSTCE39.

According to article 2 of the Articles of Association, the purpose of Tryg is to directly or indirectly, in full or in part, own companies carrying on insurance business in Denmark and abroad or directly or indirectly to own shares in other companies.

In the published notice to convene the annual General Meeting of Tryg which is scheduled to be held on 26 March 2021, the Supervisory Board has proposed to amend the objects of Tryg as set out in article 2 of the Articles of Association (in order to ensure consistency between the objects of Tryg and the objects of TryghedsGruppen smba as set out in their respective Articles of Association) to: "*The objects of the company are to directly or indirectly own shares in undertakings engaged in insurance business in Denmark and abroad, and to directly or indirectly own equity investments in other undertakings whose activities may strengthen the insurance business*"

6. PRESENTATION OF FINANCIAL INFORMATION

6.1 Introduction

The table below summarises the financial information included in this Prospectus, including as incorporated by reference. Financial information in this Prospectus consists of or is derived from the documents listed in the table below.

Financial information for previously reported financial years and interim periods by Tryg, Trygg-Hansa and Codan Norway or Codan Denmark may deviate from subsequently released financial information including as a result of the subsequent retrospective implementation of changes in accounting policies and other adjustments with retrospective effect in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

The consolidated financial statements of the Tryg Group are prepared in accordance with IFRS as adopted by the EU and in accordance with the Danish Executive Order on Adoption of IFRS. The combined carve-out financial statements of Trygg-Hansa and Codan Norway and of Codan Denmark are prepared in accordance with IFRS as adopted by the EU, except that these combined carve-out financial statements do not constitute general purpose financial statements under IAS 1, as each of Trygg-Hansa and Codan Norway and Codan Denmark do not constitute a legal group as defined by IFRS 10 which as a general principle requires a parent entity to prepare consolidated financial statements under the concept of 'control'. The basis of preparation is described in note 1 to the combined carve-out financial statements of Trygg-Hansa and Codan Norway and of Codan Denmark.

Financial information about:	Financial information (included elsewhere in this Prospectus or incorporated by reference)	Accounting principles/ basis of preparation
The Tryg Group	Audited consolidated financial statements as at and for each of the years ended 31 December 2020, 2019 and 2018 audited by Deloitte Statsautoriseret Revisionspartnerselskab.	IFRS as adopted by the EU
Trygg-Hansa and Codan Norway	Audited combined carve-out financial statements as at and for each of the years ended 31 December 2020, 2019 and 2018 audited by KPMG Statsautoriseret Revisionspartnerselskab	As described in the basis of preparation
Codan Denmark	Audited combined carve-out financial statements as at and for each of the years ended 31 December 2020, 2019 and 2018 audited by KPMG Statsautoriseret Revisionspartnerselskab	As described in the basis of preparation
Unaudited condensed combined pro forma financial information for the Enlarged Group	Unaudited condensed combined pro forma financial information as at and for the year ended 31 December 2020	Annex 20 of the Delegated Prospectus Regulation

6.2 Presentation of financial information for the Tryg Group

This Prospectus incorporates by reference the Tryg Group's consolidated financial statements (including the notes thereto) as at and for each of the years ended 31 December 2020, 2019 and 2018, which were prepared by the Tryg Group in accordance with IFRS as adopted by the EU and in accordance with the Danish Executive Order no. 1306 of 16 December 2008 on the application of international accounting standards for companies comprised by the Danish Financial Business Act (the "**Danish Executive Order on Adoption of IFRS**") and audited by Tryg's independent auditor, Deloitte Statsautoriseret Revisionspartnerselskab (the "**Tryg Audited Consolidated Financial Statements**") (the Tryg Audited Consolidated Financial Statements, including the auditor's report thereon, are incorporated into this Prospectus by reference, see "*Additional information—Information incorporated by reference*"). References in this Prospectus to the Tryg Group's accounting policies refer to the accounting policies applied in the Tryg Group's consolidated financial statements as at and for the year ended 31 December 2020. The presentation currency of the Tryg Audited Consolidated Financial Statements is DKK.

6.3 Presentation of financial information for Trygg-Hansa and Codan Norway

As Trygg-Hansa and Codan Norway has not constituted a separate legal entity or group for the historical periods presented, no consolidated financial statements are available with respect to Trygg-Hansa and Codan Norway for the years ended 31 December 2020, 2019 and 2018. For purposes of this Prospectus, however, combined carve-out financial statements of Trygg-Hansa and Codan Norway have been prepared for the purpose of meeting the requirements of the Prospectus Regulation for the reporting period covering the years ended 31 December 2020, 2019 and 2018 in accordance with IFRS as adopted by the EU with the exemption described in note 1 to the combined carve-out financial statements of Trygg-Hansa and Codan Norway. As described in note 1 to the combined carve-out financial statements of Trygg-Hansa and Codan Norway do not constitute a set of general purpose financial statements under IAS 1, because Trygg-Hansa and Codan Norway do not constitute a legal entity or group as defined by IFRS 10 which as a general principle requires a parent entity to prepare consolidated financial statements under the concept of 'control'. Thus, the combined carve-out financial statements of Trygg-Hansa and Codan Norway do not include an unreserved statement of compliance with IFRS and are not considered first IFRS financial statements in accordance with the IFRS 1, *First-time Adoption of International Financial Reporting Standards*. As Codan A/S will be transferred together with Trygg-Hansa and Codan Norway to the Tryg Group upon completion of the Demerger, the assets, liabilities and results of operations of Codan A/S are included in the combined carve-out financial statements of Trygg-Hansa and Codan Norway.

As such, this Prospectus contains the combined carve-out financial statements of Codan A/S Trygg-Hansa and Codan Norway (including the notes thereto) as at and for the years ended 31 December 2020, 2019 and 2018, which were prepared at the request of the management of Tryg in accordance with IFRS as adopted by the EU with the exemption mentioned above and as described in note 1 to the combined carve-out financial statements of Trygg-Hansa and Codan Norway and audited by RSA Scandinavia's independent auditor, KPMG Statsautoriseret Revisionspartnerselskab (the "**Trygg-Hansa and Codan Norway Audited Combined Financial Statements**") (the Trygg-Hansa and Codan Norway Audited Combined Financial Statements, including the auditor's report thereon, is included elsewhere in this Prospectus). References in this Prospectus to Trygg-Hansa and Codan Norway's accounting policies applied for the preparation of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements refer to the accounting policies applied in Trygg-Hansa and Codan Norway's audited combined financial statements as at and for the year ended 31 December 2020, which are comparable with the accounting policies applied in the Tryg Group's audited consolidated financial statements as at and for the year ended 31 December 2020. The presentation currency of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements is DKK.

The Trygg-Hansa and Codan Norway Audited Combined Financial Statements have been prepared for illustrative purposes only and addresses a hypothetical situation, and are not necessarily indicative of the actual financial position or results of operations of Trygg-Hansa and Codan Norway that would have been realised had Trygg-Hansa and Codan Norway been operated on a standalone basis during the periods indicated, nor are they meant to be indicative of any anticipated financial position or future results of operations that Trygg-Hansa and Codan Norway will experience going forward.

6.4 Presentation of financial information for Codan Denmark

As Codan Denmark has not constituted a separate legal entity or group for which separate consolidated financial statements have been prepared for the historical periods presented, no separate consolidated financial statements are available with respect to Codan Denmark for the years ended 31 December 2020, 2019 and 2018. For purposes of this Prospectus, however, combined carve-out financial statements of Codan Denmark have been prepared for the purpose of meeting the requirements of the Prospectus Regulation for the reporting period covering the years ended 31 December 2020, 2019 and 2018 in accordance with IFRS as adopted by the EU with the exemption described in note 1 to the combined carve-out financial statements of Codan Denmark. As described in note 1 to the combined carve-out financial statements of Codan Denmark do not constitute a set of general purpose financial statements under IAS 1, because Codan Denmark does not constitute a legal entity or group as defined by IFRS 10 which as a general principle requires a parent entity to prepare consolidated financial statements under the concept of 'control'. Thus, the combined carve-out financial statements of Codan Denmark do not include an unreserved statement of compliance with IFRS and are not considered first IFRS financial statements in accordance with the IFRS 1, *First-time Adoption of International Financial Reporting Standards*.

As such, this Prospectus contains Codan Denmark's combined carve-out financial statements (including the notes thereto) as at and for the years ended 31 December 2020, 2019 and 2018, which were prepared at the request of the management of Tryg in accordance with IFRS as adopted by the EU with exemption mentioned above and as described in note 1 to the combined financial statements of Codan Denmark and audited by the RSA Scandinavia's independent auditor, KPMG Statsautoriseret Revisionspartnerselskab (the "**Codan Denmark Audited Combined Financial Statements**") (the Codan Denmark Audited Combined Financial Statements, including the auditor's report thereon, is included elsewhere in this Prospectus). References in this Prospectus to Codan Denmark's accounting policies applied for the preparation of the Codan Denmark Audited Combined Financial Statements refer to the accounting policies applied in Codan Denmark's audited combined financial statements as at and for the year ended 31 December 2020, which are comparable with the accounting policies applied in the Tryg Group's audited consolidated financial statements as at and for the year ended 31 December 2020. The presentation currency of the Codan Denmark Audited Combined Financial Statements is DKK.

The Codan Denmark Audited Combined Financial Statements have been prepared for illustrative purposes only and addresses a hypothetical situation, and are not necessarily indicative of the actual financial position or results of operations of Codan Denmark that would have been realised had Codan Denmark been operated on a standalone basis during the periods indicated, nor are they meant to be indicative of any anticipated financial position or future results of operations that Codan Denmark will experience going forward.

6.5 Unaudited pro forma financial information

The entering into of the agreements related to the Transaction (as defined below), as further described in "*Details of the Proposed Transaction*" and "*Material Contracts—Material contracts in connection with the Transaction*", constitutes a significant financial commitment (as that term is defined in the Delegated Prospectus Regulation) for Tryg. Therefore, in this Prospectus, Tryg also presents unaudited condensed combined pro forma financial information to give effect to the Transaction

as if the Acquisition and the Separation had both been carried out as at the previous dates set out below.

The unaudited condensed combined pro forma financial information for the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") has been prepared and is presented for the sole purpose of giving an inherently illustrative estimated and hypothetical presentation of the Enlarged Group's assets, liabilities, financial position and results of operations assuming the Transaction occurred as at 31 December 2020 for purposes of the unaudited pro forma consolidated statement of financial position and on 1 January 2020 for purposes of the unaudited pro forma consolidated statement of income.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Annex 20 to the Delegated Prospectus Regulation, as amended, and in accordance with the accounting principles applied in the Tryg Group's consolidated financial statements prepared in accordance with IFRS as at and for the year ended 31 December 2020. The Unaudited Pro Forma Financial Information has not been prepared, and shall not be construed, as having been prepared, in accordance with Article 11 of Regulation S-X under the U.S. Securities Act or the guidelines established by the American Institute of Certified Public Accountants.

The Unaudited Pro Forma Financial Information reflects the application of pro forma adjustments that are based upon available information and certain assumptions described in the accompanying notes to the Unaudited Pro Forma Financial Information and that Tryg believes are reasonable under the circumstances. The Transaction's actual impact on the results and financial position of the Enlarged Group may materially differ from the assumptions used in the Unaudited Pro Forma Financial Information presented in this Prospectus. The Unaudited Pro Forma Financial Information has been prepared by Tryg for illustrative purposes only and it addresses a hypothetical situation, and is not necessarily indicative of the actual financial position or results of operations of the Enlarged Group that would have been realised had the Transaction occurred as at the dates indicated, nor is it meant to be indicative of any anticipated financial position or future results of operations that the Enlarged Group will experience going forward. In addition, the unaudited pro forma consolidated statement of income does not reflect any expected cost savings, synergy benefits or future integration costs that are expected to be generated or incurred.

The Unaudited Pro Forma Financial Information does not include all information required to be included in financial statements prepared in accordance with IFRS and they should be read together with the historical financial information of the Tryg Group, Trygg-Hansa and Codan Norway, and Codan Denmark included elsewhere in this Prospectus or incorporated by reference. See also "*Unaudited Pro Forma Financial Information*". The Unaudited Pro Forma Financial Information included in this Prospectus is presented for illustrative purposes only and may differ materially from the actual operating results and financial position of the Tryg Group following completion of the Transaction.

6.6 Key ratios and alternative performance measures

The Tryg Group prepares its consolidated financial statements in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for listed financial companies pursuant to the Danish Executive Order on Adoption of IFRS.

The non-IFRS financial measures presented herein are not measures of financial performance under IFRS, as adopted by the EU, but are measures that are either defined under other accounting frameworks (Key ratios) or defined and used by management to monitor the underlying performance of the Tryg Group and the Enlarged Group (alternative performance measures ("**APM**")). The measures defined and used by management may not be indicative of historical operating results, nor are such measures meant to be predictive of future results. Tryg has presented these measures in this Prospectus because it considers them an important supplemental measure of its performance and believes that they are widely used by investors in comparing performance between companies in the insurance industry.

However, not all companies may calculate the alternative financial measures in the same manner or on a consistent basis, and, as a result, the presentation thereof may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the alternative financial measures contained in this Prospectus and they should not be considered as a substitute for revenue, cash and cash equivalents or other financial measures computed in accordance with IFRS, as adopted by the EU or frameworks applied for key ratios.

The key ratios are calculated in accordance with the Danish Executive Order no. 937 of 27 July 2015 on financial reports for insurance companies and multi-employer occupational pension funds, as amended, or defined by management as alternative performance measures.

Key ratios in accordance with the Danish Executive Order no. 937 of 27 July 2015 on financial reports for insurance companies and multi-employer occupational pension funds, as amended.

The following financial measures included in this Prospectus are not measures of financial performance or liquidity under IFRS, as adopted by the EU but are calculated under the frameworks described above:

Gross premium income

Gross premium income, as calculated by the Tryg Group, represents gross premium written adjusted for change in gross premium provisions, less bonuses and premium discounts.

Gross claims ratio

Gross claims ratio, as calculated by the Tryg Group, represents gross claims divided by gross premium income.

Net reinsurance ratio

Net reinsurance ratio, as calculated by the Tryg Group, represents profit or loss from reinsurance divided by gross premium income.

Claims ratio, net of ceded business

Claims ratio, net of ceded business, as calculated by the Tryg Group, represents the sum of the gross claims ratio and net reinsurance ratio.

Gross expense ratio

Gross expense ratio, as calculated by the Tryg Group, represents gross insurance operating costs divided by gross premium income.

Combined ratio

Combined ratio, as calculated by the Tryg Group, represents the sum of the gross claims ratio, the net reinsurance ratio and the gross expense ratio.

Operating ratio

Operating ratio, as calculated by the Tryg Group, represents claims and insurance operating costs and profit or loss from reinsurance divided by gross premium income and insurance technical interest.

Gross run-off gains/losses

Gross run-off gains/losses, as calculated by the Tryg Group, represents the difference between the gross claims provisions at the beginning of the financial year (adjusted for foreign currency translation adjustments and discounting effects) and the sum of the claims paid during the financial year and the part of the gross claims provisions at the end of the financial year pertaining to injuries and damage occurring in earlier financial years.

Run-off gains/losses, net of reinsurance

Run-off gains/losses, net of reinsurance, as calculated by the Tryg Group, represents the difference between the claims provisions, net of reinsurance, at the beginning of the financial year (adjusted for foreign currency translation adjustments and discounting effects) and the sum of the claims paid and received under reinsurance during the financial year and the part of the claims provisions, net of reinsurance at the end of the financial year pertaining to injuries and damage occurring in earlier financial years.

Relative run-off gains/losses, net of reinsurance (%)

Relative run-off gains/losses, net of reinsurance (%), as calculated by the Tryg Group, represents run-off gains/losses net of reinsurance divided by claims provisions net of reinsurance at the beginning of the financial year.

Return on equity after tax

Return on equity after tax, as calculated by the Tryg Group, represents profit for the year after tax divided by average equity.

Alternative performance measures

The following financial measures included in this Prospectus are not measures of financial performance or liquidity under IFRS, as adopted by the EU or in accordance with the Danish Executive Order no. 937 of 27 July 2015 on financial reports for insurance companies and multi-employer occupational pension funds, as amended, but are defined by management as follows:

Net asset value per share

Net asset value per share, as calculated by the Tryg Group, represents equity at year end divided by number of shares at year end.

Large claims, net of reinsurance (%)

Large claims, net of reinsurance (%), as calculated by the Tryg Group, represents large claims, net of reinsurance divided by gross premium income. Large claims, net of reinsurance is defined as single claims or claims events gross, net of reinsurance above 10m in local currencies, being DKK, NOK, SEK as the relevant currency.

Weather claims, net of reinsurance (%)

Weather claims, net of reinsurance (%), as calculated by the Tryg Group, represents Weather claims, net of reinsurance divided by Gross premium income. Weather claims are defined as claims related to a single event of storm, cloudbursts, natural perils and winter related claims, adjusted for reinsurance.

Premium growth in local currencies

The Tryg Group's reporting currency is the DKK. However, the Tryg Group's significant international operations give rise to fluctuations in foreign exchange rates. To neutralise foreign exchange impact and illustrate the underlying change in Gross Premium Income from one year to the next, the Tryg Group has adopted the practice of discussing results in both reportable currency (local currency results translated into DKK at the prevailing foreign exchange rate) and constant currency. The most important of these other functional currencies are NOK and SEK.

Premium growth in local currencies, as calculated by the Tryg Group, represents gross premium income translated from local currencies into DKK by applying fixed exchange rates for current year (year X) minus gross premium income translated from local currencies into DKK by applying the same fixed exchange rates for the preceding year (year X-1) divided by gross premium income translated from local currencies into DKK by applying the same fixed exchange rates for the preceding year (year X-1). The fixed exchange rates are the average exchange rates for the preceding year (year X-1).

The table below presents a reconciliation of the gross premium income to gross premium income excluding currency adjustments for the years ended 31 December 2020, 2019 and 2018.

	Year Ended 31 December		
	2020	2019	2018
	(DKK millions)		
Gross premium income	22,653	21,741	18,740
Currency adjustments	820	193	(1)
Gross premium income excluding impact from changes in currency exchange rates	**23,473**	**21,934**	**18,739**

Premium growth excluding Alka in local currencies

Premium growth excluding Alka in local currencies, as calculated by the Tryg Group, represents gross premium income excluding impact from changes in currency exchange rates and excluding Alka in 2019 less gross premium income excluding impact from changes in currency exchange rates and excluding Alka in 2018) divided by gross premium income excluding impact from changes in currency exchange rates and excluding Alka in 2018.

The table below presents a reconciliation of the gross premium income to gross premium income excluding impact from changes in currency exchange rates and excluding Alka for the year ended 31 December 2019 and 2018.

	Year Ended 31 December	
	2019	2018
	(DKK millions)	
Gross premium income	21,741	18,740
Alka adjustment[(1)]	(2,480)	(385)
Currency adjustments	193	(1)
Gross premium income excluding impact from changes in currency exchange rates and Alka	**19,454**	**18,354**

(1) Alka adjustment consist of gross premium income of the Alka portfolio.

Run-off, net reinsurance (%)

Run-off, net reinsurance, as calculated by the Tryg Group, represents *Run-off gains/ losses, net of reinsurance* divided by gross premium income.

6.7 Rounding adjustments

Rounding adjustments have been made in calculating some of the financial information included in this Prospectus. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

7. DETAILS OF THE PROPOSED TRANSACTION

7.1 Overview

Transaction structure

On 18 November 2020, Tryg announced that it had agreed to the terms of a proposed transaction with Intact, Intact Bidco (a wholly-owned subsidiary of Intact) and RSA pursuant to which the intention is for:

- Intact Bidco to acquire the entire issued and to be issued share capital of RSA in accordance with the UK Takeover Code (the "**Acquisition**");
- RSA Scandinavia to be separated from the RSA Group (the "**Scandinavia Carve-Out**") upon completion of the Acquisition ("**Completion**"); and
- following Completion and the Scandinavia Carve-Out, a full demerger of Codan Forsikring A/S to take place pursuant to which the Swedish and Norwegian businesses of RSA Scandinavia (being Trygg-Hansa and Codan Norway) would be demerged into Tryg Forsikring A/S, and the Danish business of RSA Scandinavia (being Codan Denmark) would be demerged into Chopin NewCo A/S (a Danish wholly-owned limited liability subsidiary of ScandiJVCo) ("**NewCo**") resulting in the Danish business of RSA Scandinavia (being Codan Denmark) being co-owned by Intact and Tryg on a 50/50 economic basis (the "**Demerger**", with the Demerger and the Scandinavia Carve-Out together referred to as the "**Separation**").

The Acquisition and the Scandinavia Carve-Out are expected to complete during the second quarter of 2021 with the Demerger expected to be finalised during the first quarter of 2022. Completion of the Acquisition and the Separation (together, the "**Transaction**") is subject to the conditions more fully described below, including the receipt of relevant regulatory and competition approvals.

Summaries of the material contracts governing the Transaction are contained in this Prospectus under the heading "*Material Contracts*".

RSA Scandinavia

As set out above and described in more detail below, the intention is for RSA Scandinavia to be separated from the RSA Group upon Completion applying a number of separation principles as set out in a separation agreement between Intact, Intact Bidco, Tryg, ScandiJVCo and ScandiJVCo2 (the "**Separation Agreement**").

The RSA Group assets and liabilities (including the RSA Group pension scheme liabilities and the liabilities of the RSA Group in respect of certain floating rate restricted Tier 1 notes) other than RSA Scandinavia will continue to be entirely held by RSA (and therefore indirectly by Intact Bidco) following Completion.

RSA Scandinavia consists of all of the assets and liabilities of Codan A/S and its subsidiary undertakings (including the branches of such subsidiary undertakings) and associated entities, primarily being:

(i) Codan A/S, the ultimate parent entity of RSA Scandinavia, which owns 100% of the shares in Codan Forsikring A/S;

(ii) until completion of the Demerger, Codan Forsikring A/S (excluding Codan Norway and Trygg-Hansa, but including its minority interests in SOS International A/S, SOS International DK A/S and Forsikringsakademiet A/S); its wholly-owned subsidiary, Forsikringsselskabet Privatsikring A/S; and the US branch of Codan Forsikring A/S (unless and until such US branch is disposed of or closed in accordance with the Separation Agreement); and from completion of the Demerger (including any intended related steps such as the distribution of the shares in NewCo to ScandiJVCo and the Share Cancellation (as defined herein)), NewCo and any other assets or liabilities of RSA Scandinavia agreed between Intact and Tryg to relate to the Danish

operations of RSA Scandinavia pursuant to the terms of the Separation Agreement (together "**Codan Denmark**");

(iii) until completion of the Demerger, all assets and liabilities on the general ledger of the Norwegian branch of Codan Forsikring A/S; and after completion of the Demerger, all assets and liabilities on the general ledger of the Norwegian branch of Codan Forsikring A/S and any other assets or liabilities of RSA Scandinavia agreed between Intact and Tryg to relate to the Norwegian operations of RSA Scandinavia pursuant to the terms of the Separation Agreement ("**Codan Norway**"); and

(iv) until completion of the Demerger, the assets and liabilities on the general ledger of the Swedish branch of Codan Forsikring A/S, together with Codan Forsikring A/S' shares in CAB Group AB and Holmia Livförsäkring AB; and after completion of the Demerger, all assets and liabilities on the general ledger of the Swedish branch of Codan Forsikring A/S, Holmia Livförsäkring A/B and RSA Scandinavia's shares in CAB Group AB, and any other assets or liabilities of RSA Scandinavia agreed between Intact and Tryg to relate to the Swedish operations of RSA Scandinavia pursuant to the terms of the Separation Agreement ("**Trygg-Hansa**").

For additional details on the entities listed above, see "*Details of the Proposed Transaction—Additional information on the entities of RSA Scandinavia*". The Separation Agreement includes a number of provisions more specifically allocating the assets and liabilities of the RSA Group and RSA Scandinavia as between Intact, Tryg, Codan Denmark, Codan Norway and Trygg-Hansa (as further described below).

The following chart sets out the simplified group structure of RSA Scandinavia envisaged immediately following the Scandinavia Carve-Out with, as described in more detail below, the intention for Codan A/S to be owned by ScandiJVCo which is and will be at such point in time jointly owned directly or indirectly by Intact and Tryg.

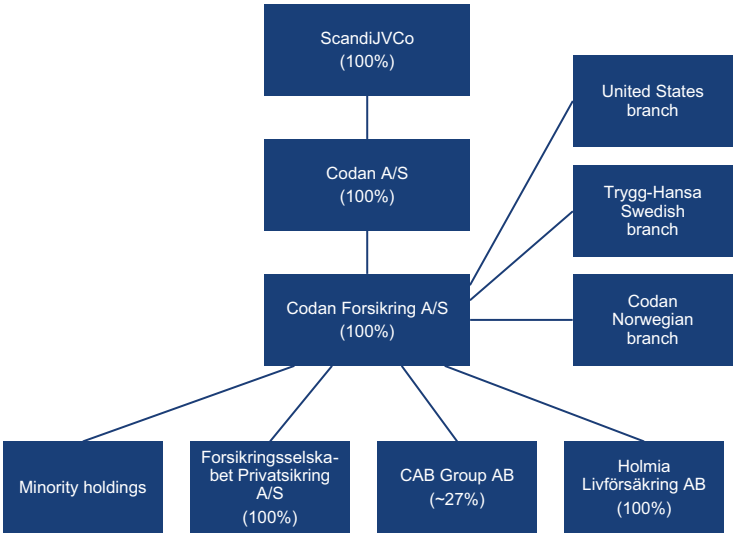

Figure 1 Simplified group structure of RSA Scandinavia envisaged immediately following the Scandinavia Carve-Out

As noted above and described in more detail below, Codan A/S, Codan Norway and Trygg-Hansa will be transferred to the Tryg Group pursuant to the Demerger, with Codan Denmark being co-owned by Intact and Tryg on a 50/50 economic basis.

Further, whilst Tryg and Intact have agreed to use reasonable endeavours to close or dispose of the US branch of Codan Forsikring A/S, if not closed or disposed of prior to the signing of the plan to complete the Demerger, such US branch will form part of Codan Denmark and will not transfer to the Tryg Group as part of the Demerger. Alternatively, if such allocation to Codan Denmark, based on Intact's and Tryg's reasonable assessment,

would delay, impede or otherwise restrict the implementation of the Demerger, Intact will acquire such US branch while sharing the economic risk on a 50% basis with Tryg on an ongoing basis (following the Demerger, however, the Tryg Group shall have no legal ownership of the US branch).

Tryg's consortium partner

Tryg announced the Transaction alongside Intact, Intact Bidco and RSA on the terms further described below.

Intact has reported that it is the largest provider of property and casualty (P&C) insurance in Canada and a leading provider of specialty insurance in North America, with CAN$12 billion in total annual direct premiums written. It has over 16,000 employees who serve more than five million personal, business and public sector clients through offices in Canada and the United States. In Canada, Intact distributes insurance under the Intact Insurance brand through a wide network of brokers, including its wholly-owned subsidiary BrokerLink, and directly to consumers through its belairdirect brand. Its subsidiary Frank Cowan Company, a leading MGA, distributes public entity insurance programs, including risk and claims management services in Canada. In the United States, Intact Insurance Specialty Solutions provides a range of specialty insurance products and services sold through independent agencies, regional and national brokers, and wholesalers and managing general agencies. Products are underwritten by the insurance company subsidiaries of Intact Insurance Group USA, LLC.

Intact Holdco is a wholly-owned indirect subsidiary of Intact and directly holds the entire issued share capital of Intact Bidco. Intact Holdco is a private limited company incorporated and registered in Alberta, Canada.

Intact Bidco is a wholly-owned direct subsidiary of Intact Holdco, and in turn, a wholly-owned indirect subsidiary of Intact. Intact Bidco is a private limited company incorporated in England and Wales and has been established for the sole purpose of the Acquisition. Intact Bidco has not traded since incorporation, nor has it entered into any contracts or incurred any obligations, other than in connection with the Transaction.

7.2 The Acquisition

Consideration

The Acquisition is expected to be effected by way of a court-sanctioned scheme of arrangement governed by English law between RSA and its shareholders. Under the terms of the Acquisition, RSA shareholders will be entitled to receive 685 pence in cash for each RSA share. The cash consideration (which excludes an interim dividend of 8 pence per RSA share paid on 4 December 2020) under the terms of the Acquisition values the entire issued and to be issued share capital of RSA at approximately £7.2 billion on a fully diluted basis. The cash consideration comprises approximately £4.2 billion to be contributed by Tryg indirectly through Intact Bidco for Codan Norway, Trygg-Hansa and Tryg's 50% economic interest in Codan Denmark and approximately £3.0 billion to be contributed by Intact through Intact Bidco.

Tryg financing

To finance its contribution to the cash consideration for the Acquisition, Tryg is undertaking the Offering. The proceeds of the Offering will be used to pay the consideration under the share purchase agreement entered into between Tryg and Intact Holdco on 18 November 2020 (the "**Tryg SPA**"), which is described below in further detail.

Tryg has entered into the Underwriting Agreement dated the date of this Prospectus in connection with the Offering. Pursuant to the Underwriting Agreement, and subject to the satisfaction of certain conditions in the Underwriting Agreement, any New Shares that have not been subscribed for by the Existing Shareholders through the exercise of their allocated or acquired Preemptive Rights or by other investors through the exercise of their acquired Preemptive Rights before the expiry of the Subscription Period (i.e. the

Remaining Shares) will be subscribed for by an underwriting syndicate consisting of the Managers. Therefore, subject to the satisfaction of such conditions, Tryg has ensured that all New Shares will be subscribed for corresponding to aggregate gross proceeds of DKK 37,013 million.

TryghedsGruppen has signed an irrevocable subscription undertaking under which TryghedsGruppen irrevocably has undertaken towards Tryg and each of the Joint Global Coordinators in connection with the Offering to (i) subscribe in cash for the TryghedsGruppen Firm Shares (including by using the net proceeds of the sale of Existing Shares which occurred on 23 November 2020); and (ii) further participate in the Offering on a cash neutral basis. This cash neutral participation will be achieved by TryghedsGruppen subscribing for the maximum number of New Shares that it can using the net proceeds (after transaction costs) arising from the sale of Preemptive Rights, such sale of Preemptive Rights to occur as soon as reasonably practicable during the Subscription Period. Any Preemptive Rights sold by TryghedsGruppen will be exercised and the resulting Interim Shares or New Shares will be sold, at the discretion of Danske Bank and Morgan Stanley on behalf of TryghedsGruppen, in open market transactions, private placements, block trades or otherwise.

See "*Terms and Conditions of the Offering—Underwriting and the Underwriting Agreement*" and "*Material Contracts—Material contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*" for further details on the Underwriting Agreement and the TryghedsGruppen irrevocable subscription undertaking.

Intact financing

The cash consideration payable for the Acquisition by Intact through Intact Bidco (totalling approximately £3.0 billion) will be funded by a combination of:

(i) Intact bridge facilities with aggregate total commitments of £388 million (reduced from £1,465 million following the closing of the Bought Deal Private Placement, and the MTN Private Placements, as defined below) (the "**Intact Bridge Facilities**");

(ii) a £350 million term loan facility (the "**Intact Term Loan Facility**");

(iii) private placements with three cornerstone investors whereby the cornerstone investors have purchased subscription receipts of Intact for aggregate proceeds of CAN$3.2 billion (approximately £1.8 billion; applying the exchange rate of 1 CAN$: 0.5635 GBP);

(iv) a private placement on "bought deal" basis pursuant to an underwriting agreement between Intact and a group of underwriters led by CIBC World Markets Inc. and Barclays Capital Canada Inc., for the issuance of subscription receipts of Intact for aggregate gross proceeds of CAN$1.247 billion (approximately £703 million applying the exchange rate of 1 CAN$: 0.5635 GBP) (the "**Bought Deal Private Placement**"); and

(v) private placements of CAN$300 million (approximately £169.1 million applying the exchange rate of 1 CAN$: 0.5635 GBP) principal amount of Series 9 1.928% fixed rate unsecured medium term notes due 16 December 2030 and CAN$300 million (approximately £169.1 million applying the exchange rate of 1 CAN$: 0.5635 GBP) principal amount of Series 10 2.954% fixed rate unsecured medium term notes due 16 December 2050 (together, the "**MTN Private Placements**").

Intact intends to (subject to market conditions) replace the remaining portion of the Intact Bridge Facilities, in whole or in part, with other sources of financing, including the issuance of preferred shares of Intact. To the extent any such alternative financings are raised prior to Completion, the proceeds will be used to reduce the remaining commitment under the Intact Bridge Facilities.

Conditions

The Acquisition is subject to a number of outstanding conditions which include as at the date of this Prospectus:

- receipt of the required regulatory clearances to implement the Acquisition, including from the DFSA, the SFSA, the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, and regulatory clearances in each of Canada, Ireland, Luxembourg, Guernsey, the Isle of Man, Brazil, Bahrain, United Arab Emirates, Oman and Saudi Arabia in respect of which Intact, Intact Bidco and Tryg have agreed to use reasonable endeavours to ensure the satisfaction of such conditions for which they are responsible as soon as reasonably practicable;
- receipt of the required competition approval from the Danish Competition and Consumer Authority in respect of which Intact, Intact Bidco and Tryg have agreed with RSA that (subject to limited exceptions) they will take all such actions as are necessary to ensure the satisfaction of such condition;
- sanction of the Scheme by the Court (which condition is expected to be satisfied in the second quarter of 2021);
- re-registration of RSA as a private limited company following the sanction of the Scheme by the Court; and
- implementation of the Offering and the admission of the New Shares to trading on Nasdaq Copenhagen pursuant to the Offering becoming effective in accordance with applicable Danish law and the Nasdaq Nordic Main Market Rulebook for Issuers of Shares, and the admission of such New Shares to listing and trading becoming effective on Nasdaq Copenhagen under the existing ISIN code of the Existing Shares.

The Acquisition was also subject to a number of other conditions which have been satisfied as at the date of this Prospectus, which include:

- receipt of the required competition approvals from other competition authorities, including the Canadian Competition Bureau, the Swedish Competition Authority and the Norwegian Competition Authority (and confirmation from the Saudi General Authority for Competition that competition approval is not deemed necessary);
- passing of the Tryg shareholder resolutions necessary to implement the Offering (which condition was satisfied on 18 December 2020);
- approval of the Scheme to implement the Acquisition by the requisite majority of eligible RSA shareholders at a meeting of RSA shareholders convened by the court (which condition was satisfied on 18 January 2021); and
- the resolutions necessary to implement the Scheme and the re-registration of RSA being duly passed by the requisite majority of eligible RSA shareholders at the RSA general meeting (which condition was satisfied on 18 January 2021).

The Acquisition is intended to be effected by Intact Bidco as the sole offeror for the purposes of the UK Takeover Code. Intact Bidco will therefore acquire the RSA shares upon Completion with Tryg only acquiring an interest in RSA Scandinavia following completion of the Scandinavia Carve-Out with Tryg's full legal ownership of Trygg-Hansa and Codan Norway to follow pursuant to the Demerger as set out below.

Terms of the Acquisition

In respect of the implementation of the Acquisition, Tryg has negotiated a number of rights pursuant to two of the main contracts governing the Transaction, namely the collaboration agreement (the "**Collaboration Agreement**") and the co-operation agreement (the "**Co-operation Agreement**").

Under the Collaboration Agreement, Intact Bidco, Intact and Tryg have agreed to co-operate to implement the Acquisition. The parties have agreed (amongst other matters): (i) to use reasonable endeavours to obtain the merger control and regulatory approvals necessary for the Acquisition for which they are each responsible as soon as reasonably practicable; (ii) for Tryg to carry out the Offering and obtain the necessary related approvals; (iii) for the parties to share information necessary for such approvals; and (iv) not to enter into any transaction or take any action which would reasonably be expected to prejudice or delay satisfaction of the conditions to the Acquisition. There are also restrictions on the actions relating to the Acquisition that may be taken by Intact Bidco without Tryg's consent.

Pursuant to the Co-operation Agreement between RSA, Intact, Intact Bidco and Tryg, the parties have agreed (amongst other matters): (i) to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made to regulatory authorities in connection with the Transaction and/or the Acquisition Completion Holding Structure (as defined below), as relevant; (ii) certain provisions that will apply in respect of the existing RSA share plans, including that RSA can continue to operate its share plans in the ordinary course and that amendments to the share plans can be made if required for the Transaction; (iii) certain other arrangements regarding employment matters and employee incentives, including Intact Bidco, Tryg and Intact committing (except where prohibited by mandatory regulatory requirements) to maintain for a period of 12 months from Completion: (a) the same base salary and incentive opportunities (other than retention awards) which, taken as a whole, were provided to each RSA employee prior to Completion; (b) benefits and allowance packages which, taken as a whole, are at least substantially comparable to those in place for each RSA employee prior to Completion; and (c) in respect of qualifying terminations, applicable redundancy and severance payments, benefits and arrangements that are no less favourable than those set out in RSA's existing redundancy practices; and (iv) that the Scheme can only be switched to a takeover offer governed by English law with RSA's consent. As referenced above, Intact, Intact Bidco and Tryg have also agreed certain obligations to obtain regulatory clearances, including (i) undertakings that (subject to limited exceptions), Intact, Intact Bidco and Tryg will take all such actions as are necessary to ensure receipt of the required competition approval from the Danish Competition and Consumer Authority; and (ii) undertakings that whichever party is responsible for obtaining the other relevant regulatory clearances referenced above will use reasonable efforts to ensure the satisfaction of the same.

7.3 The Separation

Overview of the Separation

The Separation is expected to be achieved through the implementation of the Scandinavia Carve-Out and the Demerger on the basis as set out below.

The Separation Agreement sets out a framework for the implementation of the Separation and the allocation of the assets, costs and liabilities of the RSA Group between Intact and Tryg (in particular providing a detailed framework in respect of the allocation of the assets, costs and liabilities of RSA Scandinavia between Codan Denmark, Trygg-Hansa and Codan Norway as outlined above).

The Separation Agreement contains an acknowledgement by the parties that it has been prepared on the basis of limited due diligence information in respect of the RSA Group. The final form of the implementation of the Separation is, therefore, expressly subject to change pursuant to the terms of the Separation Agreement with, for example, Tryg having the right to vary the legal steps to give effect to the Demerger to the extent that such variation would not be likely to prejudice Intact's legitimate interests.

Intact and Tryg are also required to use reasonable endeavours to agree, implement and give effect to alternative steps to implement the Separation to the extent required to reflect their overall commercial intent if it becomes apparent, in the reasonable opinion of Intact or Tryg, that any of the steps envisaged as at the date the Separation Agreement was entered into cannot be implemented due to or without giving rise to legal impediment,

material adverse financial consequences, restrictions in any existing financing arrangements, material adverse fiscal consequences or material adverse regulatory consequences. More generally, Intact and Tryg are required to co-operate in good faith with one another to give effect to the spirit of the Separation Agreement and to agree and develop a detailed indicative timetable prior to Completion for effecting the Demerger and the other steps relating to the Separation (including devoting internal and external resources as are reasonably necessary to achieve the separation of the assets and liabilities of Codan Denmark, Trygg-Hansa and Codan Norway in an expedient manner), all of which steps are required to be implemented as soon as practicable after Completion.

Part 1 of the Separation - the Scandinavia Carve-Out

Upon Completion, it is intended that the Scandinavia Carve-Out will take place. The purpose of the Scandinavia Carve-Out is to separate RSA Scandinavia from the remainder of the RSA Group.

The Scandinavia Carve-Out is expected to be implemented through the contribution in kind of Codan A/S (the holding company of RSA Scandinavia) by Royal International Insurance Holdings Limited to ScandiJVCo. In consideration for the contribution of Codan A/S, ScandiJVCo will issue shares to Royal International Insurance Holdings Limited, and subsequently there will be a transfer of those shares in ScandiJVCo to Intact Holdco (an indirect subsidiary of Intact) and Tryg.

Specifically, the intention is for Tryg to pay its contribution of the cash consideration for the Acquisition at Completion (approximately £4.2 billion) and for Intact Holdco to transfer a proportion of the newly issued shares in the capital of ScandiJVCo to Tryg (the "**Tryg Consideration Shares**") to be calculated pursuant to the Tryg SPA. The payment and the transfer of Tryg Consideration Shares envisaged by the Tryg SPA are subject to a number of conditions including:

- Completion having occurred;
- if the re-registration of RSA as a private limited company has not occurred prior to Completion, the re-registration of RSA as a private limited company;
- the delivery by Intact Holdco to Tryg of a warranty certificate; and
- an amount in sterling equal to Tryg's contribution to the cash consideration for the Acquisition being held in a designated escrow account on terms that the funds in the escrow account will be held for the benefit of Intact Holdco (with Intact Holdco being entitled to direct the payment of such funds) from the later of: (i) the time re-registration of RSA as a private limited company occurs; or (ii) Completion.

Subject to the above conditions and Intact Holdco having become the legal holder of the Tryg Consideration Shares, Intact Holdco will transfer the Tryg Consideration Shares to Tryg simultaneously with or as soon as possible after Completion and the escrow agent under the Escrow Agreement (as defined herein) will release Tryg's contribution to the cash consideration for the Acquisition to an account elected by Intact Holdco.

As shown in the structure chart below, following the Scandinavia Carve-Out, it is intended that an intragroup reorganisation will take place, resulting in a structure in which ScandiJVCo holds Codan A/S (the holding company of RSA Scandinavia), and in turn ScandiJVCo is expected to be held directly or indirectly c.89.3% by Tryg and c.10.7% by Intact Holdco (the "**Acquisition Completion Holding Structure**").

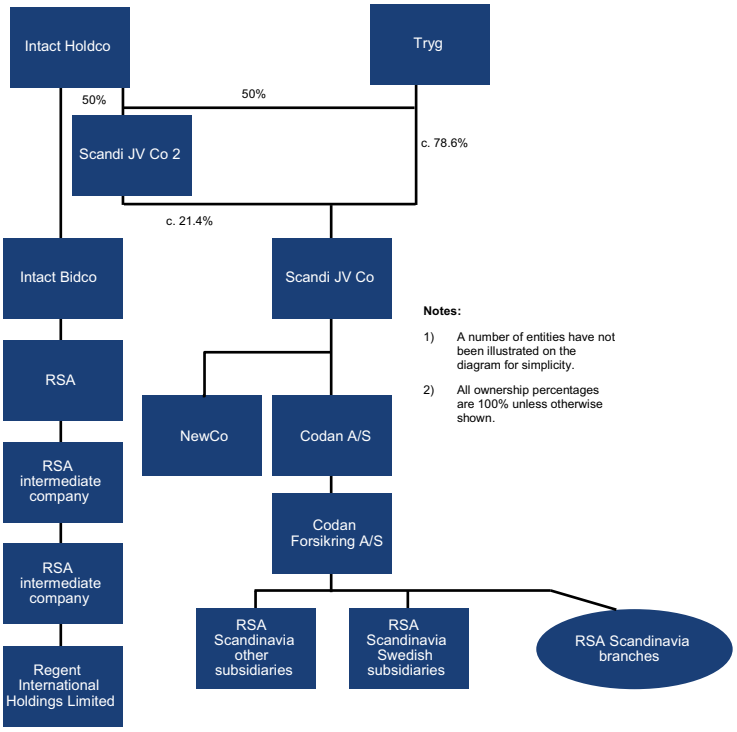

Figure 2 Intended intra-group reorganisation structure following the Scandinavia Carve-Out

Pursuant to the Separation Agreement, a number of additional steps are also intended to be implemented alongside the Scandinavia Carve-Out including Intact procuring (subject to applicable laws and to the extent within its power) that the DKK 2.5 billion Floating Rate Subordinated Notes due 31 May 2047 issued by Codan A/S (the amount of the Floating Rate Subordinated Notes was DKK 3.5 billion at the date of the Separation Agreement and DKK 1 billion was repaid in December 2020) are capitalised for new shares in Codan A/S (or otherwise addressed in a manner acceptable to Intact and Tryg).

Part 2 of the Separation - the Demerger

Once the Scandinavia Carve-Out has occurred, it is intended that the Demerger will be initiated. The purpose of the Demerger is to provide Tryg with sole legal ownership of Trygg-Hansa and Codan Norway with Intact and Tryg continuing following the Demerger to co-own Codan Denmark (through each indirectly holding 50% of the share capital of NewCo) on a 50/50 economic basis. The Demerger is intended to be completed during the first quarter of 2022. As more fully explained below, such a structure for co-owning Codan Denmark on a 50/50 economic basis is required in order to ensure compliance with relevant competition laws.

Intact and Tryg have agreed in the Separation Agreement the legal steps expected to be undertaken in order to implement the Demerger. Such steps include the agreement and execution of the final form of a demerger plan to give effect to the Demerger, with an accounting effect (unless otherwise agreed between Intact and Tryg) as at 1 January 2021, along with the obtaining of the regulatory approvals for the portfolio transfers and qualifying holding applications required for the implementation of the Separation to the extent such approvals have not been obtained upon Completion. The Separation Agreement also provides for additional steps expected to be required to give effect to the intended post-Demerger structure, including the intention for Codan A/S to distribute its shares in NewCo to ScandiJVCo, with ScandiJVCo subsequently buying back or buying back and cancelling all shares in ScandiJVCo held by ScandiJVCo2, using the shares in NewCo as consideration (the "**Share Cancellation**").

Under the Separation Agreement, Intact and Tryg have also agreed a number of preparatory steps to the Demerger intended to be implemented, including for: (i) Codan Forsikring A/S to distribute to Codan A/S the loan receivable of approximately

DKK 0.5 billion (the loan was for DKK 1 billion at the date of the Separation Agreement and 50% was repaid in December 2020) owed to it by Codan A/S; (ii) ScandiJVCo to incorporate NewCo (which was incorporated on 21 December 2020) and to seek approval from the DFSA for NewCo to be a non-life insurance company (with a view to NewCo ultimately acquiring the Danish assets and liabilities of Codan Forsikring A/S pursuant to the Demerger); (iii) NewCo to be contributed to Codan A/S, and (iv) the parties to complete any mandatory consultations with Codan Forsikring A/S' employees in Denmark, Norway and Sweden.

The following diagram shows the legal steps of the Demerger and the Share Cancellation as agreed in the Separation Agreement. Tryg and Intact are assessing whether the Demerger should be carried out as a partial demerger of Codan Forsikring A/S pursuant to which the Danish business (being the assets, liabilities and activities of Codan Denmark) would be demerged into NewCo and the remaining part of Codan Forsikring A/S, being the Swedish and Norwegian businesses of RSA Scandinavia (Trygg-Hansa and Codan Norway) would be merged with Tryg Forsikring A/S instead of a full demerger of Codan Forsikring A/S. Such change would not affect details of the structure included in this Prospectus.

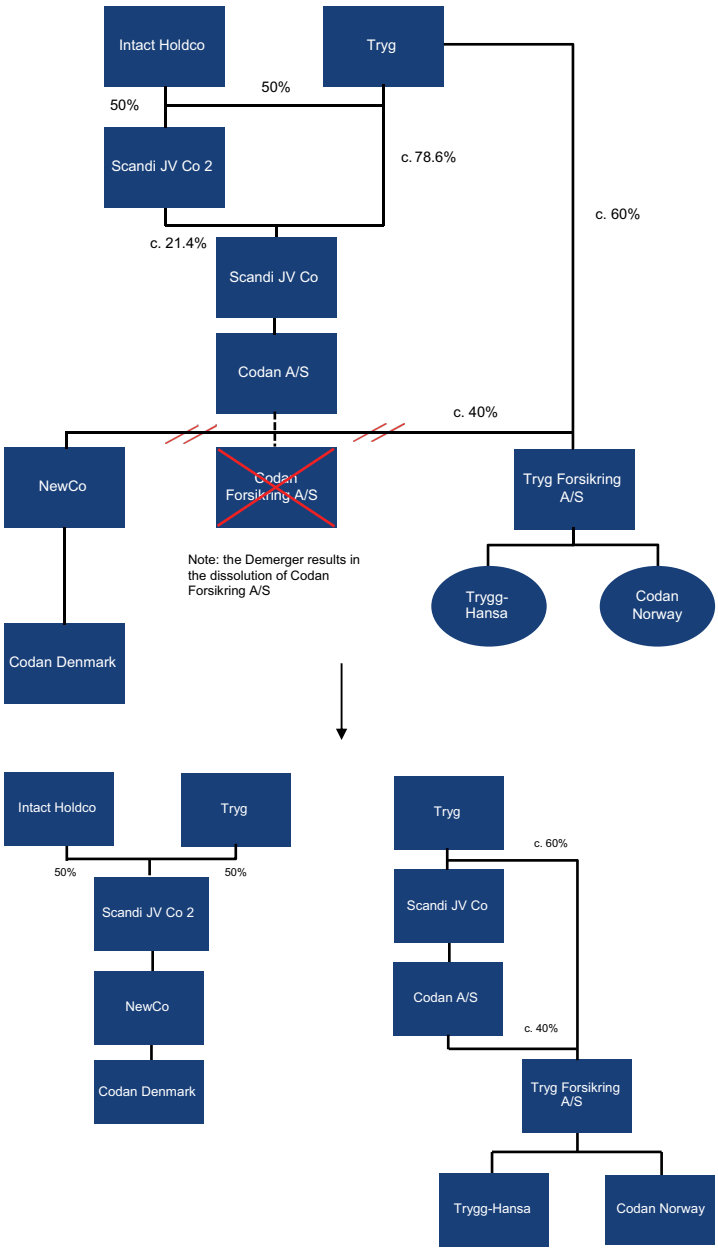

Figure 3 Anticipated Legal Steps for the Demerger and the Share Cancellation

Governance of RSA Scandinavia pending completion of the Demerger

Pursuant to the Separation Agreement, Intact, Intact Holdco, Tryg and ScandiJVCo2 (in its capacity as shareholder of ScandiJVCo) have committed to entering into an agreed form shareholders' agreement at Completion (the "**Shareholders' Agreement**").

Pursuant to the Separation Agreement and the Shareholders' Agreement, after Completion and prior to the delivery of sole legal ownership of Trygg-Hansa and Codan Norway to Tryg pursuant to the Demerger, and subject to applicable law (including competition law), it is envisaged that Tryg will enjoy all benefits and risk of Trygg-Hansa and Codan Norway including by having sole control of their daily and long-term operations pursuant to the Shareholders' Agreement. Tryg's rights in respect of the governance of Trygg-Hansa and Codan Norway post-Completion are envisaged to include having the right to decide on new business plans and budgets, appointing and removing directors to the Swedish branch within RSA Scandinavia and taking any actions to promote the success of the businesses, unless taking any such action could be reasonably expected to materially interfere with the management or operations of Codan Denmark. This is the case notwithstanding the fact that sole legal ownership of Trygg-Hansa and Codan Norway will not be delivered to Tryg until the Demerger. This contractual right of control will need to be implemented in a manner which ensures that the board and management of Codan Forsikring A/S will have the required insight to Trygg-Hansa and Codan Norway allowing them to comply with their regulatory obligations to supervise the operations of the whole of Codan Forsikring A/S. Further, material decisions relating to Trygg-Hansa and Codan Norway decided by the Tryg Group will also need to be confirmed by Codan Forsikring A/S before being implemented, with the Intact Group's consent also required for certain matters including any resolution to distribute dividends from RSA Scandinavia. Bank secrecy and data protection laws will also restrict sharing of information between the Tryg Group and Trygg-Hansa and Codan Norway until completion of the Demerger. Accordingly, while the Tryg Group will have control of Trygg-Hansa and Codan Norway, full and unrestricted control will not be possible until completion of the Demerger. Further, the method and procedures relating to the implementation of the Tryg Group's control may be amended as a result of discussions with or requirements from the DFSA, NFSA and/or SFSA.

In respect of Codan Denmark, it is intended that Intact and Tryg will co-own Codan Denmark on a 50/50 economic basis. During the 12 month period following Completion, it is intended that Tryg will indirectly have 50% of the voting rights (through ScandiJVCo and ScandiJVCo2), however, Tryg's ability to exercise such voting rights will be restricted, and could be further restricted, so as to ensure compliance with competition law. Following the date that is 12 months from Completion, it is intended that Intact will, again so as to ensure compliance with competition law, continue to co-own Codan Denmark with Tryg on a 50/50 economic basis, but will have sole control of Codan Denmark with Tryg's rights being reduced to minority shareholder protection rights.

Throughout the period of indirect ownership of Codan Denmark by Intact and Tryg, Tryg will not be permitted to make unilateral decisions in respect of Codan Denmark including any resolution to distribute dividends. Tryg is intended to have certain protections to reflect its economic interest in Codan Denmark including: (i) certain veto rights over material business decisions (such materiality being set at a level so as not to interfere with Intact's ability to manage Codan Denmark in the ordinary course); (ii) Intact procuring the appointment of independent directors on the boards of Codan Denmark entities (with certain key decisions requiring majority approval including at least two-thirds of such independent directors); (iii) the establishment of an advisory council to assist Codan Denmark with its decision-making; and (iv) certain parameters having to be applied for any disposal process in respect of Codan Denmark (including required terms for any disposal relating to the form and timing of consideration, conditions, liability and other matters), albeit the scope of such protections are again limited and could be further limited to ensure compliance with competition law.

See "*Risk Factors—There can be no assurance that regulators or other authorities will not seek to impose new or more stringent conditions on the Tryg Group or the Enlarged Group prior to approving completion of the Acquisition*", "*Risk Factors—The Tryg Group*

has very limited rights to terminate the Acquisition or adjust the purchase price for RSA Scandinavia" and "*Risk Factors—The Tryg Group may realise a loss in its investment in Codan Denmark*".

Further, throughout the period of indirect ownership of Codan Denmark by Intact and Tryg, Intact will be responsible for managing Codan Denmark. In this regard, Intact confirmed when announcing the Transaction that it intends to support Codan Denmark in continuing its positive trajectory, whilst it assesses strategic alternatives for the business (which may include exploring a sale if there is compelling interest from potential buyers or an IPO). Tryg has confirmed that it would be supportive of a sale process (if there is compelling interest from potential buyers) or an IPO being undertaken by Intact.

Wider terms of the Separation

The Separation Agreement sets out a general principle that assets, costs and liabilities are allocated based on the general ledger of the relevant geographies as at and following 30 June 2020 with supporting provisions in respect of rectifying any unintended capital leakage between the respective perimeters following such date.

Additional specific allocations, however, overlay these general principles, including with respect to the: (i) reallocation of excess solvency capital from Codan Denmark on the one hand to Trygg-Hansa and Codan Norway on the other hand (subject to certain limits and conditions); (ii) allocation of the cost of the interim dividend of 8 pence per RSA share (paid on 4 December 2020) between Intact and Tryg; (iii) treatment of reinsurance arrangements (where the overall objective is to put in place independent reinsurance arrangements, and in furtherance of that objective, to ensure reinsurance arrangements with third party reinsurers will continue post-Completion); (iv) intellectual property (where Intact and Tryg have agreed to put in place licence agreements to reflect specific arrangements in respect of the exploitation and use of certain brands, trademarks and domain names); (v) proposals for the US branch of Codan Forsikring A/S (as referenced above); and (vi) allocation of specific costs arising from the wider transaction in respect of RSA Scandinavia (where Intact and Tryg have agreed, for example, that the costs which arise in connection with the incorporation and audit of ScandiJVCo and ScandiJVCo2 should be borne 78% by Trygg-Hansa and Codan Norway and 22% by Codan Denmark and any Acquisition costs incurred by RSA between 30 June 2020 and Completion in order to facilitate Completion should be borne 50% by the Tryg Group and 50% by the Intact Group).

The Separation Agreement also specifically identifies a number of steps which are expected to be taken by the parties following entry into the agreement, for example: (i) that the form of demerger plan, certain veto matters under the Shareholders' Agreement as referenced above and guidelines for the sharing of services, information and employees between Codan Denmark and Trygg-Hansa and Codan Norway are to be finalised between Tryg and Intact; and (ii) that as a result of the Separation and consequential allocation of assets and liabilities, Intact and Tryg shall use their respective reasonable endeavours to agree in good faith, following substantive due diligence, transitional arrangements to achieve business continuity in the ordinary course without unnecessary interruption, including with transitional arrangements to be provided by the RSA Group to RSA Scandinavia following Completion for this purpose.

In relation to these transitional arrangements, the agreed terms of the Separation Agreement include: (i) the likely scope of transitional services needed such as, for example, commercial, group finance, IT, HR, procurement/facilities, reinsurance, and sales and marketing; (ii) the mechanisms for agreeing other services to be included which had been omitted, and which services are to be excluded; and (iii) a template form of transitional services agreement which is consistent with such principles, and which the parties envisage to be entered into upon agreement of detailed transitional arrangements (such agreements to set out, amongst other things, the costs and specific services required). In addition, the Separation Agreement also sets out other general principles intended to ensure that the transitional arrangements are terminated as soon as possible, including the mechanisms for agreeing transition plans, and exit and migration plans.

7.4 Additional information on the entities of RSA Scandinavia

The following table sets forth certain additional details on the entities of RSA Scandinavia (as such entities are defined prior to the completion of the Demerger):

Entity Name	Country of Incorporation	Currency	Nominal Share Capital	Address	CVR / Company Registration Number
Codan Denmark comprising: Codan Forsikring A/S (excluding Codan Norway and Trygg-Hansa)[1]	Denmark	DKK	15,000,000.00	Gammel Kongevej 60, 1850 Frederiksberg C	10529638
SOS International A/S[2]	Denmark	DKK	28,487,450.00	Nitivej 6, 2000 Frederiksberg	17013718
SOS International DK A/S[3]	Denmark	DKK	11,000,000.00	Olof Palmes Allé 18, 8200 Aarhus N	17738739
Forsikringsakademiet A/S[4]	Denmark	DKK	2,400,000.00	Rungsted Strandvej 107, 2960 Rungsted Kyst	20733616
Forsikringsselskabet Privatsikring A/S	Denmark	DKK	1,000,000.00	Gammel Kongevej 60, 1850 Frederiksberg C	25071409
Codan Norway comprising: Norwegian branch of Codan Forsikring A/S (all assets and liabilities on the general ledger)	Norway	NOK	N/A	Verkstedveien 3, 0277 Oslo	991502491
Trygg-Hansa comprising: Swedish branch of Codan Forsikring A/S (all assets and liabilities on the general ledger)	Sweden	SEK	N/A	Fleminggatan 18, SE-106 26 Stockholm c/o Trygg-Hansa Försäkring Filial,	516404-4405
Holmia Livförsäkring AB	Sweden	SEK	60,000,000.00	SE-106 26 Stockholm Stortorget 11 702 11	516401-6510
CAB Group AB[5]	Sweden	SEK	550,000.00	Örebro Sweden	556131-2223

(1) Unless otherwise stated in the table, the listed entities are 100% owned by Codan Forsikring A/S.

(2) Codan Forsikring A/S holds 13.04% interest in SOS International A/S.

(3) SOS International DK A/S is 100% owned by SOS International A/S.

(4) Codan Forsikring A/S holds 7.6% interest in Forsikringsakademiet A/S.

(5) Codan Forsikring A/S holds 27.27% interest in CAB Group AB.

8. BUSINESS OF THE TRYG GROUP

Investors should read this "Business of the Tryg Group" in conjunction with the more detailed information contained in this Prospectus, including the financial and other information referred to in "Presentation of Financial Information—Presentation of financial information for the Tryg Group" and "Additional Information—Information incorporated by reference" and which is incorporated by reference into Prospectus as set out therein.

8.1 Overview

The Tryg Group is one of the largest non-life insurance companies in the Scandinavian region with strong market shares in Denmark and Norway and a solid market presence in Sweden. The Tryg Group is the third largest and, after completion of the Acquisition, is expected to be the largest, general insurer in Scandinavia, based on latest available statistics from Forsikring og Pension in relation to Denmark, Finans Norge in relation to Norway, and Svensk Försäkring in relation to Sweden. In Denmark, the Tryg Group is the leading general insurer with a market share of 22.9% based on gross premium income in 2019, the latest period for which data are publicly available, according to Forsikring og Pension. In Norway, the Tryg Group is the fourth largest general insurer with a market share of 13.2% based on gross premiums written in 2020, according to Finans Norge (2019: 13.3%). In Sweden, the Tryg Group is the fifth largest general insurer with a market share of 3.4% based on gross premium income in 2020, according to Svensk Försäkring (2019: 3.3%).

As of 31 December 2020, the Tryg Group estimates that it provides insurance coverage to over 4 million customers, including private individuals, households, SMEs and large corporate customers (2019: approximately 4 million). As of 31 December 2020, the Tryg Group had approximately 4,400 full-time employees throughout Denmark, Norway and Sweden (2019: 4,152). For the year ended 31 December 2020, the Tryg Group had gross premiums written of DKK 23,652 million (2019: DKK 22,563 million), a profit on ordinary activities before taxation of DKK 3,541 million (2019: DKK 3,628 million), a combined ratio of 84.5% (2019: 85.1%) and a return on equity after tax of 22.5% (2019: 24.6%).

The Tryg Group's most important brands are "Tryg", under which the Tryg Group sells general non-life insurance in Denmark and Norway, "Alka" under which the Tryg Group sells general non-life insurance in Denmark, "Enter" under which the Tryg Group sells motor insurance in Norway, and "Moderna", under which the Tryg Group sells general non-life insurance in Sweden. The Tryg Group sells its broad range of general property and casualty insurance products through multiple distribution channels and primarily through direct channels, including call centres (where the Tryg Group's own customer advisers and sales agents work) and exclusive franchisee offices in Norway and Denmark. The Tryg Group also distributes through the Internet, insurance intermediaries, real estate agents and car dealers. In addition, the Tryg Group has strategic partnership agreements with a number of financial institutions, trade unions, professional associations and other shared-interest or affinity groups to offer their members the Tryg Group's general non-life insurance products, including TJM, a foundation collaborating with certain civil servants' organisations, the Danish Society of Engineers ("**IDA**"), Danske Bank, UDF and the Norwegian Society of Engineers and Technology ("**NITO**"). The Tryg Group also has agreements with brokers in the corporate and commercial market.

The Tryg Group has three geographical segments; its Danish general insurance (which includes Danish general insurance and German, Dutch, Austrian and Finnish credit and surety insurance), Norwegian general insurance and Swedish general insurance segments which contributed 61.8% (2019: 60.7%), 28.3% (2019: 29.8%) and 9.9% (2019: 9.7%), respectively, to the Tryg Group's gross premium income as of 31 December 2020 before eliminations and discrete items.

The Tryg Group has the following operating segments:

Private. Private provides a comprehensive range of general insurance products for private individuals in Denmark and Norway under the brand names "Tryg", "Alka" and "Enter Forsikring". The Tryg Group's range of general insurance products include motor, fire and contents, personal accident, travel, motorcycle, pet and health insurance. The

Tryg Group's products for private individuals are distributed through the Internet, call centres, its own sales agents, Alka (in Denmark), exclusive franchisees (in Norway and Denmark), car dealers, estate agents, Danske Bank branches and affinity groups such as trade unions, industry associations and strategic partnerships. As of 31 December 2020, Private had 1,344 employees (2019: 1,317). For the year ended 31 December 2020, Private had gross premiums written of DKK 12,743 million representing 56% of the Tryg Group's consolidated gross premiums written (2019: DKK 12,021 million representing 55% of the Tryg Group's consolidated gross premiums written), a technical result of DKK 2,045 million (2019: DKK 1,951 million) and a combined ratio of 83.9% (2019: 83.7%).

Commercial. Commercial provides general insurance products for SMEs in Denmark and Norway under the brand name "Tryg" and "Moderna" in Sweden. The Tryg Group's range of general insurance products include motor, fire and contents, liability, workers' compensation, travel and health insurance. The Tryg Group's products for SMEs are distributed through its own sales force, brokers, franchisees (in Norway), call centres, online and group agreements. As of 31 December 2020, Commercial had 538 employees (2019: 495). For the year ended 31 December 2020, Commercial had gross premiums written of DKK 4,430 million representing 20% of the Tryg Group's consolidated gross premiums written (2019: DKK 4,274 million representing 20% of the Tryg Group's consolidated gross premiums written), a technical result of DKK 735 million (2019: DKK 566 million) and a combined ratio of 83.3% (2019: 86.8%).

Corporate. Corporate provides general insurance products for larger businesses under the brand name "Tryg" in Denmark and Norway, "Moderna" in Sweden. In addition, credit and surety insurance is provided to larger businesses under the brand "Tryg Garanti" in Denmark, Norway, Sweden, Germany, Austria, the Netherlands and Finland. The Tryg Group's range of general insurance products include fire and contents, liability, workers' compensation, motor, cargo, personal accident/disease and group life insurance. The Tryg Group services its corporate customers with its direct sales force and via insurance brokers in Denmark and Norway, and exclusively via insurance brokers in Sweden. Customers with international insurance needs are served by Corporate. Corporate is part of the AXA Corporate Solutions global network. AXA Corporate Solutions is an AXA Group company that partners with local or regional insurance companies such as the Tryg Group to draw on their in-depth knowledge of their home insurance markets, practices and regulation. Corporate serves customers with non-Scandinavian insurance needs through AXA Corporate Solutions. Activities conducted through AXA Corporate Solutions have no effect on the balance sheet of the Tryg Group. As of 31 December 2020, the Tryg Group's Corporate operating segment had 291 employees (2019: 290). For the year ended 31 December 2020, the Tryg Group's Corporate operating segment had gross premiums written of DKK 3,876 million representing 17% of the Tryg Group's consolidated gross premiums written (2019: DKK 3,979 million representing 18% of the Tryg Group's consolidated gross premiums written), a technical result of DKK 464 million (2019: DKK 496 million) and a combined ratio of 88.0% (2019: 87.6%). The Tryg Group's Corporate operating segment had gross premium incomes of estimated DKK 130 million, DKK 160 million and DKK 165 million for the years ending 31 December 2020, 2019 and 2018, respectively, arising from AXA Corporate Solutions.

Sweden. The Tryg Group's Sweden operating segment sells general insurance products to private individuals under the brands "Moderna", "Moderna Djurförsäkringar", "Atlantica Båtförsäkring", and "Bilsport & MC specialförsäkring". The Tryg Group's range of general insurance products include motor, fire and contents, pet, child, boat and personal accident insurance. The Tryg Group's products are distributed through its own sales force, call centres, partners and online. As of 31 December 2020, the Tryg Group's Sweden operating segment had 408 employees (2019: 386). For the year ended 31 December 2020, the Tryg Group's Sweden operating segment had gross premiums written of DKK 1,604 million representing 7% of the Tryg Group's consolidated gross premiums written (2019: DKK 1,521 million representing 7% of the Tryg Group's consolidated gross premiums written), a technical result of DKK 268 million (2019: DKK 231 million) and a combined ratio of 83.2% (2019: 84.8%).

In 2017, the Tryg Group announced the acquisition of Alka, which was then the eighth largest property and casualty insurer in Denmark (on the basis of gross premiums written) for a consideration of DKK 8.2 billion (subject to customary purchase price adjustment). The Danish Competition and Consumer Authority approved the Tryg Group's acquisition of Alka, together with certain non-structural remedies, in November 2018. Alka was included in the Tryg Group's consolidated results from 8 November 2018. Upon acquisition of Alka, the Tryg Group undertook an in-depth integration process involving 12 distinct business areas and approximately 100 people. The Tryg Group's 2019 technical result of DKK 3,237 million (2018: DKK 2,766 million) was positively impacted by the inclusion of Alka.

The Tryg Group also conducted a number of smaller opportunistic acquisitions to complement its existing Scandinavian insurance portfolio whilst deploying excess capital. These include (i) the 2017 acquisition of the insurance business of OBOS Forsikring AS ("**OBOS**"), Norway's largest housing developer for consideration of DKK 117 million, (ii) the 2018 acquisition of the motor insurance portfolio of the Federation of Danish Motorists ("**FDM**") and (iii) the 2018 acquisition of Troll Forsikring AS ("**Troll**") a Norwegian non-life insurance company operating primarily in the Norwegian commercial insurance market, for consideration of DKK 55 million.

The table below presents the Tryg Group's consolidated gross premium income by operating segment for the years ended 31 December 2020, 2019 and 2018.

	Year Ended 31 December 2020	Year Ended 31 December 2019	Year Ended 31 December 2018
		(DKK millions)	
Private	12,743	12,021	9,466
Commercial	4,430	4,274	3,971
Corporate	3,876	3,979	3,897
Sweden	1,604	1,521	1,471
Other[1]	0	(54)	(65)
Total	**22,653**	**21,741**	**18,740**

(1) Amounts relating to eliminations and one-off items

See "*Details of the Proposed Transaction*" and "*Material Contracts—Material contracts in connection with the Transaction*" for additional information about the Transaction.

8.2 The Tryg Group's "Peace of Mind" approach

"Peace of mind" (tryghed) is closely connected to the Tryg Group's name and its brand, as well as to its history and its purpose. The Tryg Group seeks to establish a brand, image and level of service that make it the insurer of choice in the Scandinavian region for customers safeguarding themselves, their businesses, their family and their assets in order to gain a sense of security, or "peace of mind". The Tryg Group believes that "peace of mind" increases customer satisfaction and loyalty and enhances shareholder value.

All of the Tryg Group's customers should expect it to understand their risk and assist them in risk management, high-quality customer service and the prompt handling of a claim. The Tryg Group's "peace of mind" concept underlines its emphasis on communicating with its customers, providing products and services, and structuring benefits. The Tryg Group provides its customers with "peace of mind" by offering a broad range of general insurance products and bundles, including a health insurance bundle that provides customers with combined accident, health, dental, and sickness insurance coverage. The Tryg Group also provides loyalty programmes with supplementary "peace of mind" benefits targeted at different customer segments. For example, because studies have shown that in many cases the risk of large bills causes people to opt out of regular dental check-ups, the Tryg Group's Danish personal insurance programme was amended so that customers may now take out a new type of dental insurance which significantly reduces the financial risk associated with going to the dentist. In recent years, the Tryg Group has increasingly focused on creating new 'prevention products', which are designed to reduce the likelihood of harms and losses and help to safe-guard the wellbeing of customers.

Such products include Tryg Drive (a digital telematics device that records driving behaviour) and a rat blocker that prevents rats from entering drains, which was introduced in response to an increase in number of home and contents insurance claims relating to damage to pipes and other damage caused by rats after several relatively warm winters in Denmark. The Tryg Group has been including a rat blocker in its Denmark home insurance since 2019; 77% of customers who have installed a rat blocker report that they feel more protected in their homes.

The Tryg Group also aims to provide "peace of mind" by improving claims handling and handling all claims in an efficient, effective and customer-friendly manner. In Denmark and Norway, customers in need of medical treatment while abroad can speak to a Norwegian or Danish-speaking doctor to create "added peace of mind" and ensure that these customers can enjoy the rest of their holiday. Customers with pet insurance can have their pets examined via video-conferencing on smartphone or tablet with the customer informed about the type of treatment needed without the need to transport the animal or its owner. All of the Tryg Group's large corporate customers are serviced by a special key-account manager responsible for the relationship, who develops an understanding of the client's needs, as well as by a broad range of specialist support, including engineers and risk analysts.

8.3 Strengths

The Tryg Group believes that the following strengths and advantages will help it achieve its strategic objectives:

Strong market shares. The Tryg Group is one of the largest non-life insurance companies in the Scandinavian region with strong market shares in Denmark and Norway and a solid market presence in Sweden. The Tryg Group is the third largest and, after completion of the Acquisition, is expected to be the largest, general insurer in the Scandinavian market, based on latest available statistics from Forsikring og Pension in relation to Denmark, Finans Norge in relation to Norway, and Svensk Försäkring in relation to Sweden. In Denmark, the Tryg Group is the leading general insurer with a market share of 22.9% based on gross premium income in 2019, the latest period for which data are publicly available, according to Forsikring og Pension. In Norway, the Tryg Group is the fourth largest general insurer with a market share of 13.2% based on gross premiums written in 2020, according to Finans Norge (2019: 13.3%). In Sweden, the Tryg Group is the fifth largest general insurer with a market share of 3.4% based on gross premium income in 2020, according to Svensk Försäkring (2019: 3.3%). The Tryg Group's large market shares in Denmark, Norway and Sweden allow it to better allocate risk within its portfolio, and benefit from economies of scale in its procurement, distribution and claims handling expenses and enhance its ability to more cost-effectively manage its reinsurance arrangements.

High customer retention and strong brands. The Tryg Group believes that insurance penetration is very high in the Scandinavian region compared to nearly everywhere else in the world, as households are relatively affluent and accustomed to purchasing insurance products at the appropriate level for their needs. While customer retention rates are not widely published by market participants in the Scandinavian and other regional insurance markets, the Tryg Group believes that customers in the Scandinavian region demonstrate strong brand loyalty and that such brand loyalty is reflected both in very high retention rates and very low expense ratios relative to other regional insurance markets around the world. The Tryg Group benefits from these market dynamics and recorded retention rates of approximately 90% (2019: 90%) in its Private and Commercial segments, which together represent more than 80% (2019: 80%) of its total business by gross premiums written. The Tryg Group's annual retention rate for 2020 was 90.1% in Private Denmark (2019: 91.6%), 88.4% in Private Norway (2019: 87.1%), 88.6% in Commercial Denmark (2019: 88.6%) and 89.2% in Commercial Norway (2019: 89.0%).

High retention rates help the Tryg Group control costs since renewals by existing customers are associated with lower cost of sales and claims ratios than policies for new customers. The Tryg Group maintains loyalty programmes to retain customers and provide incentives for its customers to purchase more than one type of insurance. The

Tryg Group tracks and targets increases in the average number of products per customer because the Tryg Group believes that lifetime customer value is positively correlated with the number of policies per customer. As at 31 December 2020, the Tryg Group recorded an average of 3.9 insurance products per customer (2019: 3.8; 2017: 3.5). The Tryg Group's majority shareholder, TryghedsGruppen, has operated a members' bonus scheme since 2015. The bonus scheme was approved by the Danish Business Authority in August 2016 and provides that TryghedsGruppen may, subject to certain conditions, pay a portion of its previous year's profits to its members who are eligible Tryg policyholders (excluding policyholders solely holding certain insurance products) resident or domiciled in Denmark. In 2020, the Tryg Group's 1.3 million Danish customers received the a member bonus payment from TryghedsGruppen for the fifth time amounting to a combined DKK 985 million and equivalent to 8% of members' 2019 premiums. The Tryg Group believes that the TryghedsGruppen member bonus scheme is appreciated by customers and views the member bonus as an important competitive advantage through boosting customer loyalty and supporting customer targets in Denmark.

The Tryg Group seeks to establish a brand, image and a level of service that make it the insurer of choice in the Scandinavian region for customers wishing to safeguard themselves, their businesses, their family and their assets in order to gain a sense of security, or "peace of mind". "Tryg", "Alka", "Moderna" and "Enter" all enjoy high levels of brand recognition, awareness and loyalty in Denmark, Norway and Sweden. The Tryg Group estimates that it provides insurance coverage to over 4 million customers. The Tryg Group monitors developments in its transactional net promoter score ("**TNPS**") which was introduced by Bain & Company in 2003 and measures an organisation's customer loyalty and satisfaction by surveying customers after they have had an interaction or transaction with the organisation. TNPS is calculated as the number of customers who would recommend an organisation's products minus the number of customers who would not in all cases based on surveys conducted after interacting with the organisation. The Tryg Group strives to continuously improve its TNPS score, recording a TNPS of 72 at the end of 2020, surpassing its target of 70 for 2020 (2019: 68; 2018: 67; 2017: 62).

Trygg-Hansa has several well-recognised brands that will help to ensure that the Enlarged Group maintains a strong and resilient presence within Sweden and Norway, in particular the "Trygg-Hansa" brand. Trygg-Hansa is one of the most recognised brands in Sweden, with its iconic life buoys and brand promise of "insurance that makes it easy to feel safe". The Tryg Group currently uses life buoys to market its business in Denmark and Norway; the Tryg Group believes the Trygg-Hansa branding reflects a strong cultural fit with the Tryg Group and that such branding will be compelling to customers of the Enlarged Group.

Multiple distribution channels. The Tryg Group has a multichannel distribution platform in its core Scandinavian markets that it believes allows it to reach a broad and diverse range of customers. In Denmark and Norway, its distribution channels include customer centres staffed by its own customer advisers and sales agents, call centres, long-standing relationships with affinity groups (such as unions and civic groups), strategic partnerships, exclusive franchisee offices, car dealers, estate agents and insurance brokers. In 2019, the Tryg Group signed its first contracts with insurance intermediaries (exclusive franchisees) that exclusively sell the Tryg Group's products to private and commercial customers in Denmark drawing off of the success of this long-standing sales channel in Norway. In Sweden, the Tryg Group principally distributes its products through its own sales agents, call centres, and insurance brokers. The Tryg Group has also increasingly utilised the Internet distribution channel in its Private operating segment; in 2020, 11% (2019: 3%) of Private Denmark's new sales and 6% (2019: 5%) of Private Norway's new sales were generated online and 43% (2019: 45%) of Private Sweden's new sales were generated through web and external sales channels.

The Tryg Group believes its broad distribution platform allows customers in the Scandinavian region to access the Tryg Group's products and services in a manner that they choose and gives the Tryg Group broad geographic coverage across the Scandinavian region as well as multiple options in determining how it approaches its customers. The Tryg Group believes that it is advantageous to have several strong

distribution channels in Denmark, Norway and Sweden so that it is not dependent on any one channel. The Tryg Group also believes that Trygg-Hansa and Codan Norway will provide further diversification to the Enlarged Group's distribution platform via their range of affinity partners across both Sweden and Norway, as well as their compelling direct distribution capabilities.

In recent years, the Tryg Group has invested significant resources in the development of lower-cost distribution channels that provide high customer lifetime value, including insurance intermediaries (exclusive franchisees) and partnership agreements. The Tryg Group will continue to focus more of its customer acquisition efforts through such channels over time.

Strong operating platform. The Tryg Group believes it benefits from a strong operating platform consisting of sound underwriting and risk management policies and cost-efficient distribution and claims handling processes, which helped to reduce its combined ratio from 85.1% in 2018 and 2019 to 84.5% in 2020. Key aspects of its operating platform include:

- *Underwriting management.* The Tryg Group believes its underwriting discipline and pro-active review of its portfolio has allowed it to improve its claims and combined ratios and profitability. As a long-standing, established provider of general non-life insurance products in Denmark, Norway and Sweden, the Tryg Group has experience, access to information and an in-depth understanding of its customer base and markets. Risk management constitutes a central element in the management of the Tryg Group and is based on the Tryg Group's targets, strategies and risk exposure limits decided by the Supervisory Board. The Tryg Group's sophisticated processes and procedures are aimed at accurately assessing risk and premiums are determined based on a risk-based approach taking into consideration market conditions. See "*Risk Management*". The Tryg Group reviews claims data, its pricing, its product mix and customer selection periodically with a view towards determining whether its pricing is appropriate and whether its product portfolio should be adjusted.
- *Cost-efficient distribution.* The Tryg Group have invested significant resources in the development of lower-cost distribution channels and will continue to focus more of its customer acquisition efforts through these lower-cost channels over time. Since 2019, the Tryg Group has reduced its distribution costs through the use of exclusive insurance intermediaries, *i.e.*, franchisees selling exclusively on Tryg Group's behalf to private and commercial customers in Denmark, an initiative that was inspired by the success of the Tryg Group's franchise model in Norway. The Tryg Group has also reduced the costs of distribution relating to its Norwegian business through a focus on partnerships, known as its targeted "Partner First" strategy. The Tryg Group's Norwegian strategic partnerships with (i) OBOS, the largest housing developer in Norway; and (ii) NITO, the Norwegian Engineer Organisation, have driven the Tryg Group's growth in Norway, with the NITO partner agreement constituting the Tryg Group's largest Norwegian partner agreement in 17 years. In 2020, Tryg Group renewed partner agreements with UDF (Union of Education Norway) and NMF (Norwegian Band Federation) for an additional three years and five years, respectively. In addition, in 2019, the Tryg Group entered into a strategic partnership with Danske Bank, enabling provision of the Tryg Group's insurance solutions to Danske Bank's approximately three million Scandinavian customers, including Private customers in Norway, Denmark and Sweden and Commercial customers in Denmark and Norway. These strategic partnerships also allow for more tailored solutions to the members or customers of the partner.

  The Tryg Group's development of online solutions has also supported a more cost-efficient distribution model. For example, the Tryg Group's introduction of digital invoicing and online insurance check-ups have enabled the Tryg Group to support and interact with customers whilst improving self-service levels. In 2020, around 72% of inquiries to the Tryg Group were through self-service (2019: 60%),

55% (2019: 45%) of all claims were submitted online and 51% (2019: 36%) of these claims were processed without the involvement of Tryg Group employees.

- *Efficient claims management.* The Tryg Group has taken a number of steps since 2017 to improve the efficiency and accuracy of its claims management. The Tryg Group has prioritised claims management because claims expenses are its single largest expense. Since 2012, the Tryg Group has engaged in numerous procurement initiatives targeted at supporting claims excellence, including by renegotiating and consolidating its supplier network and outsourcing various elements of claims management. In 2019, the Tryg Group further reduced its average claims cost through a number of procurement initiatives, including the renewal of a contract with Carglass for windscreen services, the signing of a new five-year contract with Recover Nordic, the largest Nordic claims service group, and a claims agreement for electronic products in Norway. Carglass steers the Tryg Group's motor insurance customers toward windscreen repair versus windscreen replacement; windscreen repair is more sustainable from an environmental perspective, associated with higher customer satisfaction, and enables approximately 40% cost savings per windscreen. The Tryg Group's claims handling process has also been improved through initiatives such as data and voice analysis and it is in the process of implementing a new claims handling system in both Denmark and Norway to improve the claims handling process further.

  Finally, the Tryg Group has improved its fraud detection capabilities, mainly due to enhanced fraud detection training, increased use of automation in fraud detection and the implementation of Alka's sophisticated fraud detection methodologies. The Tryg Group believes these steps have allowed it to settle claims more quickly, to reduce the average costs of settling such claims and have led to increased customer satisfaction.

  The Tryg Group has also invested in IT systems to develop sophisticated claims management systems to facilitate its ability to process and settle claims in an efficient and timely manner. From 2015 to 2017, the Tryg Group focused on increasing its proportion of online sales and its capability to process claims online. Since 2018, the Tryg Group has engaged in further digitalisation initiatives. This includes introducing the ability to self-process claims through the Tryg Group's digital services. The Tryg Group has recorded growing use of its digital claims solutions since the outbreak of the COVID-19 pandemic, including through increased use of robotic automation processes (STPs) in the claims-handling process, and due to the implementation of its new claims-handling system. and that anticipates that this trend will persist in the medium term.

- *Risk management processes.* The Tryg Group is subject to the risk management requirements of the Danish Consolidated Act no. 1447 of 11 September 2020 on financial business ("**DFBA**") and Solvency II governing requirements for insurance companies and its strategy for capital management focuses on capital efficiency and thorough risk management by keeping its capital resources at an appropriate level in relation to the risks assumed. As risk management constitutes a central element in the management of the Tryg Group, it has developed significant expertise in the management of risks and a risk management structure to safeguard its risk policies. As part of this structure the Tryg Group has developed a partial internal model which helps it to:

  - manage interest rate risk and other risks affecting both its assets and liabilities;
  - price its individual policies and individual risks; and
  - assess its reinsurance programme.

  The Tryg Group actively manages the other risks inherent in its business in accordance with its long-term experience in, and knowledge of, the Scandinavian

region. The Tryg Group also uses its partial internal model to price individual risks for its corporate customers and to review the level of its standard prices for its private and commercial customers. Tryg Group also undertakes an annual Own Risk and Solvency Assessment ("**ORSA**") to ensure and demonstrate a link between strategy, risk management, risk appetite, solvency and capital planning over the planning period.

Diversification by country, line of business and type of customer. In view of the Tryg Group's annual gross premium income being broadly diversified by country, line of business and type of customer, catastrophic events or adverse developments in any single individual market reduce the prospect of such events or adverse developments materially adversely affecting its overall business. The Tryg Group believes its business is resilient to economic cycles; for example, even if there is a drop in new car sales or an increase in defaults by mortgagors, the cars in use and relevant buildings would still be expected to need to be insured. The Tryg Group believes that having a large Private operating segment in particular is beneficial because Private is the Tryg Group's most profitable segment. This is largely because private customers tend to be more loyal, leading to very high retention rates. The Tryg Group has also historically had lower solvency capital requirements for the Private operating segment compared to the Corporate operating segment, in each case relative to premiums. In addition, the private general insurance market has historically been more resilient when the larger economy is exhibiting low growth or contraction. For example, in the third quarter of 2020, the Tryg Group's Private operating segment's premium income grew by 6.7%, Private Sweden's premium income grew by 2.1%, the Tryg Group's Corporate operating segment's premium income declined by 0.9% and its Commercial operating segment's premium income grew by 5.6%.

For the year ended 31 December 2020, the Tryg Group's Private, Commercial, Corporate and Sweden operating segments contributed 56% (2019: 55%), 20% (2019: 20%), 17% (2019: 18%) and 7% (2019: 7%), respectively, to its gross premium income. For the same period, the Tryg Group's accident and health, motor third party liability, motor comprehensive insurance, fire and contents (private) and fire and contents (commercial) lines of business respectively contributed 11.3% (2019: 11.3%), 8.3% (2019: 8.4%), 21.6% (2019: 21.2%), 24.7% (2019: 24.5%) and 12.2% (2019: 12.2%) to Tryg Group's gross premiums written.

The Tryg Group believes it has benefitted greatly from having a diverse product portfolio since the outbreak of the COVID-19 pandemic. Specifically, the Tryg Group's travel insurance business was impacted by high levels of claims relating to travel cancellations in the first quarter of 2020 and a significant decrease in customer demand for its travel insurance products due to restrictions on travel. At the same time, lower levels of economic activity and changes in customer behaviour associated with the COVID Measures led to improved performance of other lines of business such as motor insurance, accident insurance and contents insurance due to lower claims frequencies especially during lock-down periods.

The Tryg Group believes the integration of Trygg-Hansa and Codan Norway into the Enlarged Group will significantly increase its diversification across a range of fronts, particularly in terms of geographical revenue and profit contribution, class of business diversification and broader distribution capabilities. It is expected that Trygg-Hansa and Codan Norway will respectively contribute approximately 45 to 50% and approximately 10% of the pro-forma technical result of DKK 6.37 billion for the Enlarged Group, in contrast to the current reliance on the Tryg Group's Danish business which as of 31 December 2020, drives 70% of the Tryg Group's standalone technical result. In terms of profit drivers, Trygg-Hansa and Codan Norway have leading, highly profitable personal accident businesses with low correlations to the Tryg Group's existing portfolio, contributing to diversification of underwriting profit as well as potential capital synergies across the Enlarged Group.

Strong track record of integrating acquisitions and delivering synergies. The Tryg Group has been growing its business through a combination of organic growth and strategic acquisitions for over 25 years and believes it has an established track record of

maximising value from acquisitions based on leveraging the strength of its brands and reputation and, in certain cases, the strength of acquired brands (including, for example, Alka as well as OBOS, Enter and Troll, smaller Norwegian non-life insurance brands with a good reputation in the Norwegian market).

The Tryg Group acquired Alka in 2017. Upon acquisition of Alka, the Tryg Group undertook an in-depth integration process involving 12 distinct business areas, including procurement, asset management, reinsurance, and approximately 100 Alka and Tryg Group team members; such integration process was aimed at allowing the Tryg Group and Alka to safeguard their respective strengths and to develop new ones together. This integration model enabled the Tryg Group to realise benefits from the Alka acquisition upon receipt of the Danish Competition and Consumer Authority approval of the acquisition in November 2018. The Tryg Group has aimed to generate cost and capital synergies from the Alka acquisition by pooling resources and creating central staff functions and business areas, including the pooling of reinsurance arrangements at the Tryg Group level, streamlining the development and management of insurance products, introducing common guidelines for underwriting, more efficient capital allocation and common IT and procurement solutions. In addition, Alka Commercial and Alka Claims have respectively been integrated into Tryg Group's Corporate and Danish claims functions. Certain Alka teams, including Marketing and Price, product and analysis, are still pure Alka staff functions, reflecting the Tryg Group's recognition that the Tryg and Alka brands appeal to different customers and in certain cases, differences should be cultivated. The Tryg Group has historically focused on larger and more complex products, claims management and claims procurement; the Tryg Group believes it has benefitted from Alka's swift and adaptable mindset which is in part derived from Alka's previous experiences as a smaller standalone Danish general insurance company that still appeals to a different customer base from the Tryg Group's core customer base. In addition, specific know-how of acquired companies, such as Alka's expertise regarding early fraud detection and online sales, has been implemented throughout the Tryg Group's network.

The Tryg Group believes the Tryg management team has the appropriate experience and expertise to maximise the value of the Acquisition, in particular as a result of the Alka acquisition and successful integration of Alka into the Tryg Group. The Tryg Group believes that its extensive knowledge of the Swedish and Norwegian markets will increase the likelihood of a seamless integration of Trygg-Hansa and Codan Norway into the Enlarged Group and therefore reduce execution risk. As was the case in the Alka acquisition, the Tryg Group anticipates waiting for a protracted period of time for the Proposed Transaction to complete. The Acquisition is expected to complete during the second quarter of 2021, subject to receipt of the relevant approvals or clearances from the relevant regulatory and competition authorities, the completion of the Tryg Group Offering and the satisfaction of other conditions. The Separation is expected to be finalised during the first quarter of 2022. To assist the implementation of the Separation, the Tryg Group plans to implement a similar in-depth integration model as was employed for the Alka integration process, involving distinct business areas (e.g., reinsurance, procurement) and the pairing of members of the Tryg Group and Trygg-Hansa and Codan Norway teams.

Trygg-Hansa and Codan Norway, in particular Trygg-Hansa, has strong skills in digitalisation and customer onboarding and the Tryg Group plans to further develop this expertise. The Tryg Group believes the Enlarged Group will be able to capitalise on these competencies going forward in a similar way to how it has leveraged Alka's fraud detection and online sales expertise. The Tryg Group expects that the Enlarged Group will be able to realise annualised pre-tax synergies of approximately DKK 900 million by 2024 in relation to the Transaction (of which approximately DKK 60 million are expected to be realised in 2021 from completion of the Acquisition, DKK 350 million in 2022 and DKK 650 million in 2023), approximately 80% of which are expected to be cost synergies. The prevalence of cost versus revenue synergies contributes to the Tryg Group's level of confidence about the expected Acquisition-related synergies, including because cost synergies are generally more quickly realised than revenue synergies. These cost synergies relate primarily to the Swedish business and stem from the Enlarged Group's expected lower administration costs in part as a result of personnel streamlining and scale advantages in procurement and systems integration.

The Tryg Group believes that the combination of the synergy potential across the Enlarged Group and its attractive underlying franchise will enable a return of investment (ROI) of approximately 7%. The proposed Acquisition-financing structure and Tryg's valuation premium are expected to drive high teens earnings per share (EPS) accretion by 2023 and a material increase in dividend capacity, whereby the dividend policy of Tryg will remain unchanged following the Transaction and the absolute size of the dividends is targeted to broadly double in the medium term. EPS accretion is calculated before any impact from intangible amortisation, and such impact would neither affect Tryg's dividend-paying ability nor its capacity. The Tryg Group expects that 2021 will be a transitional year for dividends as the Enlarged Group plans to take a conservative approach to capital management during the integration period.

8.4 Strategy

The Tryg Group's strategic objective is to generate long-term sustainable value for its shareholders over the course of the insurance business cycle while maintaining prudent levels of capital and providing "peace of mind" to its customers through offering a comprehensive range of insurance and insurance-related products and services in the Scandinavian region. The key components of its strategy are:

Focus on direct general insurance. The Tryg Group focuses on producing and offering a broad range of direct general insurance products to customers in the Scandinavian region and its aim is to strengthen this core business. The Tryg Group believes that its general insurance experience, market expertise and market share enable it to underwrite and price risk effectively (taking into account risk spread), which results in profitable underwriting. The Tryg Group's goal of maintaining strong underwriting discipline, with a continued focus on underwriting profitability, is central to its strategy.

Strong, direct customer relationships with the Tryg Group's brands drive customer lifetime value and provide cross-selling opportunities for extensive product offering. In 2019 and 2020, the Tryg Group recorded retention rates of around 90% in the Private and Commercial segments (which together represent more than 80% of the Tryg Group's total business). The Tryg Group has a strong focus on customer satisfaction and measures achievement in this regard through monitoring of and targeting of increases in its TNPS score; at the end of 2020, the Tryg Group recorded a TNPS of 72 (2019: 68). The Tryg Group provides incentives for its customers to purchase more than one type of insurance and aim to increase the average number of insurance products per customer. As at 31 December 2020, the Tryg Group recorded an average of 3.9 insurance products per customer (2019: 3.8).

Integrated Scandinavian group. The Tryg Group's geographic focus is the Scandinavian region. The Scandinavian general insurance market benefits from very high levels of penetration and retention levels and very low expense ratios relative to other regional insurance markets around the world. The Tryg Group believes that focusing on the Scandinavian market with a common strategy, business approach and identity will continue to enhance the Tryg Group's, and after completion of the Acquisition, the Enlarged Group's performance due to operating synergies, risk diversification, exchange of best practices, and enhanced product and service development. The only line of business the Tryg Group has expanded out from Scandinavia is Tryg Garanti, its credit and surety business, which operates in Denmark, Norway, Sweden, Finland, the Netherlands, Austria and Germany. The Tryg Group's credit and surety business is a niche and highly profitable business through which the Tryg Group believes that it benefits from very high competencies and a strong IT platform.

The Tryg Group anticipates that, after the Separation, the Enlarged Group will be the largest general insurer in the Scandinavian region and among the three largest general insurers in each of Norway and Sweden (in each case on the basis of gross premiums) with an estimated pro forma Enlarged Group market share of 17% in Sweden based on gross premium income in 2020, according to Svensk Försäkring, and 15% in Norway based on gross premiums written in 2020, according to Finans Norge. The Enlarged Group's expected combined pro-forma premium base of DKK 32 billion following completion of the Acquisition represents an increase of 45% relative to the Tryg

Group's standalone premium income and the increase in scale is expected to provide the Enlarged Group with greater capacity to invest in operational excellence and digital capabilities, as well as further developments in the overall customer proposition. In turn, these best-in-class capabilities can then be leveraged across a larger and more diversified Scandinavian general insurance group.

Trygg-Hansa and Codan Norway have several well-recognised brands that will help the Enlarged Group maintain a strong and resilient presence within Sweden and Norway. Trygg-Hansa is one of the most recognised brands in Sweden, with its iconic life buoys and brand promise of "insurance that makes it easy to feel safe". The Tryg Group believes this is symbolic of the strong cultural fit of the Tryg Group and Trygg-Hansa, their shared commitment to customer care and wellbeing, as well as a broader emphasis on social responsibility. Codan Norway is currently the tenth largest general insurer in Norway based on gross premiums written; the Tryg Group believes Codan Norway will add to the Tryg Group's strong market position in Norway, with good potential to lower expenses and increase overall profitability through economies of scale in procurement. Trygg-Hansa is currently the fourth largest general insurer in Sweden based on gross premiums. The Tryg Group believes Trygg-Hansa will add new, resilient and diversified earnings to the Enlarged Group. The Tryg Group further believes its deep knowledge of the Scandinavian general insurance market, as well as its strong track record of integrating acquisitions, makes it ideally placed to integrate, operate and enhance the value of the Enlarged Group over the long-term.

Active and prudent capital management. The Tryg Group aims to generate long-term value for its shareholders over the course of the insurance business cycle while balancing the requirements of policyholder security and regulatory and rating agency requirements to maintain certain levels of capital. The Tryg Group seeks to maintain a financial strength rating in the "A" range, which it currently has from Moody's, to maintain financial flexibility and to provide the rating strength which corporate customers may require.

If the Tryg Group has capital available that it believes is not required in its business, such capital is expected to be returned to its shareholders. On 27 March 2020, following the outbreak of COVID-19, increased volatility in capital markets and heightened regulatory pressure throughout Europe, the Tryg Group announced it had decided to move to a full-year dividend decision for 2020 as opposed to quarterly dividend payments. On 9 November 2020, citing the resilience of Tryg's business model, Tryg's Supervisory Board announced that it had decided to revisit this decision and approved an ordinary dividend of DKK 5.25 per Existing Share (DKK 1.6 billion). Payment of this dividend which related to the first three quarters of 2020 occurred on 12 November 2020, with ex-dividend date on 10 November 2020. On 29 January 2021, the Tryg Group paid an ordinary dividend of DKK 1.75 per share relating to the fourth quarter of 2020, for a total dividend of DKK 7.00 per share for 2020 (2019: DKK 6.80). The Tryg Group expects that 2021 will be a transitional year for dividends as the Enlarged Group plans to take a conservative approach to capital management during the integration period. However, the proposed Acquisition financing structure and the Tryg Group's valuation premium are expected to drive a significant increase in the Enlarged Group's dividend capacity after year-end 2021, whereby the dividend policy of the Enlarged Group will remain unchanged from the Tryg Group's dividend policy following the Transaction and the pro forma dividend capacity is expected to broadly double in the medium term.

The Tryg Group has implemented a risk governance structure in compliance with the Solvency II regime. The Tryg Group had an estimated pro forma solvency ratio of above 180% at the end of October 2020 adjusting for the dividend payment relating to the first quarter to the third quarter of 2020 (Q3 2020: 214% Solvency II Ratio; Q2 2020: 193% Solvency II Ratio). The Tryg Group recorded a Solvency II Ratio of 183% as at 31 December 2020 (2019: 162). After completion of the Acquisition, the Tryg Group expects its pro forma Solvency II Ratio on its partial internal model to remain robust and be above 170% by year end 2021, based on an expected Enlarged Group solvency capital requirement ("**SCR**") of approximately DKK 9.4 billion. Following completion of the Acquisition, the Tryg Group's total invested assets are expected to increase by approximately 60% to approximately DKK 67 billion for the Enlarged Group, with the

free portfolio expected to increase from approximately DKK 11.1 billion to DKK 16.9 billion (DKK 4.1 billion relating to Norway, DKK 6.9 billion relating to Denmark, DKK 5.9 billion relating to Sweden) for the Enlarged Group as of 30 September 2020. The Tryg Group anticipates that the Enlarged Group's approach to investments and risk appetite will remain unchanged and acquired portfolios will gradually be adjusted to match the Tryg Group's active and prudent approach to capital management.

Cost savings and efficiencies. The Tryg Group intends to pursue further cost savings in all aspects of its business. The Tryg Group intends to achieve this goal primarily through optimisation of its channel mix to lower distribution costs, including the use of new channels such as independent insurance agents in Private and Commercial. The Tryg Group is also focusing on automating and enhancing claims handling and processing and the underwriting of policies. The Tryg Group believes that these changes have established a stronger operating platform and lower cost base for its business. The Tryg Group expects that the Enlarged Group will be able to generate annualised pre-tax synergies relating to the Transaction of approximately DKK 900 million by 2024. Cost synergies primarily stem from lower administration and distribution costs and scale advantages in procurement, and are expected to make up approximately 80% of the estimated annual run-rate synergies with expected commercial synergies of DKK 170 million representing the remainder of expected synergies. Administration and distribution synergies of approximately DKK 370 million are expected to be realised through reduced marketing spend, alignment of IT systems in Sweden and Norway and position reductions. Procurement synergies of approximately DKK 220 million are expected to be realised through the expansion of the Tryg Group's procurement capabilities across a larger combined claims spend in Sweden and Norway. Claims synergies of approximately DKK 140 million are expected to be realised through improved fraud detection, recourse, improved claims processes and policies, and position reductions.

Geographically, the majority of synergies are expected to be realised in Sweden, accounting for an expected DKK 500 million in cost synergies. Norway is expected to contribute DKK 250 million in synergies by 2024, with Denmark and the Tryg Group contributing DKK 150 million. Denmark and the Tryg Group synergies are expected to primarily be realised through the sharing of Tryg Group's central group functions in Denmark as well as its investment management functions with the Enlarged Group. Expected cost synergies also stem from the Enlarged Group's expected lower administration costs in part as a result of personnel streamlining and scale advantages in procurement and systems integration. The Tryg Group expects that, to a certain extent, position reductions will be realised through voluntary redundancies, natural attrition and elimination of vacant roles across the Enlarged Group.

Claims excellence. The Tryg Group aims to reduce claims costs by leveraging its procurement power to negotiate better supplier contracts, improving the claims process and reducing the fraud occurrences. Initiatives in 2019 included the renewal of a contract for windscreen services, a new five-year contract with Recover Nordic (the largest Nordic claims service group) and a claims agreement for electronic products in Norway. The Tryg Group's claims handling process has been improved through initiatives such as data and voice analysis and it is in the process of implementing Guidewire in both Denmark and Norway to improve the claims handling process further. Finally, the Tryg Group has realised costs savings as a result of improvements in fraud detection, mainly due to the implementation of Alka's fraud detection methodologies, including automated fraud detection algorithms and enhanced fraud detection training, across the Tryg Group's claims-handling units. Alka's fraud detection methodology was implemented in the Tryg Group's Danish business in 2019 and in its Norwegian and Swedish businesses in 2020.

Digital empowerment of customers. Digital services, simplification and efficient customer interaction are becoming increasingly important for customers, and the Tryg Group is highly committed to meeting these demands. The Tryg Group's digital offerings provide the customer with a wide range of self-service options including the assessment of which products and coverage the customer needs, buying insurance products, making changes to products and reporting claims. For example, in 2020 the Tryg Group launched "Tryg Health" in Denmark, a mobile application through which customers can file health

insurance claims and which also provides an overview of the Tryg Group's health insurance services and health guidance. The Tryg Group has implemented new online initiatives such as digital invoicing and online insurance check-ups, which have helped to further improve self-service levels.

The Tryg Group has also introduced fully automated claims handling process through the use of STPs and its new claims handling system, Guidewire. Guidewire is one of the Tryg Group's largest IT investments to date and the first phase of implementation is ongoing, with Guidewire being used to help process a large number of travel insurance claims (relating to the outbreak of the COVID-19 pandemic and the COVID Measures) in the first quarter of 2020. Despite a significant increase in phone calls to the Tryg Group related to the COVID-19 pandemic during the first half of the year, in 2020 around 72% of inquiries to the Tryg Group were through self-service (2019: 60%), 55% (2019: 45%) of all claims were submitted online and 51% (2019: 36%) of claims were processed without the involvement of Tryg Group employees.

The Tryg Group's co-ownership of UNDO, a Copenhagen-based start-up providing a mobile application for selling personalised insurance products to millennials, further demonstrates its commitment to the digital empowerment of customers. The Tryg Group decided to partner with UNDO and make a strategic investment in UNDO due to UNDO's entrepreneurial culture and focus on young, tech-savvy customers. UNDO sells insurance tailored for individual customers based on algorithms developed in-house at UNDO as well as the Tryg Group's extensive historical customer data, actuarial expertise and insurance domain knowledge; the insurance sold by UNDO is underwritten by the Tryg Group using Tryg's insurance licence. UNDO is currently a small player in the Danish general insurance market and its products appeal to younger customers between 20 and 35, many of whom are first-time purchasers of home insurance. The Tryg Group believes its strategic investment in UNDO has enabled it to test the customised insurance concept in the Danish market.

Product and service innovation. The Tryg Group has a strong focus on developing and selling new products and services and has launched more than 50 new products since 2018. The Tryg Group believes that product and service innovation supports the Tryg Group's profitability because it helps the Tryg Group remain relevant to customers and expand its addressable market. In 2019, the Tryg Group introduced a number of new products, including cyber insurance, pet insurance and child insurance. The Tryg Group also introduced new bundles or packages of products, including its health insurance bundle (which provides accidents, health, dental and sickness insurance coverage). In the first half of 2020, the Tryg Group launched new elements in its travel insurance, providing customers with instant access to a Danish-speaking or Norwegian-speaking doctor when on vacation and ensuring quick compensation when flights are cancelled or delayed.

Prevention is key for the well-being of customers and a key driver of financial results. As such, the Tryg Group has introduced products such as Tryg Drive, a digital device that records driving behaviour and Tryg Alarm, a 24/7 customer hotline staffed by specialist experts that can assist customers with home damage (e.g., burglary or basement flooding), or serious problems during trips abroad (e.g., hospital admission, trip delays, and repatriation). In addition, in 2020 the Tryg Group offered a number of NITO members the opportunity to have a package of sensors installed in their holiday homes, enabling such members to monitor temperature, leaks, smoke and electricity consumption in their homes via a mobile application. A number of the Tryg Group's new motor insurance products have been designed with sustainability in mind as the Tryg Group believes that such products resonate strongly with customers, in particular in Norway.

Alka maintains a separate marketing function and its latest proposed service innovation is Alka Mobil, through which Alka expects to introduce a low-cost mobile phone subscription service delivered by a third party from March 2021. Revenue from Alka Mobil will be booked as service revenue under other income in Tryg Group's income statement.

An important element of product and service innovation relates to the Tryg Group's strategic expansion of its product and service offering to new markets. In particular, the Tryg Group seeks to expand its profitable corporate credit and surety business, Tryg

Garanti. In 2019, Tryg Garanti expanded to the Netherlands and Austria, while increasing its presence in Germany. In 2020, Tryg Garanti initiated the process of expanding to Switzerland through establishment of a Swiss branch. Regulatory approval to sell insurance products in Switzerland is expected to be received during the first half of 2021.

The Tryg Group has observed changes in its motor insurance line of business as a result of increasing market share of electric vehicles in Norway and expects that the increased popularity of car-sharing and advent of self-driving vehicles in the Nordic region will result in further changes in this line of business. The Tryg Group has therefore focused on developing new insurance products to mitigate the anticipated decrease in premiums relating to its motor insurance line of business. For example, during the first quarter of 2020, Tryg launched "Tryg Car Service", a monthly subscription service offering private customers in Denmark access to a package of various light car services, including car wash, change of tyres and seasonal car check-ups. The Tryg Group believes it is currently the leading Nordic non-life insurance company in terms of co-operation with sharing economy companies. RSA Scandinavia, in particular Trygg-Hansa, has strong skills in digitalisation and customer on-boarding and thus the Tryg Group believes the Enlarged Group will be able to capitalise on these competencies going forward.

Distribution efficiency. The Tryg Group aims to optimise the mix of distribution channels, especially in its Private and Commercial segments. Optimisation of the channel mix makes distribution to customers more efficient, improves the customer experience and increases customer lifetime value, i.e., the total amount of money a customer spends on the Tryg Group's products over the entirety of their time as a Tryg Group customer. Another important element in achieving distribution efficiency involves the introduction of insurance intermediaries (exclusive franchisees) in the Private and Commercial segments in Denmark, inspired by the franchise model in Norway, selling exclusively on behalf of Tryg. The Tryg Group also seeks to improve distribution efficiency through partner agreements, including the aforementioned partner agreement with NITO which has resulted in increased sales and retention levels. The Tryg Group has found that customers sourced through its Danish and Norwegian partner agreements stay with the Tryg Group longer than customers from other channels. The Tryg Group's strategic partnership with Danske Bank enables distribution of the Tryg Group's insurance solutions to Danske Bank's three million Scandinavian customers, including Private customers in Norway, Denmark and Sweden and Commercial customers in Denmark and Norway. The Tryg Group's focus on digital empowerment of customers also supports distribution efficiency through the development of online solutions.

8.5 History

Tryg was formed in 2002 as TrygVesta A/S in connection with the acquisition by TiD of the general insurance activities of Nordea. The predecessor of the Tryg Group's Danish operations, now Tryg Forsikring A/S, was originally established in 1731 as Kjøbenhavns Brand, by a Danish Royal Decree, following the great Copenhagen fire in 1728. Tryg Group's Norwegian business, now Tryg Forsikring NUF, was established in Bergen, Norway in 1880. Since their formation, its Danish, Norwegian and Swedish businesses have grown organically and through a number of acquisitions and mergers. The following is a summary of the Tryg Group's recent history:

- In 1991, the Tryg Group's Danish business was converted from the mutual Tryg general and life insurance companies, and became the public limited companies Tryg Forsikring, skadesforsikringsselskab A/S and, its subsidiary, Tryg Forsikring, livsforsikringsselskab A/S. The former mutual entities, Tryg i Danmark smba (TiD), became the sole shareholder of the Tryg Group.
- In 1994, Tryg Forsikring skadesforsikringsselskab A/S acquired the Danish insurance operations of Winterthur.
- In 1995, Tryg Forsikring skadesforsikringsselskab A/S acquired Baltica Forsikring, which was, prior to the acquisition, listed on the Copenhagen Stock Exchange. The acquisition was conducted via a merger, followed by an offer of shares in the merged company, Tryg-Baltica Forsikring, skadesforsikringsselskab

A/S, in 1996. Following that offering, TiD was the controlling shareholder of the Tryg-Baltica Group, with approximately 74.6% of the total outstanding shares.

- In 1998, the Tryg-Baltica Group acquired Dansk Kaution, which was established in 1895 and, until the acquisition, listed on the Copenhagen Stock Exchange.
- In 1999, the Tryg-Baltica Group merged with Unidanmark A/S, the second largest banking group in Denmark and the insurance activities of Unidanmark A/S were integrated with the Tryg-Baltica Group. After the merger, TiD held approximately 19.4% of the total outstanding shares of Unidanmark A/S.
- In late 1999, Unidanmark A/S acquired the Norwegian general insurance company Vesta Forsikring AS and its subsidiaries, including Vesta Liv AS and Enter Forsikring AS, from Försäkringsaktiebolaget Skandia.
- In 2000, Unidanmark, comprising, among others, Unibank, Tryg-Baltica and Vesta, were contributed in the formation of Nordea.
- In 2001, the Tryg-Baltica companies changed their names to Tryg, and Tryg Forsikring A/S set up a branch in Finland to sell general insurance products through Nordea's Finnish bank branches. Vesta Forsikring AS acquired the Norwegian business of Allianz.
- In 2002, the life and pension activities operated in separate life companies owned by Tryg and Vesta, were spun off to Nordea.
- In 2002, Tryg acquired most of Zurich Insurance Group's Danish and Norwegian general insurance portfolios.
- In 2002, TiD acquired Nordea's general insurance activities and formed TrygVesta.
- In September 2003, Tryg ceased writing new business in Tryg Group's U.K. subsidiary Chevanstell, and put it into run-off.
- In 2004, Tryg Group sold its reinsurance company, TBi, its Polish subsidiary, Tryg Polska, and its Estonian subsidiary, Nordicum Kindlustus, in line with the strategy to focus on direct Scandinavian general insurance.
- In 2005, TrygVesta was listed on the OMX Nordic Stock Exchange Copenhagen (now known as the Nasdaq Copenhagen).
- In 2006, TrygVesta launched its first Swedish branch, Vesta Skadeförsäkring.
- In 2008, Tryg I Danmark smba changed its name to TryghedsGruppen.
- In 2009, TrygVesta acquired Moderna Försäkringar, a Swedish insurance company.
- In August 2010, TrygVesta simplified its name to Tryg, reflecting a stronger joint Nordic culture in the group and a close cooperation across borders. Tryg kept the name Moderna in Sweden.
- In 2010, Tryg sold the renewal rights for its marine insurance portfolio and exited the marine hull insurance market.
- In 2012, Tryg sold its Finnish business to If.
- In December 2017, Tryg announced the acquisition of Alka for DKK 8.2 billion (subject to customary purchase price adjustment), then the eight-largest non-life insurance company in Denmark with a market share of approximately 6% of the private market. Alka was included in Tryg Group's consolidated results from 8 November 2018.
- In November 2020, Tryg announced that Tryg and Intact had reached an agreement with RSA on the terms of the recommended cash offer to be made for the entire share capital of RSA as well as on the Separation following completion of the Acquisition.

8.6 Legal structure

8.6.1 Current structure of the Tryg Group

The following chart provides a summary of the Tryg Group's legal structure as at the date of this Prospectus.

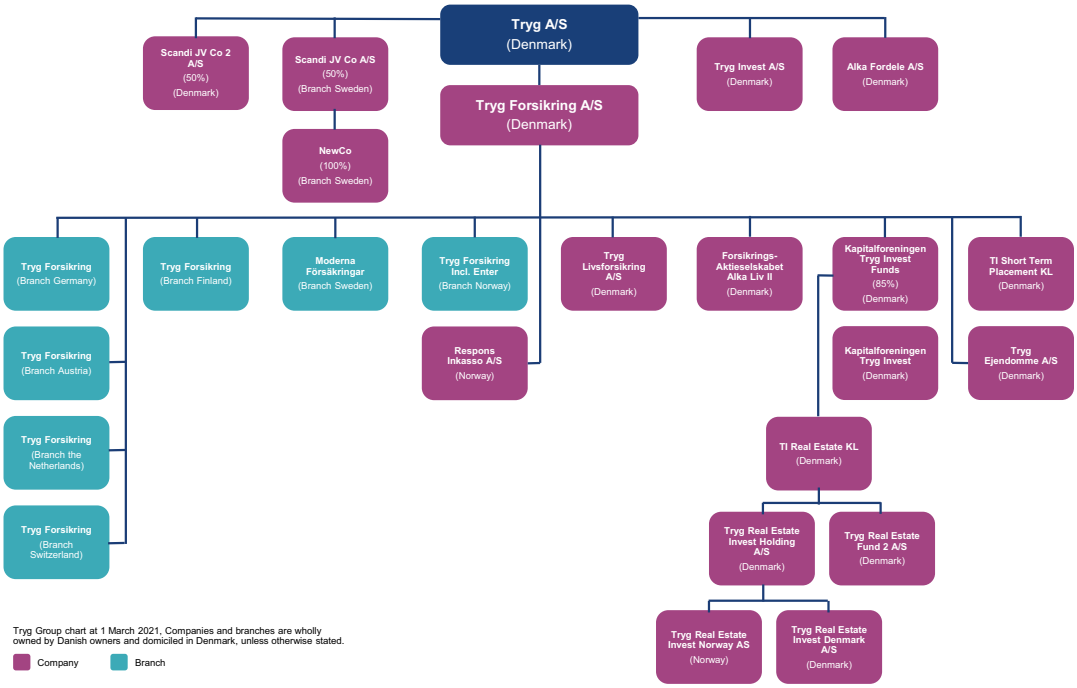

Figure 4: Summary of the legal structure of the Tryg Group as at the date of this Prospectus

The principal operating company of the Tryg Group is Tryg Forsikring A/S which operates the majority of the business, including through its Norwegian and Swedish branches. The Tryg Group maintains licences for life insurance businesses in Denmark and Sweden; a small amount of the Tryg Group's Danish business is classified as life insurance and thus conducted through the Danish licensed life insurance business. The Tryg Group's Swedish life insurance business is almost exclusively in run-off. Tryg Invest A/S handles asset management for the Tryg Group via a number of investment funds.

Tryg is partly owned by TryghedsGruppen which as at the date of this Prospectus holds 53% of the total share capital in Tryg. No other shareholder holds 5% or more of the capital or the voting rights of Tryg. See "*Shareholders—TryghedsGruppen*" for additional information regarding TryghedsGruppen.

8.6.2 Structure of the Enlarged Group

See "*Details of the Proposed Transaction*" for additional information about the Transaction, including summary charts depicting the Acquisition Completion Holding Structure and the legal steps of the Demerger.

8.7 Operations

The Tryg Group operates its business through four major operating segments: Private, Commercial, Corporate and Sweden.

Private provides general insurance products for private households in Denmark and Norway. Commercial provide general insurance products for commercial customers in Denmark and Norway. The Tryg Group generally defines "commercial" customers as SMEs with fewer than 100 employees, turnover of less than DKK 100 million in Denmark or NOK 100 million in Norway, or which pay the Tryg Group annual premiums of less than DKK 500,000 in Denmark or NOK 500,000 in Norway. The Tryg Group services its

business customers not covered by Commercial through its Corporate operating segment. The Tryg Group's Private, Commercial and Corporate segments are each internally organised and managed via a country-based organisational model. The Sweden operating segment provides general insurance products for private individuals in Sweden.

The tables below present the Tryg Group's gross premium income, gross claims ratio, net reinsurance ratio, claims ratio, net of ceded business, gross expense ratio and combined ratio by operating segment for the years ended 31 December 2020, 2019 and 2018. For details on how the ratios are calculated, see "*Presentation of Financial Information—Key ratios and alternative performance measures*" and "*Operating and Financial Review of the Tryg Group—Key performance indicators and targets"*.

	Year Ended 31 December		
	2020	2019	2018
Private			
Gross premium income *(DKK millions)*	12,743	12,021	9,466
Gross claims ratio (%)	69.7	68.1	65.5
Net reinsurance ratio (%)	0.6	1.9	2.3
Claims ratio, net of ceded business (%)	70.3	70.0	67.8
Gross expense ratio (%)	13.6	13.7	13.8
Combined ratio (%)	83.9	83.7	81.6
Commercial			
Gross premium income *(DKK millions)*	4,430	4,274	3,971
Gross claims ratio (%)	62.9	67.1	58.6
Net reinsurance ratio (%)	3.3	2.2	4.2
Claims ratio, net of ceded business (%)	66.2	69.3	62.8
Gross expense ratio (%)	17.1	17.5	17.5
Combined ratio (%)	83.3	86.8	80.3
Corporate			
Gross premium income *(DKK millions)*	3,876	3,979	3,897
Gross claims ratio (%)	69.5	70.8	79.9
Net reinsurance ratio (%)	7.1	6.4	5.8
Claims ratio, net of ceded business (%)	76.6	77.2	85.7
Gross expense ratio (%)	11.4	10.4	9.9
Combined ratio (%)	88.0	87.6	95.6
Sweden			
Gross premium income *(DKK millions)*	1,604	1,521	1,471
Gross claims ratio (%)	66.5	66.6	69.6
Net reinsurance ratio (%)	(0.1)	0.7	0.3
Claims ratio, net of ceded business (%)	66.4	67.3	69.9
Gross expense ratio (%)	16.8	17.5	16.1
Combined ratio (%)	83.2	84.8	86.0
Tryg Total			
Gross premium income *(DKK millions)*	22,653	21,741	18,740
Gross claims ratio (%)	68.1	68.3	67.4
Net reinsurance ratio (%)	2.2	2.6	3.3
Claims ratio, net of ceded business (%)	70.3	70.9	70.7
Gross expense ratio (%)	14.1	14.2	14.4
Combined ratio (%)	84.5	85.1	85.1

8.7.1 Description of products

The Tryg Group offers products tailored to meet the needs of its customers. Private and Sweden operating segments provide general insurance products for private individuals and households, while the Commercial operating segment provides general insurance products for commercial customers. The Tryg Group's Corporate operating segment

provides general insurance products and services for corporate customers. The Tryg Group's principal products include the following general insurance products:

- *Motor insurance.* Comprises mandatory third-party liability insurance providing cover for injuries to a third party or damage to a third party's property, and a voluntary comprehensive insurance policy that provides cover for damage to the customer's own vehicle from collision, fire or theft. In Denmark, motor insurance taken out by customers includes Tryg's roadside assistance, such as towing and battery jump-start. This product area accounted for 30% of total premium income as of 31 December 2020 (2019: 30%).
- *Fire and contents—Private.* Provides cover for the loss of, or damage to, the contents of private dwellings as a result of fire, storms, or water with a range of additional features, such as cover for valuables temporarily away from home, liability arising from ownership or occupancy and cover for damage to electronic equipment. This product area accounted for 25% of total premium income as of 31 December 2020 (2019: 25%).
- *Fire and contents—Commercial*. Includes building insurance and covers the loss of or damage to the buildings, stock or equipment of commercial customers. Moreover, the Tryg Group provides cover for operating losses in connection with covered claims. This product area accounted for 12% of total premium income as of 31 December 2020 (2019: 12%).
- *Personal accident insurance.* Provides cover for accidental bodily injury and death resulting from accidents. Compensation takes the form of a lump sum intended to help the customer cope with the financial consequences of an accident, thereby making their daily lives easier. The insurance can include a number of supplementary covers, including treatment by a physiotherapist or chiropractor. This product area accounted for 11% of total premium income as of 31 December 2020 (2019: 11%).
- *Workers' compensation*. Provides cover for employees against bodily injury sustained at work and in Norway, also occupational diseases. Workers' compensation insurance is mandatory and covers a company's employees (other than for public sector employees and persons working for sole proprietors). This product area accounted for 4% of total premium income as of 31 December 2020 (2019: 4%).
- *Health insurance*. Provides cover for the costs of examinations, treatment, medicine, surgery and rehabilitation at a private health facility. This product area accounted for 2% of total premium income as of 31 December 2020 (2019: 2%).

8.7.2 Private

The Private operating segment provides a broad range of general insurance products for private households in Denmark and Norway under the brand names "Tryg", "Alka" and "Enter Forsikring", including car, contents, house, accident, travel, motorcycle, pet and health insurance products. For the year ended 31 December 2020, Private had gross premium income of DKK 12,743 million (2019: DKK 12,021 million), a technical result of DKK 2,045 million (2019: DKK 1,951 million) and a combined ratio of 83.9% (2019: 83.7%). As of 31 December 2020, the Private operating segment accounted for 56% of the Tryg Group's total premium income (2019: 55%). The Tryg Group believes that Private's focus on retaining customers and customer service has helped it to maintain annual customer retention levels of approximately 90% in 2019 and 2020.

The Private operating segment is of particular importance to the Tryg Group because it is the Tryg Group's most profitable segment, with the highest customer retention rate and lowest SCR as a proportion of premium income among the Tryg Group's operating segments. In addition, the Private operating segment is important to the Tryg Group because Private operating segment premiums have historically been more resilient in periods of lower growth or contraction in the wider Scandinavian economy. For example, in the third quarter of 2020, the Tryg Group's Private operating segment's premium

income grew by 6.7%, Private Sweden's premium income grew by 2.1%, the Tryg Group's Corporate operating segment's premium income declined by 0.9% and its Commercial operating segment's premium income grew by 5.6%. The Tryg Group has benefited from having a Private operating segment that is well-diversified by line of business; as a result of the COVID-19 pandemic and COVID Measures, Private's travel insurance business was impacted by high levels of claims relating to travel cancellations in the first quarter of 2020 and a significant decrease in customer demand for its travel insurance products due to restrictions on travel. At the same time, lower levels of economic activity associated with the COVID Measures led to improved performance of Private's other lines of business such as motor insurance, accident insurance and contents insurance due to lower claims frequencies.

Private distributes its products through multiple distribution channels, including call centres, real estate agents, car dealers, online sale, its own sales agents, Alka (in Denmark), franchisees (in Norway and Denmark), interest organisations and Danske Bank branches. As of 31 December 2020, Private had 1,344 employees (2019: 1,317). Tryg Group also distributes its Private products through affinity groups such as trade unions and industry associations. With affinity groups, the Tryg Group mainly co-brands the delivery and conditions, and prices may differ from its normal policies due to lower sales costs.

In Norway, the Tryg Group offers insurance through its "Enter" brand with selected partners in the car trade. Enter Forsikring primarily offers private or white label insurance on simplified pricing terms for third-party partners selling new cars. As of 31 December 2020, the Tryg Group had partnerships with car importers under car brands such as Ford, Opel, Nissan, Honda, Mitsubishi and others. The Tryg Group also uses its "Enter" brand to sell products to those customers who have purchased other products through its third-party private label partners.

Private has a strong focus on developing and selling new products, bundles or packages of products, and services. For example, in 2019 the Tryg Group began selling a health insurance bundle that provides customer with combined accident, health, dental, and sickness insurance coverage. The Tryg Group introduced its vet hotline in 2019 for Danish cat and dog owners, who can get online advice from a licensed veterinarian for their pets via mobile or tablet. In 2020, the Tryg Group introduced new elements in its travel insurance offering in Denmark, including a vaccine for each member of the insured household and a medical hotline providing the customer with access to a Danish-speaking or Norwegian-speaking doctor when on vacation. In recent years, the Tryg Group has increasingly focused on creating new so-called prevention products, which are designed to reduce the likelihood of harms and losses and help to safeguard the wellbeing of customers. Such products include Tryg Drive, a digital telematics device that records driving behaviour and a rat blocker that prevents rats from entering drains.

Private insurance policies are automatically renewed each year in Denmark and Norway subject to applicable renewal notice requirements, policyholder cancellation notice requirements, and policyholder termination rights, with price increases set on an individual policy or customer basis. See "*—Legal proceedings—Danish Consumer Ombudsman*" for information regarding a potential legal proceeding considered by the Danish Consumer Ombudsman questioning the legal basis for the Tryg Group's price increases from 2016 to 2020 that are not due to indexation.

8.7.3 Commercial

Commercial provides a broad range of general insurance products for SMEs in Denmark and Norway under the brand name "Tryg", including motor, property, liability, workers' compensation, travel and health insurance products.

For the year ended 31 December 2020, Commercial had gross premium income of DKK 4,430 million (2019: DKK 4,274 million), a technical result of DKK 735 million (2019: DKK 566 million) and a combined ratio of 83.3% (2019: 86.8%). As of 31 December 2020, the Commercial operating segment accounted for 20% of the Tryg Group's total premium income (2019: 20%). The Tryg Group believes that Commercial's

focus on retaining customers and customer service has helped it to maintain annual customer retention of approximately 90% in 2020 and 2019. Commercial insurance policies are generally automatically renewed each year in Denmark and Norway subject to applicable indexation schedules, renewal notice requirements, policyholder cancellation notice requirements, and policyholder termination rights.

As a leading provider of general insurance, the Tryg Group offers products to all segments of the Danish and Norwegian commercial market. The Tryg Group's products are distributed through franchisee offices in Norway who are licensed to use its brand and exclusively sell its products. The Tryg Group also sells its products through its own sales agents, customer centres, brokers, Alka (in Denmark), online sale and group agreements. The Tryg Group's Commercial products are also distributed through affinity groups. As of 31 December 2020, Commercial had 538 employees (2019: 495).

8.7.4 Corporate

The Tryg Group's Corporate operating segment provides general insurance products for larger Danish, Norwegian and Swedish businesses under the brands "Tryg" in Denmark and Norway, and "Moderna" in Sweden; these products include property, motor, liability, cargo, workers' compensation, personal accident/disease, and group life insurance. The Tryg Group's Corporate credit and surety business operates in Denmark, Norway, the Netherlands, Austria, Finland and Germany under the brand "Tryg Garanti" and in Sweden under the brand "Moderna Garanti". For the year ended 31 December 2020, Tryg Group's Corporate operating segment had gross premium income of DKK 3,876 million (2019: DKK 3,979 million), a technical result of DKK 464 million (2019: DKK 496 million) and a combined ratio of 88.0% (2019: 87.6%). As of 31 December 2020, the Corporate operating segment accounted for 17% of Tryg Group's total premium income (2019: 18%).

The Tryg Group's Corporate customers in Denmark and Norway are served either by the direct sales force of its Corporate operating segment or by insurance brokers. As of 31 December 2020, the Tryg Group had approximately 291 employees in its direct corporate sales force (2019: 290). The Tryg Group works with a wide pool of international and local brokers. The Tryg Group enters into cooperation agreements that set forth the terms of its relationship with each insurance broker through which it sells insurance. The Tryg Group's Corporate customers in Sweden are served exclusively by insurance brokers.

The Tryg Group writes insurance policies to meet the corporate insurance requirements of its customers in Denmark, Norway and Sweden. Corporate is part of the AXA Corporate Solutions global network and provides risk management and insurance solutions to AXA Corporate Solutions' large-cap corporate customers; AXA Corporate Solutions is an AXA Group company that partners with local or regional insurance companies, such as the Tryg Group, to draw on their in-depth knowledge of their home insurance markets, practices and regulation.

Since 2017, the Tryg Group has implemented numerous operational and structural initiatives focused on enhancing profitability in relation to its Corporate operating segment. The corporate market is generally challenging in all countries, even following significant price increases, especially in Norway, because the Tryg Group faces competition from large multi-national insurance companies in the corporate general insurance market. Such companies are promoted by local brokers that sell insurance products to the largest Scandinavian corporate customers and affinity group members. The Tryg Group will continue to work to re-balance its portfolio with the aim of increasing exposure to the Private and Commercial portfolios, where profitability is higher and SCRs lower.

8.7.5 Sweden

The Tryg Group's Sweden operating segment provides a broad range of general insurance products to private customers in Sweden under the brands "Moderna", "Moderna Djurförsäkringar", "Atlantica Båtförsäkring", and "Bilsport & MC specialförsäkring", including car, house, pet, child, boat and accidence insurance. For the year ended 31 December 2020, the Tryg Group's Sweden operating segment had

gross premium income of DKK 1,604 million (2019: DKK 1,521 million), a technical result of DKK 268 million (2019: DKK 231 million) and a combined ratio of 83.2% (2019: 84.8%). As of 31 December 2020, the Sweden operating segment accounted for 7% of the Tryg Group's total premium income (2019: 7%). Swedish personal insurance policies are automatically renewed each year, subject to applicable renewal notice requirements, policyholder cancellation notice requirements, and policyholder termination rights.

The Sweden operating segment sells its products through its own sales agents, call centres, and online. As of 31 December 2020, Tryg Group had 408 employees in Sweden (2019: 386).

8.8 Material agreements

Save as described elsewhere in this Prospectus under "*Material Contracts*", no member of the Tryg Group has during the financial years ended 31 December 2020, 2019 and 2018 and during the period to the date of this Prospectus, entered into any material contract other than in the ordinary course of business. See "*Related Party Transactions of the Tryg Group*" for additional information regarding related party transactions entered into by Tryg or other members of the Tryg Group during the financial years ended 31 December 2020, 2019 and 2018 and during the period up to the date of this Prospectus.

8.9 Significant changes impacting the Tryg Group's operations and principal activities

As at the date of this Prospectus, there have been no significant changes to the Tryg Group's operations, principal activities and regulatory environment since 31 December 2020.

8.10 Investments

8.10.1 Overview

The Tryg Group's investment portfolio is managed in accordance with the Tryg Group's investment policy by an internal investment team and a number of external investment managers applying performance benchmarks at regular intervals. The total market value of the Tryg Group's investment portfolio was DKK 40.5 billion at year-end 2020 (2019: DKK 39.6 billion), consisting of a match portfolio of DKK 28.1 billion (2019: DKK 28.2 billion) and a free portfolio of DKK 12.4 billion (2019: DKK 11.4 billion). The larger match portfolio is composed of low-risk fixed-income assets that match the Tryg Group's insurance liabilities by duration and currency, so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. The objective is for the return on the match portfolio to be as close as possible to zero as capital gains and losses on the assets side should be mirrored by corresponding developments on the liabilities side. The match portfolio, representing 69% of the Tryg Group's total portfolio as of 31 December 2020, is the most important part of its investment policy as the match portfolio reduces overall volatility and therefore the solvency capital required by the Tryg Group. The free portfolio, representing 31% of the Tryg Group's total portfolio as of 31 December 2020, reflects the Tryg Group's shareholders' equity and is intended to produce the maximum risk-adjusted return. The free portfolio is of less significance to the Tryg Group's investment policy and is invested in fixed-income securities with a short duration, but also in equities and properties.

The Tryg Group's investment policy has remained consistent over the years with the larger match portfolio viewed as being of greater significance to Tryg's business than the smaller free portfolio. Variability in the value of the free portfolio relative to that of the match portfolio in recent has been driven by high market volatility, as opposed to changes in investment management policy.

	31 December 2020	31 December 2019	31 December 2018
		(DKK millions)	
Free portfolio, gross return	585	857	(33)
Match portfolio, regulatory deviation and performance	(19)	(42)	(2)
Other financial income and expenses	(255)	(236)	(297)
Total	**311**	**579**	**(332)**

The income from and value of the Tryg Group's investments can have a significant impact on its financial results and position. In 2020, the Tryg Group's total investment return represented 8.8% of its profit before tax (2019: 16.0%). The Tryg Group has experienced increased volatility in the financial markets in its free portfolio in recent years and continues to do so in the current environment. Volatility in financial markets and low yields in global fixed income markets have been influenced by a wide variety of factors, including the impact of COVID-19 and the COVID Measures, concerns about slow rates of growth in the global economy and in particular in emerging markets, high levels of sovereign debt, uncertainty regarding the US election, Sino-US relations, future economic relationship between the United Kingdom and the European Union, and may adversely impact the Tryg Group's and, following Completion of the Acquisition, the Enlarged Group's investment income. The Tryg Group manages its investment assets with a view to limiting risks at a level consistent with its liabilities and financial position. For further information on how the Tryg Group manages its investments, see "*Operating and Financial Review of the Tryg Group—Qualitative and quantitative disclosure about principal risks—Investment risk*".

Following completion of the Acquisition, the Tryg Group's total invested assets are expected to increase by approximately 60% to approximately DKK 67 billion for the Enlarged Group, with the free portfolio expected to increase from approximately DKK 11.1 billion to DKK 16.9 billion (Norway DKK 4.1 billion, Denmark DKK 6.9 billion, Sweden DKK 5.9 billion) for the Enlarged Group as of 30 September 2020. The Tryg Group anticipates that the Enlarged Group's approach to investments and risk appetite will remain unchanged and acquired portfolios will gradually be adjusted to match the Tryg Group's approach to asset management.

8.10.2 Asset allocation

The table below presents the Tryg Group's financial asset allocation as of 31 December 2020, 2019 and 2018.

	31 December					
	2020		2019		2018	
	(DKK millions)	(%)	(DKK millions)	(%)	(DKK millions)	(%)
Bonds	34,339	73.3	38,814	85.5	38,042	87.8
Shares[1]	9,489	20.2	4,222	9.3	3,054[2]	7.0
Real estate	1,117	2.4	1,151	2.5	1,345	3.1
Derivatives and other items	1,840	3.9	1,128	2.5	899	2.1
Other lending	80	0.2	75	0.2	0	0
Total	**46,865**	**100.0**	**45,390**	**100.0**	**43,340**	**100.0**

(1) Shares consisted of equity and unit trust.

(2) In 2018, shares consisted of equity, unit trust, and equity investments in associates.

Throughout these periods, bonds constituted 73%-88% of the Tryg Group's investments and shares accounted for 7%-20%, reflecting increased financial market volatility in its free portfolio. The Tryg Group's asset allocation did not change significantly throughout these periods and the Tryg Group has no current intention to significantly change its asset allocation.

8.10.2.1 Bonds

As of 31 December 2020 and 2019, the Tryg Group's bond portfolio had a value of DKK 34.3 billion and DKK 38.8 billion, respectively. The Tryg Group actively manages its bond portfolio, primarily based on credit quality, geographic location of the issuer and types of fixed income. Most of the Tryg Group's bond portfolio is held within its larger match portfolio, which is composed of low-risk fixed-income assets that match the Tryg Group's insurance liabilities by duration and currency, so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. The Tryg Group's smaller free portfolio reflects shareholders' equity and is intended to produce the maximum risk-adjusted return; it is predominantly invested in fixed-income securities with a short duration. As of 31 December 2020, the Tryg Group's had DKK 2.3 billion in corporate bonds, DKK 3.9 billion in Nordic covered bonds and Government bonds (including inflation-linked bonds) and DKK 1.3 billion in high yield and emerging market instruments in its free portfolio.

The table below presents the composition of the Tryg Group's bond portfolio by rating category based on estimated fair value as of 31 December 2020 and 2019.

	31 December 2020		31 December 2019	
	(DKK millions)	(%)	(DKK millions)	(%)
AAA	33,515	91.7	34,281	91.6
AA	274	0.8	261	0.7
A	587	1.6	692	1.8
BBB:	868	2.4	1,023	2.7
BB	476	1.3	547	1.5
B or lower	828	2.3	604	1.6
Total	**36,548**	**100.0**	**37,408**	**100.0**

The credit risk on the Tryg Group's bond investments is limited. As of 31 December 2020; DKK 33.8 billion, or 92.5%, of the bond portfolio was rated "AAA" and "AA".

The table below presents the scheduled maturities for the Tryg Group's investments in bonds as of 31 December 2020 and 2019.

	31 December 2020	31 December 2019
	(DKK millions)	
Duration 1 year or less	14,216	13,067
Duration 1 – 5 years	13,820	15,747
Duration 5 – 10 years	6,571	5,975
Duration more than 10 years	3,152	2,856
Total	**37,760**	**37,645**

As of 31 December 2020, the option adjusted duration of the Tryg Group's bond portfolio, including interest derivatives, was 3.8 years, compared to 3.4 years as of 31 December 2019. The option adjustment relates primarily to Danish mortgage bonds and reflects the expected duration-shortening effect of the borrower's option to cause the bond to be redeemed through the mortgage institution at any point in time.

8.10.2.2 Shares

The Tryg Group's shares are held within its smaller free portfolio, which reflects shareholders' equity and is intended to produce the maximum risk-adjusted return; the free portfolio is predominantly invested in fixed-income securities with a short duration, but also in equities and properties. The Tryg Group intends to maintain a diversified international equity portfolio in order to minimise risk relating to any single market or any single company. The Tryg Group's equity portfolio reported a return of DKK 277 million in 2020 (2019: DKK 403 million), representing a return of 13.5% (2019: 21.4%).

8.10.2.3 Investment property

The Tryg Group's property portfolio is held within its free portfolio. The Tryg Group's investments in property is primarily held in property funds with only a few directly held properties remaining in Denmark and Norway following a change of the real estate investment strategy over the past five years.

The Tryg Group primarily invests in property indirectly through its 76% investment in TI Real Estate ("**TIRE**") which is a part of Investin Alternatives AIF SIKAV ("**Investin Alternatives**"), a global diversified investment trust administrated by Nykredit Portefølje Administration A/S ("**Nykredit**"). The single largest investment of TIRE (indirectly owned through the fund "Tryg Real Estate Fund 2 A/S") is held in a U.S. Core Fund with over 100 properties and amounts to DKK 630 million, representing 19% of the net value of TIRE.

The Tryg Group also invests to a lesser extent through its investments in directly held investment properties in Denmark, the value of which is adjusted based on conditions in the property market through internal valuations backed by external valuations. As of 31 December 2020, the Tryg Group had nine directly held investment properties in Denmark; its three largest single held property holdings had a value of DKK 50 million, DKK 43 million and DKK 29 million, respectively. The Tryg Group's largest directly held property is Odinsvej 9-19, 2600 Glostrup, which represents 1.8% of the Tryg Group's property portfolio.

At the end of 2020, investment properties accounted for 6.9% of the Tryg Group's total investment assets (2019: 5.5%). As of 31 December 2020 and 2019, the Tryg Group's property exposure had a fair value of DKK 2.8 billion and DKK 2,1 billion. The rate of return used for valuation calculation is different for the various segments in the Tryg Group's property portfolio. For direct owned properties, the average total rate of return used for valuation was 5.3% as of 31 December 2020 (2019: 5.1%).

8.11 Reinsurance

The Tryg Group reinsures certain liabilities to third party reinsurers as part of its ongoing risk and capital management processes. In the year ended 31 December 2020 and the year ended 31 December 2019, 6.5% and 5.6% of the Tryg Group's gross premium income were ceded to reinsurers. 2.2% and 2.9% of these premiums were related to the Tryg Group's fronting and captive business as of 31 December 2020 and 31 December 2019, respectively.

The Tryg Group's reinsurance programme are spread across a stable panel of reinsurers, each of which has at least an 'A' credit rating for long-tailed lines of business, at least a 'BBB' credit rating for other lines of business and DKK 750 million in capital. These reinsurance arrangements cover a range of policy risks, including building and contents risk, natural disasters and large claims. In case of major events involving damage to buildings and contents, the Tryg Group's reinsurance programme provides protection for up to DKK 7.25 billion, which is statistically sufficient to cover at least the 1-in-250-year return period, which is the generally accepted return period in the general insurance industry. Retention for such events is DKK 183 million. In case of a frequency of natural catastrophes, the Tryg Group is covered for up to DKK 600 million after total annual retention of DKK 300 million. The Tryg Group has taken out reinsurance for the risk of large claims occurring in sectors with very large sums insured. Its largest individual building and contents risks are covered by up to DKK 2 billion. Retention for large claims is DKK 100 million, gradually dropping to DKK 25 million. Single risks exceeding DKK 2 billion are covered individually. The Tryg Group has combined the minimum cover of other sectors into a joint cover with retention of DKK 100 million for the first claim and DKK 25 million for subsequent claims. Individual cover has been taken out for individual sectors as needed.

Tryg Garanti, the credit and surety business of the Tryg Group, is reinsured via a large quota share through which the Tryg Group cedes between 80% and 97% of any one risk.

8.12 Competition

The Tryg Group is the third largest and, after completion of the Acquisition, is expected to be the largest, general insurer in the Scandinavian market, based on latest available statistics from Forsikring og Pension in relation to Denmark, Finans Norge in relation to Norway, and Svensk Försäkring in relation to Sweden.

The Tryg Group believes the Scandinavian insurance industry is highly consolidated, with competition from larger regional insurers, mutual insurance companies operating in specific countries or areas and, in the corporate insurance market, a few large multi-national insurance companies. The Tryg Group believes the principal bases for competition in the direct general insurance business in the Scandinavian region include brand recognition of the issuing company, affinity group agreements of the issuing company, the utilisation of various distribution channels, the quality of service to customers before and after a contract is entered into, product flexibility and innovative product design. See "*Industry Overview—Developments in the Scandinavian general insurance industry*" for additional information regarding the Scandinavian general insurance market.

The Tryg Group is the largest general insurer in Denmark with a market share of 22.9% based on gross premium income in 2019, the latest period for which data are publicly available, according to Forsikring og Pension. The Danish general insurance market is the least consolidated market in Scandinavia with market participants tending to focus on customer service, which contributes to high retention rates and therefore low expense ratios. See "*Industry Overview—Developments in the Scandinavian general insurance industry—Scandinavian general insurance market—Premiums—Danish general insurance market*" for additional information regarding the Danish general insurance market. Danish general insurance customers tend to hold more than one policy with the same insurance company; therefore all insurers tend to offer a broad range of products and have bundling and discount programmes. Online sales are relatively uncommon in Denmark, but are growing and expected to grow further in the coming years. See also "*Industry Overview—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Denmark—Denmark*" for a discussion of the impact of the COVID-19 pandemic and COVID Measures on the Danish general insurance market and economy.

The Tryg Group is the fourth largest general insurer in Norway with a market share of 13.2% based on gross premiums written in 2020 (2019: 13.3%), according to Finans Norge. The Tryg Group's Norwegian business has grown in part through the acquisition of smaller Norwegian non-life insurance companies, including OBOS, Enter and Komplett. The Tryg Group's main competitors in Norway are: Gjensidige, a large mutual insurance company in Norway; If P&C Insurance Holding Ltd, a subsidiary of Sampo plc; and Fremtind (which was formed as a result of a merger between SpareBank1 Forsikring and DNB Forsikring in 2019, previously the fourth and fifth largest property and casualty insurers in the Norwegian market). The Norwegian general insurance market is highly concentrated, with the top four insurers (including the Tryg Group) controlling approximately 74% of Norwegian market share based on gross premiums written in 2019, according to the Finans Norge. See "*Industry Overview—Developments in the Scandinavian general insurance industry—Scandinavian general insurance market—Premiums—Norwegian general insurance market*" for additional information regarding the Norwegian general insurance market. The Norwegian general non-life insurance market has recorded higher levels of growth in recent years compared to the Swedish and Danish general non-life insurance markets and is considered to have the largest growth potential of the Scandinavian countries as Norway is the wealthiest country in Scandinavia by GDP per capita in 2018 according to the International Monetary Fund ("**IMF**"). Growth in the Norwegian general non-life insurance market in recent years has been driven by household and motor rate increases and increased demand for specialty insurance. See "*Industry Overview—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Norway*" for a discussion of the impact of the COVID-19 pandemic and COVID Measures on the Norwegian general insurance market and economy.

The Tryg Group is the fifth largest general insurer in Sweden with a market share of 3.4% based on gross premium income in 2020, according to Svensk Försäkring (2019: 3.3%). The Tryg Group's main competitors in Sweden are: Folksam Försäkringsbolag; Länsförsäkringar; If P&C Insurance Holding Ltd and Trygg-Hansa. The Swedish general insurance market is highly concentrated, with the aforementioned top four insurers controlling approximately 79% of Swedish market share based on gross premiums written in 2019, according to Svensk Försäkring. See "*Industry Overview—Developments in the Scandinavian general insurance industry—Scandinavian general insurance market—Premiums—Swedish general insurance market*" for additional information regarding the Swedish general insurance market. The Swedish general non-life insurance market is the largest Scandinavian insurance market, and mutual insurance companies owned by their policyholders are a strong force in the Swedish market. In recent years, large incumbent property and casualty insurers have maintained their strong positions, each with their own niches in terms of products and customer segments. See "*Industry Overview—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Sweden*" for a discussion of the impact of the COVID-19 pandemic and COVID Measures on the Swedish general insurance market and economy.

8.13 Credit ratings

Moody's, a major international credit rating agency, has rated the Tryg Group on an annual basis since 2016. In February 2019, Moody's assigned an "A2" Issuer Rating to Tryg Forsikring A/S. In July 2019, Moody's assigned an "A1" Financial Strength Rating with a positive outlook to Tryg Forsikring A/S. In April 2020, Moody's assigned an "A1" Financial Strength Rating with stable outlook to Tryg Forsikring A/S. This rating was affirmed on 18 November 2020 following the announcement of the Acquisition. For business, competitive and financial reasons, it is the Tryg Group's intention to maintain an "A" range rating.

Moody's Insurance Financial Strength Ratings are opinions on the ability of insurance companies to repay punctually senior policyholder claims and obligations. According to Moody's, insurance companies rated "A" offer good financial security. However, elements may be present which suggest a susceptibility to impairment sometime in the future. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from "Aa" through "Caa". Numeric modifiers are used to refer to the ranking within a group, with 1 being the highest and 3 being the lowest. However, Moody's states that the financial strength of companies within a generic rating symbol is broadly the same.

8.14 Legal proceedings

As of the date of this Prospectus, the Tryg Group is not, and during the previous 12 months has not been, involved in any material governmental, legal or arbitration proceeding which may have or have had in the recent past significant effects on the Tryg Group's financial position or profitability. However, the Tryg Group is a party to various legal proceedings arising in the ordinary course of business, including two pending cases involving the Danish Consumer Ombudsman. These cases are described below. Since legal proceedings are subject to numerous uncertainties, their outcome cannot be predicted with any certainty. However, the Tryg Group believes that the resolution of the legal proceedings referred to below will not have a material adverse effect on its consolidated financial condition, results of operations or cash flows, see also "*Risk Factors—Litigation and regulatory investigations and sanctions may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects*".

Danish Consumer Ombudsman

On 25 January 2019, Alka (now merged into Tryg Forsikring A/S) received an indictment from the Danish prosecution service where Alka was charged with violations of the Danish Marketing Act. The indictment related to an allegedly misleading marketing campaign on

Danish television and on YouTube in the period from February 2016 to November 2017. Such marketing campaign featured advertisements to the effect that prices for customers for Alka's policies would not change, which the Danish Consumer Ombudsman argued was contrary to the terms and conditions for the advertised policies, and thus, potentially misleading to consumers. Alka has been in dialogue with the Danish Consumer Ombudsman in order to enter into a settlement agreement, but the Danish Consumer Ombudsman has rejected an amicable solution as it finds the case to be a leading case of a wider public interest. The trial was scheduled to take place on 20 April 2020 at the City Court of Glostrup but has been postponed to the first half of 2021 due to COVID-19. Although any potential fine is expected to be insignificant in the context of the Tryg Group's business, even in a worst-case scenario, there is a risk of reputational damage for the Tryg Group in relation to this matter.

In addition, based on a whistle blower report, the Danish Consumer Ombudsman has chosen to initiate a case questioning the legal basis for the Tryg Group's price increases from March 2016 until February 2020 in excess of usual indexation. The price increases were related to certain insurance products for private individual consumers. In May 2020, the Tryg Group informed the Danish Consumer Ombudsman that the price increases were conducted in accordance with DFSA rules and guidance and the terms of the relevant insurance policies. In a letter of 27 October 2020 the Danish Consumer Ombudsman informed the Tryg Group that the Tryg Group's price increases (which were not notified to customers) from March 2016 until February 2020 in excess of indexation did not have a legal basis. According to the Danish Consumer Ombudsman, the customers affected by these price increases and whose claims are not time-barred or lost due to passivity have a repayment claim against the Tryg Group. The Tryg Group does not agree with the Danish Consumer Ombudsman's assessment. The Tryg Group is monitoring the situation, including in relation to implications on the Tryg Group's ability to pass on price increases to customers in Denmark.

The DFSA

The Tryg Group is currently a part of an investigation of 19 insurance companies by the DFSA regarding discrimination against pregnant women. The Tryg Group received a letter from the DFSA regarding the investigation on 28 October 2020 and submitted a detailed response to the DFSA in relation to this matter on 30 November 2020.

The Tryg Group recognised that it had, in a limited number of specific situations, failed to treat pregnant women in accordance with applicable discrimination legislation. The Tryg Group is in the process of a thorough internal investigation to identify and remedy this situation. Actions taken by the Tryg Group pursuant to such internal investigation include changing standard policy wording for certain insurance terms, changing claims practices, reassessing old claims and notifying customers. The direct financial impact is currently assessed to be limited, as the Tryg Group's examination of old claims has to date identified a very limited number of wrongfully rejected claims. There is, however, a risk of reputational damage and fines for the Tryg Group in relation to this matter.

8.15 Information technology

The Tryg Group operates a number of information and communications systems in order to support its business. From 2017 to 2020, the Tryg Group has engaged in increased investment in IT. Since 1 April 2019, the IT-data committee has been a permanent Supervisory Board committee; the IT-data committee meets three times a year and advises the Supervisory Board on matters relating to information technology and data protection.

The Tryg Group's information technology systems are operated, maintained and supported by in-house providers and by third party outsourcers. With a growing number of its new policies being originated online, the Tryg Group's information technology infrastructure and systems underpin the business and it strives to ensure that its systems and infrastructure are kept up to date, including through use of third party partners and suppliers. The Tryg Group's most important outsourcing suppliers provide IT services, and in particular IT development and IT infrastructure services; IT outsourcing decisions, like

all the Tryg Group's outsourcing decisions, are made by Tryg Group's Supervisory Board subject to a recommendation from the Executive Board after analysis of whether the activities are suitable for outsourcing, possible risks for the Tryg Group, and how these risks maybe mitigated adequately. In 2019, the Tryg Group collaborated with approximately 100 partners and suppliers, with approximately 80% of IT external development expense spent with its ten largest partners and suppliers and approximately 85% of external infrastructure expense spent with its four largest partners and suppliers.

As an insurance business, the Tryg Group is subject to the risk management requirements of the DFBA and Solvency II. The Tryg Group's Supervisory Board defines its risk management framework as regards, among others, IT security, in policies and guidelines for its Executive Board. The security of the Tryg Group's IT systems is regarded as being of paramount importance. The Tryg Group believes it has an adequate control environment for its operations, including in relation to IT security. The Tryg Group has established comprehensive contingency plans primarily focusing on business critical systems which seek to ensure that it can continue to operate its business in the event of an information technology systems failure and it regularly reviews and updates these plans.

8.15.1 Data protection

Data security and GDPR are important issues for the Tryg Group. From 2016 to 2018, the Tryg Group ran a Scandinavian GDPR implementation programme with assistance from PwC to prepare for the entering into force of GDPR in May 2018. Compliance with the GDPR is an ongoing task and the Tryg Group is working to further enhance its GDPR compliance framework. In 2019, the Tryg Group introduced an online learning platform to educate employees about the basics of data security. All new Tryg Group employees are required to complete e-learning programmes on GDPR and IT security as part of their onboarding programme. Following the invalidation of the EU—U.S. Privacy Shield by the CJEU on 16 July 2020 in Case C-311/18 Data Protection Commissioner v Facebook Ireland Limited and Maximillian Schrems ("**Schrems II**"), the CJEU has required the adoption of "supplementary measures" to provide legal certainty for U.S. data transfers. The precise nature of such supplementary measures has been further substantiated in guidance by the European Data Protection Board ("**EDPB**") issued on 11 November 2020, pursuant to which the Tryg Group has established a working group to assess its transfers to countries outside the EU/EEA and to ensure that it complies with GDPR chapter V, as interpreted by the CJEU in the Schrems II ruling.

The Tryg Group also maintains an IT disaster recovery plan for business critical applications at the two data centres used by the Tryg Group. The recovery plan encompasses a variety of tests and preventive activities with the relevant persons at the two data centre sites in order to ensure compliance with pre-determined data recovery times.

Whilst the Tryg Group believes it has adequate procedures in place to protect customer data, it experienced a number of minor data breaches in its day-to-day business in the period from 25 May 2018 to 3 October 2019. These data breaches were notified to the DDPA in accordance with GDPR. Based on the Tryg Group's notifications to the DDPA, the DDPA decided on 4 November 2019 to initiate an inquiry into the matter, pursuant to which Tryg Forsikring A/S explained the reasons for the breaches and the remedies taken to minimise the number of breaches. Based on the presented information and after an overall assessment of the case, the initiatives and safeguards in place at Tryg Forsikring A/S, the DDPA found, on 3 April 2020, that Tryg Forsikring A/S' follow-up on the breaches in question appeared to be adequate and in accordance with the requirements of GDPR Article 32. The DDPA considers the case closed.

In addition, from 4 July 2019 to 5 August 2020, customer data including usernames and admin access codes was exposed to Scalepoint IT developers, third-party developers employed by the Tryg Group, in Poland and the Ukraine. Scalepoint has informed the Tryg Group that the DDPA has finalised its investigation against it and has closed the case. The Tryg Group has not yet received the DDPA's final decision regarding the Tryg

Group's notification of the breach. The DDPA may require that the Tryg Group notify the relevant data subjects based on a new risk assessment. However, the Tryg Group believes that the DDPA's assessment will not result in substantial sanctions.

8.16 Intellectual property

The Tryg Group has registrations for the trademarks under which it operates. In Denmark, the Tryg Group has registered, among other brands, the "Alka", "Tryg" and "Tryg Garanti" brands as trademarks and the life buoy it uses to promote the Tryg brand. In Norway, the Tryg Group has registered, among other brands, the "Tryg" and "Enter" brands together with the life buoy its uses to promote the brands and the "Enter" brand. In Sweden, the Tryg Group has registered, among other brands, the "Moderna", "Bilsport & Mc" and "Atlantica" brands.

8.17 Employees

The Tryg Group values its employees, who provide peace of mind for more than four million customers and process more than one million claims a year. The following table provides the number of the Tryg Group's full-time employees as of 31 December 2020 by country.

Country	Number of Employees
Denmark	2,859
Norway	1,100
Sweden	441
Total	**4,400**

The following table provides the number of the Tryg Group's full-time and full-time equivalent employees at the end of the periods indicated.

	2020	2019	2018	2017
Number of full-time or full-time equivalent employees	4,400	4,151	4,027	3,373

In the Scandinavian countries, pay and working conditions are generally determined by means of collective bargaining agreements entered into between trade unions and employers' associations. It is characterised by the social partners being largely autonomous in fixing the rules on the labour market. This also applies for the insurance sector including the Tryg Group, where the majority of the employees are covered by a collective bargaining agreement. The majority of the Tryg Group's employees in Denmark, Norway and Sweden, respectively, were covered by collective bargaining agreements with labour unions with which the Tryg Group has agreements.

The employee associations are represented in the Tryg Group's Workers' Councils and employees have elected four employee representatives to the Tryg Group's Supervisory Board. Employee representatives are also elected to serve on various committees, including the remuneration committee and IT-data committee. The Tryg Group monitors developments in employee satisfaction through its annual employee satisfaction survey. In its 2020 employee satisfaction survey, the Tryg Group recorded a level of job satisfaction of 80 (2019: 78); this compares favourably to job satisfaction scores of 74 (2019: 74) for Nordic financial companies and 72 (2019: 71) for Nordic companies more generally, in both cases as reported by the Global Employee and Leadership Index. In 2019, the Tryg Group recorded a job loyalty score of 88, compared to 82 for Nordic financial companies and 81 for Nordic companies, in both cases as reported by the Global Employee and Leadership Index. Employee turnover was 12.18% in 2019 (2018: 9.96%), with average employee tenure of 9.81 years in 2019 (2018: 11.2 years). The Tryg Group has observed increases in employee turnover and decreases in employee turnover, reflecting a wider trend in the Danish labour market. The Tryg Group believes its relations with its employees, and the unions of which its employees are members, are good.

8.18 Material properties

The Tryg Group rents all of its office space used for administrative purposes. Properties are rented by the Tryg Group on market terms and conditions, except that the lease agreement for its head office in Denmark cannot be terminated by either the Tryg Group or its landlord before 2038. In Denmark, the Tryg Group rents nine regional customer centres, including one in the head office in Ballerup. In Norway, the Tryg Group rents its head office in Bergen, a regional office in Trondheim and 12 regional customer centres, including Enter Forsikring's customer centre. In Sweden, the Tryg Group rents its head office in Stockholm and six regional customer centres. The Tryg Group uses all of the aforementioned properties for administrative purposes. For a description of the real property the Tryg Group holds as a part of its investment portfolio, see "*—Investments—Asset allocation—Investment property*".

9. CORPORATE RESPONSIBILITY

The Tryg Group publishes an annual corporate responsibility report providing extensive ESG data and uses ESG criteria as a tool in the day-to-day management of the Tryg Group and its investments. The Tryg Group aims to be transparent, document how it complies with its corporate responsibility policy and demonstrate its results and performance in this regard. A Corporate Responsibility Board has been established, chaired by the Tryg Group's Corporate Chief Financial Officer and includes members from the business and support functions to ensure an appropriate focus on and prioritisation of the Tryg Group's corporate responsibility agenda. The Corporate Responsibility Board meets four times each year to discuss corporate responsibility risks, opportunities and recommend actions for further improvements. The Tryg Group's Corporate Responsibility Board plays an advisory role in supervising the Tryg Group's strategic direction and initiatives and its recommendations are reported to the Executive Board. In addition, the Corporate Responsibility Board oversees and monitors performance of corporate responsibility targets and follows up on or initiates such targets for the Tryg Group.

The Tryg Group has established a corporate responsibility agenda with the aim of becoming a responsible employer, offering sustainable solutions to its customers in light of globalisation, climate change, urbanisation and technological developments and ensuring a green profile for its business. In line with this agenda, the Tryg Group's role as a signatory member to the UN Global Compact and pursuant to the UN Sustainable Development Goals, the Tryg Group has disclosed the following areas of strategic focus for 2020:

- *Actively creating peace of mind*. The Tryg Group aims to actively create peace of mind through development of claims prevention products and through participation in various initiatives such as Lifebuoys, which aims to prevent drowning accidents in Norway. For example, in 2019, the Tryg Group contributed 2,500 life buoys (2018: 2,000) through the Lifebuoys initiative. In 2020, the Tryg Group posted informational videos on its Norwegian social media websites about how to prevent drowning incidents.
- *Climate and environmental impact*. The Tryg Group aims to reduce its waste volumes significantly, including its target of achieving carbon neutrality in 2023 and carbon emission reductions of 30% in 2023 and 50% in 2030.

  The Tryg Group calculates its carbon emissions in accordance with standards set forth by the Greenhouse Gas Protocol Initiative (the "**GHG Protocol**"). In 2020, the Tryg Group achieved a 51% reduction in carbon emissions compared to the prior year, corresponding to a decrease of 2,626 tonnes of carbon emissions in total and 633 kg of carbon emissions per employee. However, 2020 was an unusual year due to the outbreak of the COVID-19 pandemic and related travel restrictions, which significantly reduced the amount of business travel conducted by the Tryg Group's employees. The Tryg Group intends to apply some of the learnings from the COVID-19 pandemic in order to further limit carbon emissions from business travel in the future.
- *Responsible workplace*. The Tryg Group has established initiatives that focus on minimising or eradicating unconscious bias in the recruitment process and that tackle gender disparities at management level. The Tryg Group disclosed a target of 41% women in management positions in 2020 and has focused on improving gender balance in the workplace. The percentage of women in management positions increased from 33% in 2018 to 35% in 2019 to 38% in 2020. The Tryg Group recorded a 50% gender balance for managerial recruitments in 2020. The Tryg Group aims to continue its efforts to increase the number of women in management positions and to increase diversity at all levels of the Tryg Group's organisation.
- *Business ethics*. The Tryg Group aims to ensure compliance with regulatory obligations as well as good governance and high ethical standards with a range of policies, action plans and management systems for, among other things, data

protection, fraud detection, whistleblowing, responsible investments and supply chains.

The Tryg Group has formulated a new corporate responsibility strategy, "Driving sustainable impact", which will govern its corporate responsibility efforts up to and including 2023. This corporate responsibility strategy focuses on how the Tryg Group and its employees can contribute to a more sustainable society, and how the Tryg Group can support its suppliers and customers to make more sustainable choices. The strategy is comprised of the following three strategic pillars:

- *Responsible company*. The Tryg Group intends to engage in responsible procurement, with a 2023 target of screening between 50% and 70% of its suppliers to ensure they comply with sustainability and performance targets; the Tryg Group also aims to have 40% of these screened suppliers achieving a high performance rating. The Tryg Group aims to engage in responsible investments with 100% of its external asset managers as signatories of the UN Principles for Responsible Investment in 2023. The Tryg Group has disclosed additional targets for 2030, including achieving a 50% carbon intensity reduction from its equity portfolio and the complete exclusion of fossil fuel production companies from its portfolio. The Tryg Group also intends to create a more diverse workplace by increasing the percentage of women in management positions to 41% in 2023.
- *Green workplace*. The Tryg Group supports the Danish government's ambition of reducing carbon emissions by 70% in 2030 compared to 1990. Its ambition to be a green workplace calls for a change in mindset, actions and habits, including in relation to the carbon footprint associated with the Tryg Group's offices, transport and travel. The Tryg Group aims to achieve a 30% reduction in its carbon footprint by 2023 and 50% by 2030, in each case compared to its carbon dioxide emissions in 2019.
- *Sustainable insurance.* The Tryg Group intends to focus on areas in which, through its business, it can have an impact, including through the development of a framework for identifying and assessing more sustainable claims handling methods. Climate-friendly claims handling approaches include, among others, repairing car windscreens instead of replacing them. In 2023, the Tryg Group aims to achieve a 20% increase in sustainable claims spend compared to 2020 claims spend and to reduce carbon dioxide emissions by 10,000 to 15,000 tonnes from the level recorded in 2020 through the implementation of climate-friendly claims handling methods.

10. BUSINESS OF RSA SCANDINAVIA

Investors should read this "Business of RSA Scandinavia" in conjunction with the more detailed information contained in this Prospectus, including the financial and other information referred to in "Presentation of Financial Information—Presentation of financial information for Trygg-Hansa and Codan Norway", "Presentation of Financial Information—Presentation of financial information for Codan Denmark" and "Additional Information—Information incorporated by reference" and which is incorporated by reference into Prospectus as set out therein.

10.1 Overview

As of the date of this Prospectus, RSA Scandinavia operates as the Scandinavian operating segment under IFRS 8 (Operating Segments) of the RSA Group, whose ultimate parent is RSA Insurance Group plc; the RSA Group is one of the world's leading international property and casualty insurers with over 300 years of experience in the insurance industry, providing products and services in over 170 countries through a global network of local partners. RSA Scandinavia is a leading general non-life insurer in Scandinavia. In Sweden, Trygg-Hansa is the fourth largest general insurer with a market share of 13.5% based on gross premium income in 2020, the latest period for which data are publicly available, according to Svensk Försäkring (2019: 14%). In Norway, Codan Norway is the tenth largest general insurer with a market share of 2.1% based on gross premiums written in 2020, according to Finans Norge (2019: 2.2%). In Denmark, Codan Denmark is the third largest general insurer with a market share of 9.9% based on gross premium income in 2019, the latest period for which data are publicly available, according to Forsikring og Pension.

RSA Scandinavia's most important brands are "Trygg-Hansa" under which RSA Scandinavia sells general non-life insurance in Sweden, "CODAN" under which RSA Scandinavia sells general non-life the insurance in Norway and Denmark, and "Privatsikring" under which a Danish subsidiary within RSA Scandinavia distributes general non-life insurance in Denmark in close partnership with Danish banks.

RSA Scandinavia offers a broad range of general non-life insurance products as well as accident and health insurance to the Scandinavian private and commercial markets and conducts cross-border activities in all EU countries through multiple distribution channels. RSA Scandinavia distributes its general insurance products primarily through direct channels, including call centres, tied agents and the Internet. RSA Scandinavia also distributes its non-life insurance products through strategic partnership agreements with financial institutions, trade unions, professional associations and other affinity or shared-interest groups as well as making use of intermediaries such as brokers. In addition, RSA Scandinavia has agreements with brokers in the commercial market. RSA Scandinavia's products for personal customers include personal motor, home, personal accident and health and travel insurance. RSA Scandinavia's products for commercial customers include construction and engineering, power and renewable energy, motor, casualty or liability, professional financial, marine, health and property insurance.

Based on information provided by RSA Scandinavia to the Tryg Group, the Tryg Group believes that as of 31 December 2020 RSA Scandinavia's insurance products protected approximately 1.2 million households and approximately 120,000 companies in Sweden (2019: approximately 1.18 million households and approximately 118,000 companies), 49,000 private and individual customers and 7,000 companies in Norway (2019: approximately 51,000 private and individual customers and approximately 7,000 companies), and 234,000 households and 38,800 companies in Denmark (2019: approximately 241,000 households and approximately 43,000 companies). For the year ended 31 December 2020, Trygg-Hansa and Codan Norway recorded:

- gross premiums written of DKK 9.8 billion (2019: DKK 10 billion);
- a profit/loss before taxation of DKK 1.2 billion (2019: DKK 2.6 billion);
- a combined ratio of 79.2% (2019: 78.0%); and
- a gross expense ratio of 15.6% (2019: 14.7%).

RSA Scandinavia's main operating segments are its Personal Lines and Commercial Lines segments which contributed 59% (2019: 59%), and 41% (2019: 41%), respectively, to RSA Scandinavia's net premium income as of 31 December 2020. Trygg-Hansa and Codan Norway's main operating segments are its Personal Lines and Commercial Lines segments which contributed 67% (2019: 68%), and 33% (2019: 32%), respectively, to Trygg-Hansa and Codan Norway's net premium income as of 31 December 2020. As of 31 December 2020, RSA Scandinavia had approximately 2,600 full-time employees.

As of the date of this Prospectus, RSA Scandinavia is managed via a country-based organisational model with some support functions and services at the regional and head office level. RSA Scandinavia's Swedish, Norwegian and Danish country organisations contributed 59.3% (2019: 58.5%), 6.7% (2019: 7.1%) and 34.0% (2019: 34.4%), respectively, to RSA Scandinavia's net premium income as of 31 December 2020. Each of the three country organisations broadly consists of the following functions: Personal Lines; Commercial Lines; Brand & Marketing; Underwriting; Operations & Process; and Claims. The Scandinavian support functions are comprised of: IT; Finance; COO; Nordic Underwriting; HR; Risk & Compliance; Legal; and CEO Office. While there is some level of shared resources relating to RSA Scandinavia Finance and IT support functions, a part of the Finance function is independent among the three country organisations and front-end IT systems are specific to each country. The Scandinavian support functions are split across Copenhagen and Stockholm, in addition to an IT and Recruitment Hub located in Malmo, Sweden. Certain processes of these functions have been outsourced to third parties. RSA Scandinavia receives additional support for its operations from the RSA Group, including risk and claims management, investment management, underwriting services, actuarial services, balance sheet reconciliations, IT and loss control services. Certain of these support services, including actuarial services, are provided by the RSA Group subsidiaries that are incorporated in India and operate primarily from offices in India.

The intention is for RSA Scandinavia to be separated from the RSA Group at Completion. Following Completion and the Scandinavia Carve-Out, a full demerger is expected to be conducted for the purpose of delivering Trygg-Hansa and Codan Norway to the Tryg Group, with Codan Denmark expected to continue to be co-owned by Intact Group and the Tryg Group following such demerger on a 50/50 economic basis whilst Intact assesses strategic alternatives for Codan Denmark (which may include exploring a sale if there is compelling interest from potential buyers or an IPO). Intact Group will have responsibility for managing Codan Denmark. The Tryg Group and Codan Denmark are and will remain competitors throughout and after the Transaction. These arrangements are described more fully in this Prospectus under the heading "*Details of the Proposed Transaction*" that the contracts which govern them and are material to the Tryg Group are described more fully under "*Material Contracts*".

10.2 Strengths

The Tryg Group believes that the following strengths of RSA Scandinavia will help the Tryg Group and the Enlarged Group achieve their strategic objectives:

- ***Strong market positions***. RSA Scandinavia benefits from strong market positions in Scandinavia in particular in Sweden. Upon Completion, the Tryg Group will co-own Codan Denmark on a 50/50 economic basis with Intact Group; however, the Tryg Group and Codan Denmark will remain completely independent companies and competitors in the Danish market at all times, with Intact Group having full operational control of Codan Denmark. RSA Scandinavia is the fifth largest property and casualty insurer in the Scandinavian market (based on latest available statistics from Forsikring og Pension in relation to Denmark, Finans Norge in relation to Norway, and Svensk Försäkring in relation to Sweden), the fourth largest property and casualty insurer in Sweden based on gross premium income (according to Svensk Försäkring), the tenth largest property and casualty insurer in Norway based on gross premiums written (according to Finans Norge) and the third largest property and casualty insurer in Denmark based on gross premium income (according to Forsikring og Pension).

Trygg-Hansa has strong market shares in niche segments of the Swedish insurance market, including child insurance. RSA Scandinavia is a market leader for insuring offshore wind energy globally with plans to continue to develop solutions for the renewable energy industry; Codan Denmark's commercial business insures large renewable energy plants both inside and outside of Scandinavia.

- ***Diversified business by geography and product.*** RSA Scandinavia's insurance book is diversified by geography and product, which the Tryg Group believes has helped to cushion the business from extreme weather events, disasters or other events that affect individual business lines and regions. In FY 2020, RSA Scandinavia's net written premiums were split 58.8% (2019: 59.1%) and 41.2% (2019: 40.9%) among personal and commercial products, respectively. The Tryg Group believes RSA Scandinavia has benefitted from having a well-diversified general insurance portfolio, particularly in relation to the resilience of its Swedish business in the face of the COVID-19 pandemic and related COVID Measures. Whilst the COVID-19 outbreak and related COVID Measures have had a severe negative impact on isolated sectors such as the Swedish motor industry (which has in turn impacted premiums in the Swedish motor insurance portfolio), these impacts have been largely offset by lower claims frequencies in motor and property (home and contents) lines of business as well as consistent sales of RSA Scandinavia's other products in Sweden, including health and child insurance.

  RSA Scandinavia has strived to have a comprehensive personal and commercial non-life general insurance product offering, and maintains licences for life insurance businesses in Sweden and Norway to support its personal accident and broader non-life general insurance product offering. In particular, the Tryg Group believes RSA Scandinavia holds broad and deep competencies within all types of personal and commercial property and casualty insurance. Each product area is scrutinised to ensure it serves a larger role within RSA Scandinavia's personal and commercial operating segments; for example, RSA Scandinavia has observed that its home and contents insurance portfolio has taken longer to develop than other product portfolios. However, the home and contents portfolio has been prioritised because RSA Scandinavia has observed that customers with its home and contents insurance tend to be more loyal and thus are key for cross-selling of other insurance products.

  For the year ended 31 December 2020, Trygg-Hansa and Codan Norway had gross premiums written of DKK 9.8 billion (2019: DKK 10 billion). The Tryg Group believes Trygg-Hansa has strong customer appeal, a sustainable market leadership position and the management and financial capacity to succeed in its core lines of business and geographic segments as part of the Enlarged Group. The Tryg Group also believes that such core businesses benefit from diversification and balance.

- ***Strong customer foundations.*** Based on information provided by RSA Scandinavia to the Tryg Group, the Tryg Group believes that as of 31 December 2020, RSA Scandinavia's insurance products protected approximately 1.2 million households and approximately 120,000 companies in Sweden (2019: approximately 1.18 million households and approximately 118,000 companies), 49,000 private and individual customers and 7,000 companies in Norway (2019: approximately 51,000 private and individual customers and approximately 7,000 companies), and 234,000 households and 38,800 companies in Denmark (2019: approximately 241,000 households and approximately 43,000 companies). RSA Scandinavia has operated under widely recognised retail and commercial brands, including "Trygg-Hansa" in Sweden and "CODAN" in Norway and Denmark and "Privatsikring" in the local banking sector in Denmark. RSA Scandinavia's premium retention rates were 80.3% as of 31 December 2020 and 83% as of 31 December 2019, respectively. The Tryg Group believes RSA Scandinavia's net promoter scores are strong (a commonly

used metric of customer satisfaction), with Codan having recorded a net promoter score of + 74 in Denmark at 31 December 2020 (2019 and 2018: +76). Net promoter score is calculated based on responses to customer surveys and represents the number of customers who would recommend RSA Scandinavia's products less the number of customers who would not, with the creators of this metric indicating that a net promoter score of 60 or higher is generally considered good.

- ***Active and prudent capital management***. The RSA Group has aimed in the management of its Scandinavia operating segment to generate long-term value while balancing the requirements of policyholder security and regulatory and rating agency requirements to maintain certain levels of capital. The RSA Group has sought to maintain a financial strength rating in the "A" range to maintain financial flexibility and to provide the rating strength which corporate customers may require. The RSA Group currently maintains an "A" financial strength rating from S&P (effective from August 2020), which has been placed on creditwatch negative following the announcement of the Acquisition. According to S&P, the creditwatch placement was primarily related to the Tryg Group and Intact Group potentially having weaker credit profiles than that of the RSA Group. Royal & Sun Alliance Insurance plc was assigned a "A2" financial strength rating from Moody's (effective from July 2020). The Tryg Group believes RSA Scandinavia has benefitted from the RSA Group's support and expertise in capital and investment management. Codan Forsikring A/S currently maintains ratings from both S&P and Moody's at the same level as the RSA Group rating (i.e. at "A" and "A2", respectively) but has been placed on creditwatch negative by S&P. According to S&P, the creditwatch placement was primarily related to the Tryg Group and Intact Group potentially having weaker credit profiles than that of the RSA Group. Codan Forsikring A/S' rating is under review for downgrade by Moody's following the announcement of the Acquisition. According to Moody's, the review for the downgrade was primarily related to anticipated weakening of Codan Forsikring's stand-alone credit profile following the intended purchase of Trygg-Hansa and Codan Norway by the Tryg Group, and the split ownership of Codan Denmark.

10.3 Strategy

10.3.1 The RSA Group strategy as it applies to RSA Scandinavia

The RSA Group's common purpose has been to create a best-in-class general insurance group and RSA Scandinavia's business model and strategy have been designed "to be our best for our customers every time, every day". The best-in-class ambition has been focused on winning with customers, delivering best-in-class cost efficiency, achieving best-in-class underwriting and claims, embedding innovation and efficiency and building future capabilities and leadership.

10.3.2 RSA Scandinavia regional strategy

The RSA Group's Scandinavian regional strategy has been designed to support RSA Scandinavia's 'go-to-market strategies' for the three countries of Scandinavia, which have focused on "fixing the fundamentals" across the Danish business, finance and IT functions, running key strategic projects and activities across the business and building a longer term view of optimal cost-positioning.

10.3.3 Country strategy — Trygg-Hansa

The RSA Group's Sweden country strategy has been focused on Trygg-Hansa as a solid platform from which to grow its business in Sweden to its full potential. Trygg-Hansa is one of the most recognised brands in Sweden, with its iconic life buoys and brand promise of "insurance that makes it easy to feel safe". In 2018, Trygg-Hansa stated its strategic focus would be to provide a market-leading digital experience and service (referred to as "Leading Digital"), although delivering on this ambition remains a work in progress. Trygg-Hansa has also been focusing on creating a cost-efficient offering model;

in part because this model has not been fully aligned with its growth ambitions, Trygg-Hansa has been growing less than its peers in the Swedish general insurance market leading to its market share based on gross premium income declining from 15.9% in 2013 to 13.5% in 2020 (in each case according to Svensk Försäkring) with premium growth almost entirely driven by rate increases. To address this, Trygg-Hansa has been pursuing a strategy to become the leading digital insurer in Sweden. This has required investments in systems, infrastructure, products and people with a focus on:

- *Providing modern and digital solutions for customers to purchase, manage and use their policies;*
- *Digitising the current business through automation and self-service capabilities to reach current and future cost ambitions;*
- *Using data, machine learning and advanced analytics to drive competitive advantage and maintain a high level of technical capability in areas such as pricing, risk management and fraud analysis;*
- *Exploiting positive Trygg-Hansa internal engagement around the Learning Digital position; and*
- *Strengthening customer satisfaction and employee satisfaction to be at least on par with, or better than, main competitors as measured by net promoter score and employee satisfaction surveys.*

10.3.4 Country strategy — Codan Norway

The RSA Group's Norwegian country organisation has sought to tighten its strategic focus to optimise its business mix and manage its cost base effectively. In Personal Lines, Codan Norway focuses on the lower-maintenance, "quality-seeking" customer segment, while in Commercial Lines, it has targeted less complex SMEs.

In 2017, Codan Norway began a core platform replacement project to include integrated digitisation of the business through multiple digital capabilities integrated into the new modern core platform. This project is ongoing and is due to complete in 2021. Such platform has been designed to allow for stronger organic growth, a more cost efficient base, a strong capability to build partnerships with affinity customers and provide a strong platform to integrate potential acquisitions for non-organic growth opportunities. Further initiatives have been designed and will be implemented to reduce costs. Codan Norway has tracked and will continue to track the progress of its strategy using four strategic pillars:

- *Partner-driven sales.* This strategic pillar covers Codan Norway's ambition to become the preferred insurance partner for selected partner categories and to increase sales through superior partner propositions. Marketing activities focus on promotion of partner-driven sales and the cultivation of SME broker business through low-touch broker propositions.
- *Focused propositions.* This strategic pillar covers Codan Norway's ambition to refocus its Private Lines and Commercial Lines target segments through simplifying its product offerings and providing a hassle-free customer experience through standardised and convenient propositions.
- *Process optimisation*. This strategic pillar covers Codan Norway's ambition to improve operational efficiency and precision through introduction of automated claims handling, self-service portals and predictive modelling and tariffs.
- *Digital engagement.* This strategic pillar covers Codan Norway's ambition to grow direct online sales through use of data to create personalised marketing campaigns and digital adoption; enable seamless integration with partners; and achieve market-leading cost-to-service.

10.3.5 Country strategy — Codan Denmark

The RSA Group's Denmark country organisation has focused on the following:

- *United around one Codan.* This strategic focus area covers Codan Denmark's ambition to ensure that both internal and externals paths toward customer delivery are smooth with clear mandates, roles and responsibilities. Codan Denmark aims to foster an innovative company culture oriented around common goals.
- *Make it easy to be a customer with Codan.* This strategic focus area covers Codan Denmark's ambition to strengthen customers' existing insurance solutions, develop new quality insurance products, and have a relationship with all of its customers through digital or personal contact.
- *Always act on relevant insights.* This strategic focus area covers Codan Denmark's ambition to expand its database and find new relevant data sources so as to keep updated on trends, competitors and customers, with the view to make decisions based on customer insights;
- *Prevent injury for the greater good of customers and society.* This strategic focus area covers Codan Denmark's ambition to help customers avoid injuries through utilisation of expert knowledge and an increased focus on proactive prevention counselling and service.
- *Develop value-adding solutions with partners*. This strategic focus area covers Codan Denmark's ambition to generate value with partners by prioritising those partnerships where Codan Denmark has shared ethics, values and code of conduct. Partner agreements with financial institutions and other organisations also provide Codan Denmark an opportunity to offer customers a wider range of expert knowledge and competencies.

10.4 History

Codan Forsikring A/S is a limited company incorporated and domiciled in Denmark. RSA Scandinavia conducts non-life insurance business in Sweden through Trygg-Hansa Försäkring filial, its Swedish branch, and in Norway through Codan Forsikring NUF, its Norwegian branch. Trygg-Hansa was founded in 1828 and is a part of Swedish insurance history with a strong sense of social responsibility; since 1954, Trygg-Hansa has supplied approximately 80,000 life buoys in Sweden.

RSA is a public limited company domiciled in England and Wales and was incorporated and registered in England and Wales on 26 January 1989 as a company limited by shares with the name Sun Alliance Group plc. The RSA Group was formed in 1996 through the merger of two of the then largest composite insurers in the United Kingdom, Royal Insurance Holdings plc and Sun Alliance Group plc. The RSA Group can trace its history back over 300 years to the Sun Insurance Office, which is one of the world's oldest insurance companies. The RSA Group also has a long international history, having operated in mainland Europe since the early 1800s, and in Canada and Latin America since the 1850s.

10.5 Legal structure of RSA Scandinavia and the RSA Group

The following chart provides a summary of RSA Scandinavia's legal structure as at the date of this Prospectus.

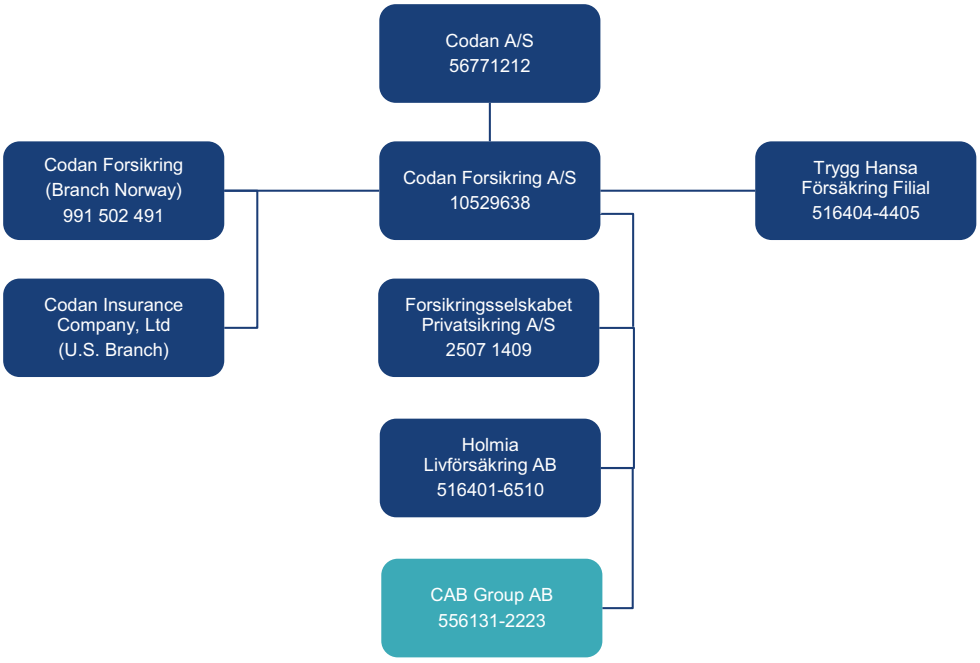

Figure 5 Summary of the legal structure of RSA Scandinavia as at the date of this Prospectus

Codan A/S owns 100% of the shares in Codan Forsikring A/S and is via intermediary companies owned by RSA Insurance Group plc, Forsikringsselskabet Privatsikring A/S, a Denmark-incorporated subsidiary which has the principal activity of general non-life insurance, and Holmia Livförsäkring AB, an insurance subsidiary incorporated in Sweden, which has the principal activity of life insurance, are wholly owned insurance subsidiaries of Codan Forsikring A/S. Codan Forsikring A/S has two material insurance branches, Codan Forsikring NUF, which operates in Norway, and Trygg-Hansa Försäkring filial, which operates in Sweden.

The following chart provides a summary of the RSA Group's legal structure as at 31 December 2020.

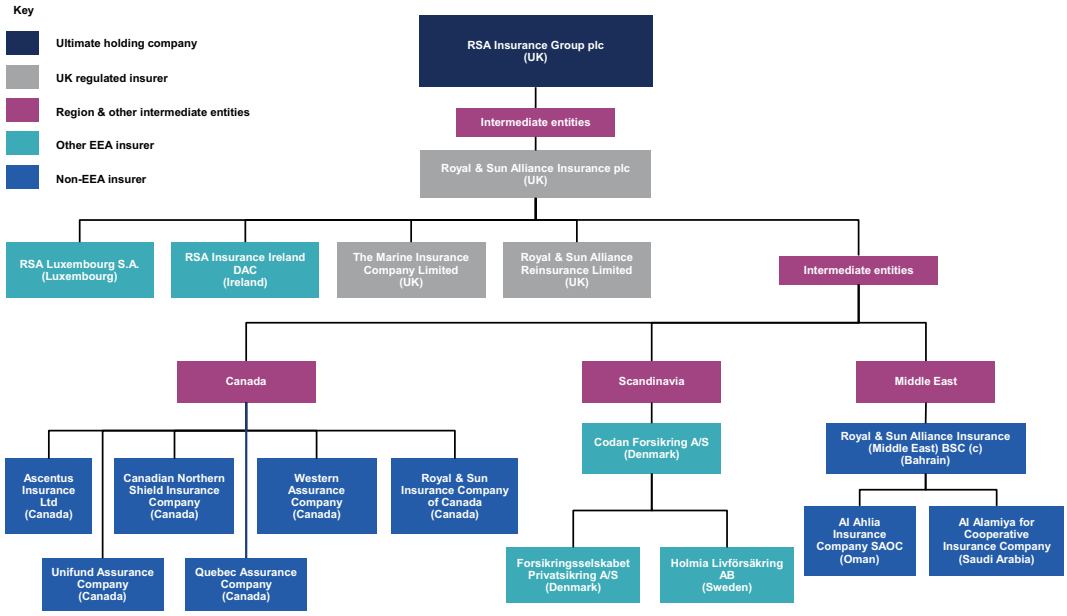

Figure 6 Summary of the legal structure of RSA Group as at 31 December 2020

See "*Details of the Proposed Transaction*" for further details of the expected legal and corporate structure of the Enlarged Group after completion of the Demerger.

10.6 Business overview

10.6.1 Country-based organisational model

RSA Scandinavia is managed via a country-based organisational model with some support functions and services at the regional and head office level. The market structure across the Scandinavian region has been very stable for a number of years with very little change in market shares among market participants in the Swedish, Norwegian and Danish general insurance industries. The RSA Group is the only global insurer with significant retail and commercial operations in Scandinavia, with RSA Scandinavia contributing 28% of the RSA Group's net written premium as of 31 December 2020 (2019: 28%), and 58% of the RSA Group's underwriting result as of 31 December 2020 (2019: 55%) and historically being the largest contributor to improvements in the RSA Group's cost ratio with a combined operating ratio of 82.3% as of 31 December 2020 (2019: 87.4%). The Tryg Group believes RSA Scandinavia has benefitted from the RSA Group's support and expertise, including in relation to financial performance through access to the RSA Group's reinsurance programme and capital diversification.

In Sweden, RSA Scandinavia is the fourth largest general insurer with a market share of 13.5% based on gross premium income in 2020, the latest period for which data are publicly available, operating under the Trygg-Hansa, Aktsam and Sveland brands according to Svensk Försäkring (2019: 14%). In Norway, RSA Scandinavia is the tenth largest general insurer with a market share of 2.1% based on gross premiums written in 2020 (2019: 2.2%) operating as Codan according to Finans Norge. In Denmark, RSA Scandinavia is the third largest general insurer with a market share of 9.9% based on gross premium income in 2019, the latest period for which data are publicly available, according to Forsikring og Pension. In Denmark, RSA Scandinavia trades as Codan as well as Privatsikring (under which a Danish subsidiary of RSA Scandinavia distributes general non-life insurance in Denmark in close partnership with Danish banks).

The country organisations are supported by RSA Scandinavia support functions, which are comprised of: IT; Finance; COO; Nordic Underwriting; HR; Risk & Compliance; Legal; and CEO Office. While there is some level of shared resources relating to the RSA Scandinavia Finance and IT support functions, a part of the Finance function is independent among the three country organisations and front-end IT systems are unique to each country organisation. The Scandinavian support functions are split across Copenhagen and Stockholm, in addition to an IT and Recruitment Hub located in Malmo, Sweden. As of 31 December 2020, RSA Scandinavia had approximately 2,600 full-time employees across six sites throughout Denmark, Norway and Sweden. Certain processes relating to the Scandinavian support functions have been outsourced to third parties. RSA Scandinavia receives certain additional support services for its operations from the RSA Group, including risk and claims management, investment management, actuarial services, balance sheet reconciliations, IT and loss control services. Certain of these support services, including actuarial services, are provided by the RSA Group subsidiaries that are incorporated in India and operate primarily from offices in India.

10.6.2 Products

RSA Scandinavia provides general non-life insurance products as well as accident and health insurance to personal and commercial customers in the Scandinavian private and commercial general non-life insurance markets, and conducts cross-border activities in all EU countries. RSA Scandinavia does not actively market and sell insurance outside of Scandinavia and its cross-border activities generally relate to customer relationships with Scandinavian companies operating outside of Scandinavia. Whilst RSA Scandinavia's ability to trade will not be restricted as a result of Brexit, there may be an impact on RSA Scandinavia's operational arrangements in relation to the broking of its Danish renewables business through the London market with more limited effect on its Swedish and Norwegian risk solutions business, in each case subject to Brexit transitional arrangements.

RSA Scandinavia's principal general non-life insurance products for personal customers include:

- Private motor—insurance varies by territory and typically covers against liability for both bodily injury and property damage, for physical damage to an insured's vehicle from collision and various other risks;
- Home and contents—insurance covers against loss of or damage to the buildings and contents of private residences with a range of additional features, such as coverage for valuables away from home and liability arising from ownership or occupancy;
- Personal health and accident—policies which provide insured benefits in the event of, amongst other things, illness, injury hospitalisation, accidental death or disability, including a child's sickness, injury, or disability;
- Travel—policies which provide benefits in the event of cancellation or curtailment, travel delays, loss of personal baggage or money, emergency medical and travel expenses and legal expenses; and
- Specialty Covers—these policies provide coverage associated with an affinity partner. These can include, for example, coverage in the event of mechanical breakdown of a personal device or domestic appliance, short-term life insurance with a 1-year term, or unemployment benefit offered as part of a package of benefits associated with a credit card.

Based on information provided by RSA Scandinavia to the Tryg Group, the Tryg Group believes that RSA Scandinavia's insurance products protected over 1.19 million households and over 120,000 companies in Sweden (2019: approximately 1.18 million households and approximately 118,000 companies), 49,000 private and individual customers and 7,000 companies in Norway (2019: approximately 51,000 private and individual customers and approximately 7,000 companies), and 234,000 households and 38,800 companies in Denmark (2019: approximately 241,000 households and approximately 43,000 companies).

RSA Scandinavia's principal non-life general insurance products for commercial customers include:

- Motor—insurance varies by territory and typically covers businesses against liability for both bodily injury and property damage and for physical damage to an insured vehicle from collision and various other risks resulting from the ownership, maintenance or use of cars and trucks in a business;
- Property—insurance covers against loss or damage to buildings, inventory and equipment from natural disasters, including hurricanes, windstorms, earthquakes, floods, hail, explosions, severe winter weather and other events such as theft and vandalism, fires and financial loss due to business interruption resulting from covered losses;
- Construction and Engineering—insurance covers against loss and damage to buildings, machinery breakdown and liability arising from construction, engineering, operational risk, project financing risk and construction, plant and equipment products;
- Marine (cargo)—insurance covers against physical loss or damage to goods, cargo and stock and liabilities arising from haulage and freight and other marine transportation as well as ports and terminals insurance;
- Marine (hull)—insurance covers against physical loss or damage to the hull, machinery and equipment of yachts, large boats and marine craft;
- Casualty or Liability—workers' compensation insurance and insurance covers against employers' liability, public liability, professional indemnity and directors' and officers' liability;

- Surety—surety bonds cover losses arising from the failure of a third party to comply with contractual terms of a contract. This can include contractual terms associated with construction and engineering projects or excise duties associated with the movement of goods;
- Nordic care—policies which provide insured benefits in the event of, amongst other things, illness, hospitalisation, accidental death or disability; and
- Energy—specialist insurance that provides cover against physical loss or damage and financial loss due to business interruption resulting from covered losses for construction and operation of renewable energy, non-renewable energy and rail transport projects as well as power plants.

RSA Scandinavia maintains licences for life insurance businesses in Sweden and Norway to support its personal accident and broader non-life general insurance product offering. Holmia Livförsäkring AB, a wholly owned insurance subsidiary of Codan Forsikring incorporated in Sweden, is licensed to provide life insurance in Sweden. The Norwegian branch of Codan Forsikring is licensed to provide life insurance in Norway.

10.6.2.1 Products — Trygg-Hansa

Personal Lines contributed 70% (2019: 71%) to Trygg-Hansa's net premium income as of 31 December 2020. In the Swedish personal business, Trygg-Hansa trades under the Trygg-Hansa and Aktsam brands. In both Personal Lines and Commercial Lines Trygg-Hansa is an established brand which Trygg-Hansa has aimed to develop and differentiate through its Leading Digital strategy building upon its existing expertise in digitalisation and customer onboarding. Aktsam is a Swedish private lines sub-brand offering budget motor, home and building insurance through inbound and online distribution channels.

Swedish Personal Lines have delivered a four-year average growth rate of 2.8% from 2016 to 2019; as growth has been below that recorded by Trygg-Hansa's competitors in the private non-life insurance market in Sweden, this has had negative impacts on the market share of Swedish Personal Lines. In Swedish Personal Lines, Trygg-Hansa's market share is driven by its leading position in sickness and accident insurance which represented 42% (2019: 40%) of Swedish Personal Lines net premium income as of 31 December 2020. Trygg-Hansa's 2.8% growth was largely driven by premium increases with business growth still below its peers in the Swedish market. Child and youth insurance is a private insurance product offered by a number of Swedish insurance companies to provide insured benefits in the event of a child's sickness, injury, or disability; Trygg-Hansa has a strong market share in child insurance, which continues to be a highly profitable Personal Lines product. Home and contents insurance products represented 25% (2019: 27%) of Swedish Personal Lines net premium income as of 31 December 2020.

Trygg-Hansa's motor market share in its core Trygg-Hansa brand and budget Aktsam brand has been declining in recent years and represented 33% (2019: 33%) of Swedish Personal Lines net premium income as of 31 December 2020, notwithstanding that good growth was recorded in 2018. In line with established Swedish market practice, car manufacturers and dealers offer discounted and bundled Trygg-Hansa motor insurance products with a three-year term to purchasers of new cars. Whilst the registration of new vehicles remains strong, new personal motor insurance premium is heavily tied up in partnership agreements.

Commercial Lines contributed 30% (2019: 29%) to Trygg-Hansa's net premium income as of 31 December 2020. In the Swedish commercial business, Trygg-Hansa is an established brand, which Trygg-Hansa has aimed to develop and differentiate through various brand initiatives and investments in digitalisation that seek to position Trygg-Hansa as the proactive and service-oriented insurance partner for Swedish companies.

Commercial motor, property, technical lines, casualty or liability lines and Nordic care products respectively contributed 42% (2019: 43%), 28% (2019: 26%), 8% (2019: 7%), 12% (2019: 12%) and 8% (2019: 8%) of Swedish Commercial Lines net premium income as of 31 December 2020. The recent change in tax treatment of Nordic Care insurance

under Swedish tax law, whereby the employee is now taxed on the Nordic Care insurance as the insurance has now been deemed a benefit, was expected to have a significant adverse impact on premiums relating to Nordic Care. Growth in both personal and Commercial Lines of business in recent years has been driven by rate increases and has been below that of Trygg-Hansa's competitors. Trygg-Hansa has aimed to recapture and grow its market share in the small commercial business and affinity business. Areas for further growth have been identified and Trygg-Hansa expects to seek to recapture and increase its market share in industry segments such as manufacturing, operational and professional services.

10.6.2.2 Products — Codan Norway

Commercial Lines contributed 57% (2019: 53%) to Codan Norway's net premium income as of 31 December 2020. Commercial motor, property, technical lines, casualty or liability lines and Nordic care products respectively contributed 41% (2019: 44%), 21% (2019: 20%), 4% (2019: 3%), 13% (2019: 14%) and 19% (2019: 18%) of Norwegian Commercial Lines net premium income as of 31 December 2020. The commercial and personal motor portfolio is by far the largest Codan Norway portfolio and has shown good recent growth, with significant year on year improvements. Commercial motor premium income was positively impacted in 2019 by the partner agreement with SIXT, a leading rental car business, growth in the commercial broker distribution channel and allocation of the premium income relating to the Avis partner agreement to commercial motor from the property (home and contents) specialty lines where it had previously been allocated. Codan Norway has observed and anticipates reduced premiums in both commercial and private car rental insurance segments in 2020 as a long term impact of the COVID-19 pandemic.

Personal Lines contributed 43% (2019: 47%) to Codan Norway's net premium income as of 31 December 2020. In Personal Lines, Codan Norway has sought to provide simple functionality and speed for online customers and effectively drive traffic to its website. Codan Norway has sought to achieve this target by building on a network of partners in credit cards, health care, and specialty products and access to RSA Scandinavia's global capabilities. Motor insurance product premium contributed 58% (2019: 57%) of net premium income as of 31 December 2020, with home and contents and personal accident product sales respectively contributing 40% and 2% (2019: 41% and 2%).

10.6.2.3 Products — Codan Denmark

Codan Denmark's Commercial Lines contributed 58% (2019: 58%) to Codan Denmark's net premium income as of 31 December 2020, with commercial property, technical lines, and workers compensation products providing the most significant contribution to Danish Commercial Lines net premium income as of 31 December 2020.

Codan Denmark offers a broad range of general insurance products, but has also managed to specialise in chosen industries in Commercial Lines and holds leading positions in industry segments such as property, renewable energy, transportation, construction and engineering, and shipping. The commercial property insurance portfolio is the largest Codan Denmark portfolio and the market leader in Denmark with a 22% market share in 2018 based on gross premiums written; since 2019, market share has decreased as a result of underwriting initiatives to exit unprofitable commercial property segments.

Codan Denmark is also a market leader for insuring offshore wind energy globally. Codan Denmark's renewable energy portfolio represents the majority of its combined technical lines portfolio and is split into the following main business areas: offshore construction, onshore construction, offshore operations and onshore operations.

Personal Lines contributed 42% (2019: 42%) to Codan Denmark's net premium income as of 31 December 2020. In the Danish personal business, Codan Denmark trades under the Codan brand and also under the bancassurance brand, Privatsikring, through a Danish subsidiary of RSA Scandinavia. Privatsikring distributes general non-life insurance in Denmark in close partnership with Danish banks. On 27 October 2020, Privatsikring

announced it had signed a partnership agreement with two large Danish banks and approximately 30 local banks pursuant to which one in four Danish bank customers can now easily purchase insurance from Privatsikring. Privatsikring's banking partner is particularly strong in the rural segment. RSA Scandinavia is focused on improving profitability in the Danish business, while improving its multi-channel distribution strategy and customer experience. The Tryg Group believes that Codan Denmark is well positioned to take advantage of likely market movements, for example, increased bancassurance and online sales in Denmark.

Danish Personal Lines have recorded declines in premium income from 2016 to 2019, with the exception of 2018; as Codan Denmark's competitors in the private non-life insurance market in Denmark have recorded higher growth rates, this has had negative impacts on the market share of Danish Personal Lines throughout the period with Codan Denmark's management engaging in ongoing growth-focused initiatives to reverse this trend. Motor insurance product premium contributed 36% (2019: 35%) of Danish Personal Lines net premium income as of 31 December 2020, with home and contents and personal accident product sales respectively contributing 44% and 20% (2019: 46% and 20%).

10.6.3 Distribution

RSA Scandinavia employs a wide range of distribution strategies to meet the needs of private and commercial customers in Scandinavia and in all EU countries. Distribution of personal insurance products in Scandinavia is primarily via direct channels and there is a tendency for customers to buy most of their insurance from a single provider. The majority of sales are made directly to RSA Scandinavia's customers, through insurance intermediaries, key account managers in connection with customer visits, customer consultants based in call centres, or online. Compared to the United Kingdom, online sales in Scandinavia are relatively uncommon, with the exception of Sweden. However, RSA Scandinavia's online sales are growing as are sales completed by call centres but commenced online and both channels are expected to grow further in the coming years.

In addition to direct sales channels, RSA Scandinavia has built long-standing relationships with affinity partners and insurance brokers. RSA Scandinavia has affinity agreements with a number of financial institutions, trade unions, professional associations and other groups to offer their members personal and commercial insurance products. Commercial product distribution is based on a mix of broker and direct distribution channels. Through strategic partnerships with global brokers, RSA Scandinavia writes complex international covers and also works closely with smaller brokers. The Tryg Group believes that this multi-channel distribution strategy allows RSA Scandinavia to reach a broad cross-section of personal and commercial customers.

10.6.3.1 Distribution — Trygg-Hansa

Trygg-Hansa distributes its products primarily online and through call centres and insurance intermediaries. Small commercial and private customers are the primary targets of the online sales channel, which is growing faster than other distribution channels. Online sales represented 38% of Trygg-Hansa's sales in 2020 (2019: 34%).

Insurance intermediaries include insurance brokers and affinity partners. Trygg-Hansa's Personal Lines affinity partners include unions as well as selected car importers and dealers. The most significant affinity partners within Commercial Lines include an industry organisation for the Swedish haulage industry, an industry organisation for Swedish machine contractors and the trade and commerce employers' association.

10.6.3.2 Distribution — Codan Norway

Codan Norway distributes its Personal Lines products primarily online and through call centres and insurance intermediaries. The most significant agent for Personal Lines is an Oslo-based insurance and pensions adviser and asset manager. Private customers are the primary targets of the online sales channel, which is growing faster than other distribution channels. Online sales represented 9% of Codan Norway's total direct sales

(excluding sales by agents) in 2020 (2019: 8%). In 2019, 92% of Codan Norway's Personal Lines sales were generated through direct channels with the remaining 8% generated pursuant to its exclusive bancassurance distribution channel.

Insurance intermediaries include insurance brokers and affinity partners. The most significant affinity partners within Personal Lines are a national trade union a national police union, and a US-headquartered electric car manufacturer. Codan Norway offers co-branded motor insurance products in partnership with such electric car manufacturer and other vehicle manufacturers in connection with new car sales. The Tryg Group believes that Codan Norway's strategic broker business has built a strong name with global brokers. The broker distribution channel within Commercial Lines represented the highest growth distribution channel for Codan Norway in 2019 and 2020. In 2020, 57% (2019: 49%) of Codan Norway's Commercial Lines sales were originated by brokers with the remaining 43% (2019: 51%) generated pursuant to direct distribution channels.

10.6.3.3 Distribution — Codan Denmark

In 2020, 35% (2019: 39%) of Codan Denmark's Personal Lines sales were generated through its exclusive bancassurance distribution channel with the remaining 65% (2019: 61%) of Personal Lines sales generated through direct channels, including the Internet, call centres and tied agents. Private customers are the primary targets of the online sales channel, which is currently a relatively limited distribution channel. The percentage of sales that are completed by call centres but are commenced online is growing, with "pure" online sales expected to grow over the coming years. Codan Denmark also distributes its products through insurance intermediaries, including affinity partners and, for Commercial Lines only, insurance brokers.

The broker distribution channel within Danish Commercial Lines generated 58% (2019: 47%) of sales in 2020, with 34% (2019: 46%) of Commercial Lines sales generated through direct channels and the remaining 8% (2019: 7%) attributable to affinity partners.

10.6.4 Scandinavia market conditions and outlook

The Tryg Group believes there is opportunity for growth in the Scandinavian non-life general insurance markets with common market features across Denmark, Norway and Sweden. In particular, these highly consolidated, profitable and mature markets are characterised by customers with high loyalty (reflected both in very high retention rates and very low expense ratios relative to other regional insurance markets around the world). In addition, insurance penetration is very high across the Scandinavian region compared to nearly everywhere else in the world, as households are relatively well-off and both households and businesses are accustomed to purchasing insurance products at the appropriate level for their needs. Private customers and SMEs in the Scandinavian market have displayed a preference for product bundles (versus pricing and selecting individual products) and a willingness to pay for good customer service. Competitors in the Scandinavian non-life general insurance markets therefore tend to focus on customer service, cross-selling efforts as well as controlling costs. Distribution of Scandinavian non-life general insurance products is mainly conducted via direct channels, including own sales force, tied agents or affinity agreements. Online and bancassurance distribution channels are increasing in importance. See "*Industry Overview—Developments in the Scandinavian general insurance industry*" for additional information regarding the Scandinavian general insurance market.

The Tryg Group believes that based on information provided by RSA Scandinavia, RSA Scandinavia may currently be more favourably impacted than a number of other market participants by the COVID-19 pandemic and related COVID Measures, driven by its limited travel insurance exposure and increased upside relating to frequency improvements relating to motor insurance claims. See "*Industry Overview—Market conditions and outlook—COVID-19 pandemic and COVID Measures*" for additional information regarding the impact of the COVID-19 pandemic and COVID Measures on the Scandinavian general insurance market and Scandinavian economies.

10.6.4.1 Market conditions and outlook — Trygg-Hansa

In recent years, large incumbent property and casualty insurers have maintained their strong positions in the Swedish general insurance market, each with their own niches in terms of products and customer segments. The Tryg Group believes that Trygg-Hansa is well-positioned to benefit from this market dynamic as it is a top four insurer in the Swedish market by market share and has a leading market share in personal health and child insurance. Child insurance in particular is a highly profitable Swedish Personal Lines product characterised by very high retention rates that the Tryg Group believes helps Trygg-Hansa build strong relationships with young families and provides Trygg-Hansa with valuable cross-selling opportunities. See "*Industry Overview—Developments in the Scandinavian general insurance industry—Scandinavian general insurance market—Premiums—Swedish general insurance market*" for additional information regarding the Swedish general insurance market. Whilst the COVID-19 outbreak and related COVID Measures have had a severe negative impact on isolated sectors such as the motor industry, these impacts have been largely offset by lower claims frequencies in motor and property (home and contents) lines of business as well as consistent sales of RSA Scandinavia's other products, such as health and child insurance. See "*Industry Overview—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Sweden*" for a discussion of the impact of the COVID-19 pandemic and COVID Measures on the Swedish general insurance market and Swedish economy.

10.6.4.2 Market conditions and outlook — Codan Norway

Growth in the Norwegian general non-life insurance market in recent years has been driven by household and motor rate increases and increased demand for specialty insurance. The large incumbent players in the Norwegian property and casualty market have been losing market share to newer and smaller niche players, with market participants tending to focus on expense reductions and profitability initiatives. The Tryg Group believes that Codan Norway is well-positioned as a credible challenger to the large incumbent non-life insurers in Norway because of its strong in-house capabilities and regional and international footprint. See "*Industry Overview—Developments in the Scandinavian general insurance industry—Scandinavian general insurance market—Premiums—Norwegian general insurance market*" for additional information regarding the Norwegian general insurance market.

RSA Scandinavia's Norwegian country organisation has been more severely impacted by the COVID-19 pandemic and COVID Measures than its Swedish and Danish country organisations. This has largely been driven by its larger reliance on the motor insurance business. Since the outbreak of the COVID-19 pandemic, RSA Scandinavia recorded decreases in revenue relating to its Norwegian private and commercial motor insurance businesses, and in particular, its car rental insurance business. Although these developments have largely been offset by reduced claims frequencies in motor and other lines of business. See "*Industry Overview—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Norway*" for a discussion of the impact of the COVID-19 pandemic and COVID Measures on the Norwegian general insurance market and economy.

10.6.4.3 Market conditions and outlook — Codan Denmark

The Danish property and casualty market is the least consolidated market in Scandinavia, with market participants tending to focus on customer service, which contributes to high retention rates and therefore low expense ratios. Both Danish personal and commercial markets are multi-policy markets where customers tend to hold more than one policy with the same insurance company; therefore all insurers tend to offer a broad range of products and have bundling and discount programmes. Internet sales are relatively uncommon in Denmark, but are growing and expected to grow further in the coming years.

Widespread travel restrictions imposed by the Danish Government in response to the COVID outbreak have led to a downturn in car usage and new car registrations. However, these developments have been offset by Codan Denmark's experience of lower claims frequencies in its Danish household and motor insurance lines of business. Initial exposure to Danish travel insurance claims was largely mitigated by RSA Scandinavia's reinsurance during the second quarter of 2020 See "*Industry Overview—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Market conditions and outlook—COVID-19 pandemic and COVID Measures—Denmark*" for a discussion of the impact of the COVID-19 pandemic and COVID Measures on the Danish general insurance market and economy.

10.7 Underwriting and pricing

RSA Scandinavia manages underwriting and pricing risks through its underwriting strategy, reinsurance arrangements and claims handling. The underwriting strategy aims to ensure that risks are fully understood and priced at the appropriate profit level. In addition, RSA Scandinavia seeks diversification of underwriting risks in terms of type, industry and geography, and appropriate reinsurance purchases, in order to manage earnings volatility. RSA Scandinavia's risk appetite statement, as further described below, sets out its high-level appetite for Insurance Risk whilst it has a centrally managed committee which examines underwriting and claims issues, reviews and agrees underwriting direction and sets policy, frameworks and directives where appropriate. The Underwriting and Claims Policies define the controls implemented to manage RSA Scandinavia's limited appetite for: (i) 'Special High Risks' including long term policies and lines of business where RSA Scandinavia lacks appropriate specialist expertise and reinsurance support; and (ii) writing business in 'High Risk Countries' designated due to sanctions or presenting an unacceptable level of operational risk.

Pricing of RSA Scandinavia's products is generally based upon historical claims frequencies and claims severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns. While claims remain RSA Scandinavia's principal cost, RSA Scandinavia also makes allowance in its pricing procedures for acquisition expenses, administration expenses, investment income, the cost of reinsurance and for a profit loading that adequately covers the cost of the capital RSA Scandinavia exposes to risk. The focus of the Underwriting function is to ensure that premiums charged are sufficient to cover the cost of claims and expenses and provide a suitable margin for delivering a sustainable return for shareholders. A majority of the customers are offered a premium which is set according to tariffs and risk factors calculated by pricing actuaries. For major commercial customers, premiums are based on factors including the respective companies' operations and performance history. The authority exercised by the respective underwriters is controlled by a personal underwriting licence based on the underwriter's capabilities.

RSA Scandinavia's underwriters have licences that set parameters for the business they can underwrite, based on the experience of the individual underwriter. Additionally, RSA Scandinavia has a centrally managed forum looking at RSA Scandinavia's group underwriting issues, reviewing and agreeing underwriting direction and setting policy and directives where appropriate. RSA Scandinavia has a quarterly portfolio management process across all its business units, which provides a consistent assessment of each portfolio performance against a set of key performance indicators. Under the portfolio management system, key risk indicators are tracked to monitor emerging trends, opportunities and risks and, on an annual basis, a review forum of business and underwriting leaders undertake a detailed review of each portfolio utilising data from the quarterly reviews.

RSA Scandinavia has dedicated Personal and Commercial Pricing teams to ensure that tariffs remain updated. The pricing and portfolio management teams interact and challenge each other to ensure a clear link between portfolio strategy and pricing actions following a structured pricing process. All insurance contracts have terms with limits specified in the authority delegated by RSA Scandinavia's management. The ability

to alter the terms of a contract is controlled via the Delegated Authority Framework. All policies have a built-in right for RSA Scandinavia to decline a renewal of individual policies, and/or to amend the terms and conditions of individual policies in connection with agreement or policy renewals and to impose deductibles and to reject the payment of a fraudulent claim. Exceptions are handled through Executive Licence Extensions or Special High-Risk Licences. RSA Scandinavia reviews insurance risks on a regular basis and assess these in relation to its underwriting, reinsurance and capital policies. RSA Scandinavia ensures all its policies are compliant with minimum statutory requirements.

10.8 Reinsurance

RSA Scandinavia uses reinsurance to reduce exposure to risks relating to multiple insured losses and catastrophes, including natural peril events such as hurricanes, floods or earthquakes. Reinsurance arrangements include proportional, excess of loss and catastrophe coverage and seek to limit RSA Scandinavia's total net insurance losses so that they do not exceed its risk appetite in any one year.

Reinsurance counterparties are subject to an internal assessment process that considers creditworthiness and the potential impact from reinsurer default. Collateral is taken, where appropriate, to mitigate exposures. RSA Scandinavia's Reinsurance Committee oversees the management of these risks.

Reinsurance can be classified as facultative reinsurance, whereby the main insurer covers one risk object held in its own books, or as treaty reinsurance, whereby an insurer purchases reinsurance for a portfolio. RSA Scandinavia's facultative reinsurance contracts are placed at the RSA Scandinavia level whilst its treaty reinsurance contracts are placed in part at the RSA Group level and in part at the RSA Scandinavia level. Through the RSA Group, RSA Scandinavia has participated in the purchase of significant catastrophe cover, buying to a minimum return period of 1:200 years, i.e., catastrophe cover which is sufficient to cover the 1-in-200-year return period. All catastrophe reinsurance is placed with reinsurers with a S&P credit rating of 'A-', or better. This process is supported by the RSA Group reinsurance process to assess and approve all reinsurance counterparties. The RSA Group Catastrophe Treaty protects all the RSA Group entities, including RSA Scandinavia.

RSA Scandinavia remains primarily liable to the insured as the direct insurer on all risks reinsured, although the reinsurer is liable to RSA Scandinavia to the extent of the insurance risk ceded.

10.9 Risk management

10.9.1 Overview

RSA Scandinavia's risk management system is defined in a wide-ranging suite of risk management policies, supported by detailed procedures, measuring, reporting and monitoring techniques, and a series of stress tests and scenario analysis. A task central to the risk management function is overseeing adherence to these policies and procedures.

RSA Scandinavia's management is closely involved in risk management and monitors the status of all risks and the "Three Lines of Defence". The operative activities make up the first line of defence through which relevant risk information is discussed and addressed by the relevant management teams and risk committees with the view of mitigating the risks appropriately, including by effectuating the controls set out in policies. Risk and compliance units make up the second line of defence providing an independent view as to whether the business is assessing and responding to risks appropriately in accordance with applicable internal and regulatory rules. The third line of defence, the Internal Audit unit, performs independent risk management assessments on a regular basis in accordance with the agreed Internal Audit Year Plan and verifies that controls are appropriate for their purpose. The Internal Audit reports to the Supervisory Board on a quarterly basis.

10.9.2 Risk management principles

RSA Scandinavia's management is responsible for setting the business strategy which is used to inform the risk strategy statement. The risk strategy statement, which is prepared by the Enterprise Risk Management function and approved by RSA Scandinavia's management, describes RSA Scandinavia's overall strategy and objectives for managing risks based on the following key principles:

Simple objectives	• Create value for all stakeholders • Focus on general insurance in RSA Scandinavia's selected markets • Commitment to sustainable, profitable performance
Clear risk appetite	• Underwriting and operating excellence • Strong control environment • Tight financial management • Protecting and managing RSA Scandinavia's reputation
Robust governance, control and reporting	• Comprehensive policies, procedures and controls • Clear delegation of authorities • Robust lines of defence • Regular and relevant reporting and assurance processes
Strong culture	• Board set 'tone from the top' of open communication and engagement • Putting the customer at the centre of what RSA Scandinavia does • High quality and engaged staff

10.9.3 RSA Scandinavia risk appetite

RSA Scandinavia's risk appetite is set by RSA Scandinavia's management and reviewed annually. Among other things, it sets business volumes for certain higher risk insurance classes, stipulates loss retention limits and investment limits, reinsurance protection, targets for credit rating and solvency margins. These are expressed through associated key risk indicators with associated risk limits and risk tolerances.

10.9.4 Risk framework and management cycle

Risks are identified through a range of activities including but not limited to stakeholder scenario workshops, risk mapping and analysis of risk incidents. Identified risks, including emerging risks, are recorded in the business function's risk profile matrix which records the likelihood of occurrence, the expected residual loss impact, and whether the residual risk is within risk appetite or if not, and whether there is an appropriate action plan. These identified risks are then measured and included in RSA Scandinavia's updated risk profile. Significant risks are periodically reviewed for potential inclusion in the RSA Group's internal capital model (the "**Internal Model**"), which is the primary tool for measuring risk. All residual risks are assessed and monitored to determine if the risk is within RSA Scandinavia's risk appetite, and to develop relevant action plans to mitigate risks which fall outside the risk appetite. RSA Scandinavia's management uses the risk management cycle to describe the process used to set, identify, measure, manage, monitor and report on risks impacting RSA Scandinavia at country level. The output of the country-specific risk management cycles is used by RSA Scandinavia's ORSA Committee and the Supervisory Board as an integral part of setting the risk appetite, adjusting investment exposure and hedges, creating insurance portfolio risk profile and reinsurance strategy, prioritising operational risks and actions, and other key strategic decisions such as disposals.

RSA Scandinavia employs a comprehensive risk management system, however, there can be no guarantee that risks will be managed effectively and/or mitigated in all cases and, notwithstanding these risk management systems, errors or misconduct by employees or agents may lead to losses.

The following chart sets forth the principal bodies involved in the risk governance structure of RSA Scandinavia.

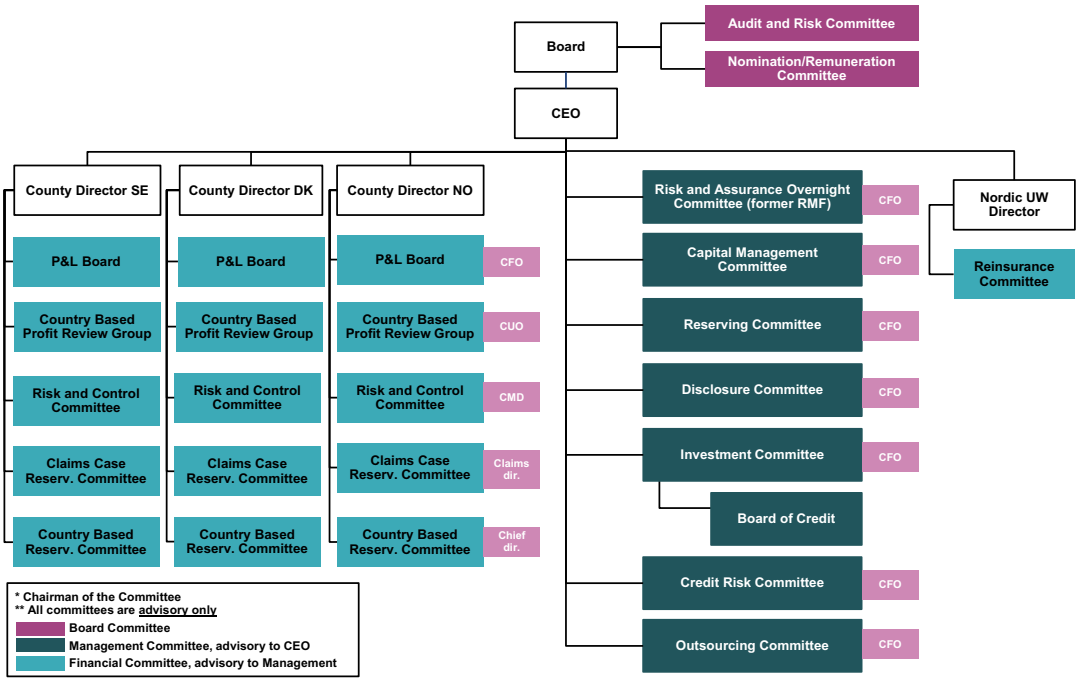

Figure 7 Diagram depicting the principal bodies involved in the risk governance structure of RSA Scandinavia

10.9.5 Distribution of quantifiable risks

RSA Scandinavia's approved internal model provides a quantification of the total amount of risk borne by RSA Scandinavia in the calculation of the SCR, expressed as the Value-at-Risk of the basic own funds subject to a confidence level of 99.5% over a one-year period. RSA Scandinavia seeks to assess the extent to which the overall level of risk is attributable to broad categories of risk by analysing the cash flows in its model.

Consistent with RSA Scandinavia's strategy and appetite, the majority of its risks relate to insurance, comprising higher than anticipated underwriting losses, net catastrophe losses and reserve deterioration. Investment risk forms a smaller proportion of RSA Scandinavia's overall risk.

10.10 Reserves

RSA Scandinavia establishes claims reserves to account for the anticipated ultimate costs of all claims and related loss adjustment expenses on claims that have already occurred. RSA Scandinavia establishes reserves for reported claims and loss adjustment expenses, as well as for incurred but not yet reported claims and unallocated loss adjustment expenses. Claims reserve estimates are based on known facts and on interpretation of circumstances, including RSA Scandinavia's experience with similar cases and historical claims payment trends. RSA Scandinavia also considers the development of claims payment trends, levels of unpaid claims, judicial decisions and economic conditions.

RSA Scandinavia's Reserve Committee, which is chaired by the CFO, serves in an advisory role, reports to the CEO and meets at least once every quarter to review the reserve methodology and the development of reserves. The Reserve Committee considers the following information:

- an actuarial indication of ultimate losses together with an assessment of risks and possible favourable or adverse developments that may not have been fully reflected in calculating these indications. These risks and developments principally include: the possibility of future legislative change having retrospective effect on open claims; changes in claims settlement procedures potentially leading to future claims payment patterns differing from historical experience; the possibility of new or emerging types of claim, such as disease or industrial claims, emerging from business written several years ago; general uncertainty in the claims environment; the outcome of litigation on claims received; failure to recover reinsurance and unanticipated changes in claims inflation;
- the views of internal peer reviewers of the reserves and of other parties including actuaries, legal counsel, risk directors, underwriters and claims managers; and
- how previous actuarial indications have developed.

However, material reserving risks may not be mitigated by the internal reserving strategy. Such risks include: the risk that case reserves are insufficient, untimely or inaccurate leading to unforeseen adverse development, the risk that more claims are reported in future than anticipated and the risk that legislative changes will have a retrospective effect on claim settlements.

10.11 Claims management

RSA Scandinavia handles claims management at the RSA Group level. The RSA Group's claims handlers include many specialists such as engineers, surveyors and mariners. The RSA Group aims to settle claims for its customers and claimants quickly and fairly using numerous initiatives to improve the claims experience; in particular, Trygg-Hansa has engaged in a number of claims improvement initiatives, increased use of analytics at various stages of the claims handling process, and online self-service portals.

10.12 Investment portfolio

RSA Scandinavia operates its investment portfolios within strategy and policy frameworks established by the RSA Group and approved by the RSA Scandinavia board. RSA Scandinavia's investments consist of subsidiaries and other financial assets. RSA Scandinavia's total investment return for 2020 was a loss of DKK 192 million compared to a positive investment return of DKK 1.2 billion for 2019. The investment return for 2020 was affected by the COVID-19 pandemic and the subsequent COVID Measures. For additional information about Trygg-Hansa and Codan Norway's investment return, see "*Operating and Financial Review of Trygg-Hansa and Codan Norway—Key factors affecting results of operations—Investment-related factors*" and "*Operating and Financial Review of Trygg-Hansa and Codan Norway—Investment return*".

RSA Scandinavia's investment strategy aims to minimise interest rate mismatch risk. The proportion of government or government-secured and mortgage bonds in the portfolio therefore account for 26.0% and 52.6%, respectively of the bond portfolio as of 31 December 2020.

With the exception of RSA Scandinavia's equity investments in REITs, most of its foreign currency investments are hedged back to functional currency; foreign exchange movements regarding investment assets including cash had a negative impact on the investment result of DKK 221 million in 2020.

RSA Scandinavia's (including Trygg-Hansa's and Codan Norway's) general investment strategy will be implemented by the Intact Group during the interim period between Completion of the Acquisition and completion of the Demerger. See "*Risk Factors—The Tryg Group will, following the Acquisition and until the completion of the Demerger, have limitations on its ability to control Trygg-Hansa and Codan Norway*". The table below

presents RSA Scandinavia's financial asset allocation as of 31 December 2020, 2019 and 2018.

	31 December					
	2020		2019		2018	
	(DKK millions)	(%)	(DKK millions)	(%)	(DKK millions)	(%)
Investments in group and associated entities[1]	35.3	0.1	26.2	0.1	25.0	0.1
Loans to RSA Group entities	0	0	0	0	0	0
Equity investments and units in open-ended fund	2,913.4	7.6	3,005.7	8,2	2,771.5	7,8
Bonds	33,570.4	87.2	32,419.4	88.2	31,924.9	89.6
Other loan[2]	880,7	2.3	621.4	1.7	3	0.0
Other[3]	240.1	0.6	21.5	0.1	92.7	0.3
Deposits with ceding undertakings	0.8	0.0	1.3	0.0	1.4	0.0
Cash and cash equivalents	852.0	2.2	646.3	1.8	820.0	2.3
Total	**38,492.6**	**100.0**	**36,741.8**	**100.0**	**35,638.5**	**100.0**

(1) Accounts for profits generated by RSA Scandinavia's subsidiaries.

(2) Comprised of investments in infrastructure loans.

(3) Comprised of derivatives.

10.12.1 Equity investments and units in closed-ended funds

RSA Scandinavia's equity investments and units in closed-ended funds amounted to DKK 2,913 million at 31 December 2020 (2019: DKK 3,006 million), equal to 7.6% (2019: 8.2%) of its total investment portfolio. RSA Scandinavia's equity position is largely comprised of REITs. In addition, RSA Scandinavia has limited partner investments in closed-end funds investing in commercial real estate debt and private loans to middle-market companies in Europe. RSA Scandinavia's equity investments and units in closed-ended funds generated a negative return of DKK 411 million in 2020 (2019: positive return of DKK 551 million).

10.12.2 Bonds

RSA Scandinavia's bond portfolio amounted to DKK 33,570 million at 31 December 2020 (2019: DKK 32,419 million), with average duration of 5.6 years (2019: 4.9 years). As of 31 December 2020, RSA Scandinavia's bond portfolio represented 87% (2019: 88%) of its total investment portfolio. As of 31 December 2020, Swedish mortgage bonds, Swedish government bonds, Danish government bonds, Danish mortgage bonds, Norwegian government bonds and EUR-dominated government bonds respectively accounted for 29.6%, 17.3%, 2.9%, 21.8%, 1.0% and 1.4% of RSA Scandinavia's bond portfolio, of which 81% was invested in AAA-rated bonds. Investments in Swedish and Norwegian bonds are used to hedge the business in Codan Forsikring's Scandinavian branches. The total return on the bond portfolio for 2020 was a gain of DKK 365 million (2019: DKK 861 million), representing a return of 1.1% (2019: 2.7%).

10.13 Employees

RSA Scandinavia values its employees and their contribution to the business. The following table provides the number of RSA Scandinavia's full-time employees as of 31 December 2020, 2019 and 2018.

	31 December		
	2020	2019	2018
Number of full-time or full-time equivalent employees	2,600	2,611	2,629

In Scandinavia, pay and working conditions are generally determined by means of collective bargaining agreements entered into between trade unions and employers' associations. The process is characterised by social partners being largely autonomous in fixing the rules on the labour market. This also applies for the insurance sector including

RSA Scandinavia, where the majority of the employees are covered by a collective bargaining agreement. As of 31 December 2020, the majority of RSA Scandinavia's employees were covered by collective bargaining agreements with labour unions with which RSA Scandinavia has agreements.

In December 2020, RSA Scandinavia eliminated 74 junior-level roles and middle-management roles in its Danish business, resulting in 40 redundancies as part of its ongoing management of its expenses. Further broader measures aimed at cost-cutting and increasing efficiency are envisaged.

The Tryg Group's preliminary evaluation work to identify potential synergies across the Enlarged Group as a result of the Transaction indicates that there will be a degree of duplication and overlap between Trygg-Hansa and Codan Norway and the Tryg Group in each of Sweden and Norway. Based on the preliminary analysis, there could be a potential position reduction across the consolidated businesses in each of Norway and Sweden of between approximately 10% and 15% (which would equate to between approximately 5% and 7% of the Enlarged Group workforce) to be realised within the three year integration period after completion of the Demerger. Whilst further assessment will need to be undertaken and all proposals remain subject to applicable information and consultation requirements, any position reduction would likely be realised across a number of functions, where overlaps and duplication occur, potentially including shared services, claims and distribution. No such position reductions would proceed prior to appropriate conclusion of all applicable information and consultation procedures with employees and their representatives. The Tryg Group would expect that the impact of any proposed position reduction could be partially mitigated through voluntary redundancies, natural attrition and elimination of vacant roles, and further alternate job opportunities in the medium term. Any affected employees would be treated in a manner consistent with the Tryg Group's high standards, culture and practices, including by engaging in consultation with employee representatives. The implementation of any position reductions would be subject to comprehensive planning and appropriate engagement and consultation with stakeholders before any proposals are finalised, including affected employees and any appropriate employee representative bodies.

10.14 Intellectual property

RSA Scandinavia's copyright, trademarks, domain names, consumer databases and other intellectual property rights are important to its success and RSA Scandinavia takes appropriate action where necessary to protect its intellectual property. However, RSA Scandinavia has no intellectual property rights which are material other than trademark registrations and applications and the domain names which relate to those trademarks. RSA Scandinavia has approximately 78 trademark registrations for the RSA, Trygg-Hansa, and Codan names and/or logos (or variations thereof) in Sweden, Norway and Denmark. In particular, RSA Scandinavia relies on the Codan brand (including intellectual property owned by RSA Scandinavia) in Denmark, Norway and Sweden and its subsidiary Trygg-Hansa relies on the life buoy trademark in Sweden and uses five Swedish trademarks that contain the combined word "Trygg-Hansa". These five trademarks are currently registered on the Swedish trademark authorities' website as owned by Repono Holding AB.

In addition, RSA Scandinavia is materially dependent on certain core brands and has trademark registrations for these in specific countries, including:

- Codan — Denmark (30 trademarks registered);
- Codan — European Union (4 trademarks registered);
- Codan — Norway (14 trademarks registered);
- Codan — Sweden (18 trademarks registered);
- Trygg-Hansa — Sweden (5 trademarks registered);

RSA Scandinavia currently holds 38 domain name registrations for its key websites. Other than in respect of RSA Scandinavia name, logo and core brands, RSA Scandinavia is not materially dependent on any intellectual property rights.

10.15 Data protection

Data security and GDPR are important issues for RSA Scandinavia. RSA Scandinavia, at the RSA Group level, is committed to managing data sensitively through the design and delivery of products and services with clear policies and standards in place to ensure mitigation of any threats. For example, in 2019, the RSA Group undertook dedicated internal campaigns focusing on behaviours that promote cyber security and data protection alongside mandatory eLearning training for all employees.

RSA Scandinavia is also in regular ordinary course correspondence with data protection authorities regarding data incidents, none of which have resulted in material fines or follow-ups. In 2020, a total of 19 data breaches were notified by RSA Scandinavia to data protection authorities in Sweden and Denmark. Of these, only two cases are currently pending with the DDPA, concerning data loss and leakage of Danish production data. Trygg-Hansa's main data breach involved the unauthorised disclosure of customer data resulting from an email shared with an unknown external recipient as well as unauthorised access to customer data on the communication solution "My Pages".

RSA Scandinavia's current and upcoming GDPR updates include a retention project, revisions to its security processing as part of its cyber resilience programme, improvements in accountability and record-keeping of processing activities as part of its data governance programme, revisions to its policies on transfers to third countries (as a result of Schrems II), a rollout of revised standards within its business divisions to ensure that data protection laws are adhered to and the implementation of training and controls for newly appointed GDPR champions.

10.16 Information technology

RSA Scandinavia operates a number of information and communications systems in order to support its business. These information technology systems are operated and maintained in-house and by third party outsourcers and technical support is provided by RSA Scandinavia to its subsidiaries.

With a growing number of new policies being originated online, RSA Scandinavia's information technology infrastructure and systems underpin the business and RSA Scandinavia strives to ensure that its systems and infrastructure are kept up to date. RSA Scandinavia's information technology systems are largely split between centralised services coordinated at a Scandinavian level versus localised services dealt with in Sweden, Norway and Denmark. For example, functions related to (a) cloud services, (b) risk & control frameworks, and (c) security management and access control are all dealt with at the Scandinavian level. Also at the Scandinavian level are cloud and business capabilities. RSA Scandinavia's IT Hub is located in Malmo, Sweden, while some IT processes are outsourced to third parties which handle IT functions, finance and operations and payroll processes. RSA Scandinavia continues to invest in IT, insurance software and related systems.

As an insurance business, RSA Scandinavia is also subject to the risk management requirements of the DFBA and Solvency II. RSA Scandinavia's management defines its risk management framework as regards, among others, IT security, in policies and guidelines for its management. The Tryg Group believes RSA Scandinavia has an adequate control environment for its operations, including in relation to IT security.

RSA Scandinavia has established disaster recovery plans which seek to ensure that it can continue to operate its business in the event of an information technology systems failure and RSA Scandinavia regularly reviews and updates these plans. The security of RSA Scandinavia's systems is regarded as being of paramount importance.

10.17 Competition

In Sweden, RSA Scandinavia is the fourth largest general insurer with a market share of 13.5% based on gross premium income in 2020, the latest period for which data are publicly available, according to Svensk Försäkring (2019: 14%). Its main competitors include Länsförsäkringar, If and Folksam. In Norway, RSA Scandinavia is the tenth largest general insurer with a market share of 2.1% based on gross premiums in 2020, according to Finans Norge (2019: 2.2%). Its main competitors include Gjensidige, If, Fremtind and the Tryg Group.

10.18 Credit ratings

The RSA Group targets a single 'A' credit rating and currently maintains an 'A' rating from S&P, a major international credit rating agency, (effective from August 2020), which has been placed on creditwatch negative following the announcement of the Acquisition. According to S&P, the creditwatch placement was primarily related to the Tryg Group and Intact Group potentially having weaker credit profiles than that of the RSA Group. The RSA Group currently maintains an 'A2' rating from Moody's (effective from July 2020), which is under review for downgrade following the announcement of the Acquisition. According to Moody's, another major international credit rating agency, the review for the downgrade was primarily related to anticipated weakening of Codan Forsikring's stand-alone credit profile following the intended purchase of Trygg-Hansa and Codan Norway by the Tryg Group, and the split ownership of Codan Denmark. The Tryg Group believes RSA Scandinavia has benefitted from the RSA Group's support and expertise in capital and investment management. Codan Forsikring A/S currently maintains ratings from both S&P and Moody's at the same level as the RSA Group rating i.e. at "A" and "A2" respectively but has been placed on creditwatch negative by S&P and is under review for downgrade by Moody's following the announcement of the Acquisition.

10.19 Legal proceedings

RSA Scandinavia is a party to various legal proceedings arising in the ordinary course of business. RSA Scandinavia is not involved in any material pending legal proceedings and is not aware of any threatened material claims against it, except as described below. Since legal proceedings are subject to numerous uncertainties, their outcome cannot be predicted with any certainty. See "*Risk Factors—Litigation and regulatory investigations and sanctions may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects*".

10.19.1 COVID-19 business interruption cases

RSA Scandinavia is currently involved in litigation in Norway following a claim in March 2020 from a Scandinavian hotel chain operator that COVID-19 restrictions led to losses at one of their hotels covered by Codan Norway's master insurance policy with this hotel chain operator, a policy very specific to this client. The case was argued in court in mid-February 2021 with a decision expected approximately five to seven weeks from the date of the hearing. See "*Risk Factors—Litigation and regulatory investigations and sanctions may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects*".

In Sweden, a number of cases have been filed against Trygg-Hansa in relation to epidemic business insurance products challenging Trygg-Hansa's denial of claims.

RSA Scandinavia intends to defend against these cases as it is of the view that the claimants' claimed losses are not covered by their insurance policies. While the Tryg Group does not consider these cases or the amounts at stake to be material based on the information regarding such cases provided to the Tryg Group by RSA Scandinavia, if RSA Scandinavia is found liable in respect to the claim or is subject to further claims from the relevant claimants or other claimants (which is likely in the event of an adverse judgment

in the litigation), there may be adverse material effects on RSA Scandinavia and, following completion of the Acquisition, the Enlarged Group.

10.20 Significant subsidiaries

Codan A/S is the parent company of Codan Forsikring A/S. The significant subsidiary undertakings of Codan Forsikring A/S, all directly held, are as follows:

Place of incorporation or registration	Name	Principal activity	Company's interest in ordinary share capital (%)
Sweden	Holmia Livförsäkring AB	Life Insurance	100%
Denmark	Forsikringsselskabet Privatsikring A/S	General insurance	100%

10.21 Material properties for RSA Scandinavia's own use

The following table sets out the key properties leased and used by RSA Scandinavia, which are not regarded as investment properties. RSA Scandinavia does not have significant direct property holdings.

	Rented area (sq m)	Total building area (sq m)
Sweden		
Stockholm (Fleminggatan 18, 112 26 Stockholm)	5,825	36,450
Malmö (M10 (F 0-4) Östergatan 35, 211 22 Malmö)	4,512	4,512
Malmö (M12 (F 2-4) Östergatan 39, 211 22 Malmö)	4,416	10,500
Malmö (M14 Sankt Gertrudsgatan 4 A, 211 25 Malmö)	1,352	1,352
Malmö (M16 Skeppsbron 1c, 211 20 Malmö)	790	13,396
Umeå (Döbelnsgatan 19, 901 07 Umeå)	1,946	4,194
Norway		
Oslo (Verkstedveien 3 0277 Oslo)	2,996	8,386
Denmark		
Codanhus (Gl. Kongevej 60-64, 1790, Frederiksberg)	16,574	29,609
Århus (Hedeager 1, 8200 Århus N)	3,045	8,073

11. INDUSTRY OVERVIEW

The following summary describes the general insurance market in the Scandinavian region.

11.1 Developments in the Scandinavian general insurance industry

The Scandinavian general insurance industry generated approximately DKK 167 billion of gross premium income on direct insurance business in 2019, which was approximately 5% of the region's GDP. The industry is relatively consolidated with the largest four companies by gross premium income accounting for 58.4%, 75.9% and 78.8% of total market share in Denmark, Norway and Sweden, respectively, in 2019. The Scandinavian general insurance industry comprises publicly listed companies, mutual companies and privately held companies. Mutual insurance companies owned by their policyholders have a strong presence in the Swedish general insurance market in particular.

11.1.1 Scandinavian general insurance market—Premiums

The table below presents the annual growth in gross premium income in each of the countries in the Scandinavian region from 2015 to 2019.

	Annual Growth in Gross Written Premium Income[1][2]					
	CAGR	2019	2018	2017	2016	2015
	(%)	(%)	(%)	(%)	(%)	(%)
Denmark[3]	1.7	1.8	5.6	1.8	0.0	(0.7)
Norway[4]	2.7	6.3	4.1	2.1	(0.4)	1.1
Sweden[5]	5.5	4.9	3.7	5.3	8.2	5.5

(1) Compound Annual Growth Rate ("**CAGR**") over 2015 to 2019.

(2) Percentage increase over prior year based on local currency.

(3) Insurance & Pension Denmark (Forsikring & Pension).

(4) FNH Norwegian Financial Services Association (now a part of Finance Norway (Finans Norge)): Financial Year 2020 and Resultater i skadeforsikring 1994—2019.

(5) Insurance Sweden (Svensk Försäkring): Swedish Insurance in Figures, Gross Premium Income between 2014 to 2019 issues.

Growth in the general insurance market in Scandinavia has been fairly stable across the market since 2015. The overall growth in gross premium income in the Scandinavian region was driven to a large extent by pricing increases as well as some organic business growth, with leading general insurance companies focusing within one or more Scandinavian markets recording the strongest levels of year-on-year growth (i.e. mid-single digit growth rates).

There are common features across Danish, Norwegian and Swedish general insurance markets. These markets are highly consolidated, profitable and mature compared to other general insurance markets around the world with both high retention rates and low expense ratios relative to other general insurance markets. Many of the larger market participants in the Scandinavian general insurance market have engaged in strategic acquisitions of smaller companies, contributing to market consolidation. A discussion of the distinct features of each of the Danish, Norwegian, and Swedish general insurance market is set forth below.

11.1.1.1 Danish general insurance market

The size of the Danish general insurance market was approximately DKK 58 billion in 2019, having grown at a compound annual growth rate of 1.7% over 2015 to 2019. The Danish general insurance market is the least consolidated market in Scandinavia, with market participants tending to focus on customer service to improve customer loyalty and developing more advanced pricing. Both Danish personal and commercial markets are multi-policy markets where customers tend to hold more than one policy with the same insurance company; therefore, all insurers tend to offer a broad range of products and have bundling and discount programmes. Online sales are relatively uncommon in

Denmark, but are growing and are expected to grow further in the coming years. A few pure online challenger general insurance companies have entered the Danish market, but to date they have not gained a significant foothold in the market.

11.1.1.2 Norwegian general insurance market

The size of the Norwegian general insurance market was approximately DKK 48 billion in 2019, having grown at a compound annual growth rate of 2.7% over 2015 to 2019. The Norwegian general insurance market has recorded higher levels of growth in recent years compared to the Swedish and Danish general insurance markets and is considered to have the largest growth potential of the Scandinavian countries as Norway is the wealthiest country in Scandinavia by GDP per capita in 2018 according to the IMF. Growth in the Norwegian general insurance market in recent years has been driven by household and motor rate increases and increased demand for specialty insurance. The large incumbent players in the Norwegian general insurance market have seen their market shares plateau or marginally decline due to the entrance of new players, predominantly focusing on specialist market segments, with larger incumbents tending to focus on expense reductions and profitability initiatives.

11.1.1.3 Swedish general insurance market

The size of the Swedish general insurance market was approximately DKK 62 billion in 2019, having grown at a compound annual growth rate of 5.5% over 2015 to 2019. The Swedish market has seen the strongest growth of the three markets, driven by a combination of pricing increases and growth in demand across several key product lines (including Motor and Child insurance), supported by higher rates of population growth than either Norway or Denmark. The Swedish general insurance market is the largest Scandinavian insurance market, and mutual insurance companies owned by their policyholders are a strong force in the Swedish market. In recent years, large incumbent general insurers have maintained their strong positions, each with their own niches in terms of products and customer segments. Insurance aggregators have a presence in the Swedish general insurance market, albeit with significantly lower penetration than in the UK or other continental European general insurance markets. In this context, insurance aggregators refer to platforms (usually websites) that gather quote information from a range of competing insurance brands for a given risk. This allows consumers to compare the price and terms of the coverage offered without relying on a third-party (e.g. a broker or sales agent).

11.1.2 Scandinavian general insurance market—claims ratio

11.1.3 The table below presents the development in claims ratio for the last five years in each of the countries in the Scandinavian region.

	Claims Ratio				
	2019	2018	2017	2016	2015
	(%)	(%)	(%)	(%)	(%)
Denmark[1]	70.9	68.8	66.8	67.9	72.9
Norway[2]	73.9	71.9	68.0	68.0	69.5
Sweden[3]	75.2	72.8	70.8	69.5	74.9

(1) Insurance & Pension Denmark (Forsikring & Pension).

(2) FNH Norwegian Financial Services Association (now a part of Finance Norway (Finans Norge)): *Finansdret 2020—Godt dr for skadeforsikring.*

(3) Statistics Sweden (SCB)

The overall claims ratio trend across Denmark has remained stable. The principal reasons for this have been disciplined underwriting and professional management across the industry, as well as a higher market share held by listed insurers.

The overall claims ratio trend across Norway has slightly deteriorated since 2015. The principal reason for this has been claims inflation within the Motor business due to the shift towards more expensive car brands among policyholders. However, the industry

figures are also affected by greater levels of annual volatility caused by weather-related losses than the other two Scandinavian markets.

The overall claims ratio trend across Sweden has been fairly stable. However, it is marginally higher than the other two Scandinavian markets (average of 72.6% over 2015-2019 compared to 70.3% for Norway and 69.5% for Denmark). The principal reason for this is the high market share held by mutual insurers (in particular Länsförsäkringar and Folksam, see below) who tend to operate at lower levels of underwriting profitability than listed peers.

11.1.4 Scandinavian general insurance market—expense ratio

The table below presents the development in expense ratio for the last five years in each of the countries in the Scandinavian region; expense ratios tend to benefit from economies of scale, and the Scandinavian markets additionally benefit from highly loyal customers, which lowers their required marketing costs.

	Expense Ratio				
	2019	2018	2017	2016	2015
	(%)	(%)	(%)	(%)	(%)
Denmark[1]	16.6	16.4	17.4	18.3	18.1
Norway[2]	19.4	18.6	18.7	17.5	15.5
Sweden[3]	20.9	20.7	21.1	22.1	23.0

(1) Insurance & Pension Denmark (Forsikring & Pension).

(2) FNH Norwegian Financial Services Association (now a part of Finance Norway (Finans Norge)): *Finansdret 2020—Godt dr for skadeforsikring.*

(3) Statistics Sweden (SCB)

The overall expense ratio trend across Denmark has improved over time. The principal reasons for this are the steps taken by the largest market players to improve cost efficiency via automation, improved procurement and leveraging scale benefits. Tryg, Topdanmark and Codan have all been active in this regard.

The overall expense ratio trend across Norway has been negative over the last few years. Following a decline in industry expense ratios from the early 2000s, the trend began to reverse from 2015. The principal reasons for this are increasing cost of technology spending and weakening of Norwegian Krone.

The overall expense ratio trend across Sweden has improved over recent years. The absolute level of the expense ratio is somewhat higher than in the other two markets, mainly attributable to the lower cost efficiency of the mutual players that comprise the majority of the market.

11.2 Products and distribution

The main general insurance product lines in the Scandinavian region include motor, homeowners' (including contents insurance), personal accident and health, property, and marine and transport. In Denmark and Norway, workers' compensation and liability are also important products in the commercial and corporate segment. Private customers and SMEs in the Scandinavian general insurance market have displayed a preference for product bundles versus pricing and selecting individual products as well as a willingness to pay for good customer service. Competitors in the Scandinavian general insurance markets therefore tend to focus on customer service, cross-selling efforts as well as controlling costs.

The following table sets out the size of the main segments of the general insurance market in Denmark.

Line of business	Premiums (DKK billions) (as at December 31, 2019)	Premiums (%) (Year to December 31, 2019)
Motor total	16.5	28.6
Property	20.0	34.7
Accident & health	12.9	22.4
Liability	2.9	5.0
Workers' compensation	2.5	4.3
Marine, aviation & transport	1.4	2.5
Other[2]	1.5	2.5
Total	**57.7**	**100.0**

Source: The Danish Financial Supervisory Authority and Insurance & Pension Denmark (Forsikring & Pension).

The following table sets out the size of the main segments of the general insurance market in Norway.

Line of business	Premiums (DKK billions) (Year to December 31, 2019)[1]	Premiums (NOK billions) (Year to December 31, 2019)	Premiums (%) (Year to December 31, 2019)
Motor total	17.9	23.5	37.5
Private property	9.7	12.8	20.4
Commercial property	6.3	8.3	13.3
Accident & health	5.6	7.4	11.8
Travel	2.7	3.6	5.7
Workers' compensation	1.7	2.2	3.6
Other[2]	3.7	4.8	7.7
Total	**47.6**	**62.8**	**100.0**

Source: Finance Norway (Finans Norge)

(1) Converted at average DKK/NOK FX rate in 2019.

(2) Including credit, leisure boat, cargo and fish farming

The following table sets out the size of the main products of the general insurance market in Sweden.

Line of business	Premiums (DKK billions) (as at December 31, 2019)	Premiums (SEK billions) (as at December 31, 2019)	Premiums (%) (Year to December 31, 2019)
Motor total	22.2	31.4	35.8
Commercial property	13.8	19.6	22.3
Home	12.3	17.4	19.8
Health, accident & illness	8.1	11.5	13.1
Other	5.6	7.9	9.0
Total	**62.0**	**87.9**	**100.0**

Source: Svensk Forsakring

Although distribution platforms in the countries of the Scandinavian region are not identical, the primary distribution channels for general insurance products include direct distribution through the Internet, a company's own sales agents, call centres, banks, franchisees and affinity agreements. Scandinavian general insurance companies often have affinity agreements with financial institutions, trade unions, professional associations and other groups to offer their members personal and commercial insurance products. Broker-led distribution is less common, especially in the private individual and small and medium-sized enterprise segments, although it is an important channel for the corporate segment. The Internet and bancassurance distribution channels are increasing in

importance; compared to the UK and other mature insurance markets, online sales in Scandinavia are relatively uncommon, especially in Denmark, but are growing and are expected to grow further in coming years. In addition, products are, more commonly than in other markets, sold in bundles that serve various risk categories as well as potentially various family members, which has been driving customer loyalty.

11.3 Competition

Competition in Europe for private individuals and small and medium-sized enterprises is principally on a national basis while competition in the corporate sector is increasingly on a European basis. The main industry participants by gross premium income that operate in more than one Scandinavian country are Sampo plc (parent company to If P&C Insurance Holding Ltd and Topdanmark A/S), the Tryg Group and RSA Scandinavia.

As of 31 December 2019, the top four insurers in Denmark, Norway, and Sweden have approximately 58.4%, 75.9% and 78.8%, respectively, of the general insurance market based on gross premium income.

The following table sets out the market shares based on gross premium income in the general insurance market in Denmark:

(in %)	2014	2015	2016	2017	2018	2019
Tryg	18.1	18.0	18.0	17.9	17.6	22.9
Topdanmark	17.6	17.3	16.8	16.7	16.2	16.3
Codan[1]	11.7	11.2	11.0	10.5	10.4	9.9
Alm. Brand	9.7	9.7	9.5	9.5	9.3	9.3
Others	42.9	43.8	44.7	45.4	46.5	41.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Insurance & Pension Denmark (Forsikring & Pension)

(1) RSA trades in Denmark as Codan.

The following table sets out the market shares based on gross premium income in the general insurance market in Norway:

(in %)	2014	2015	2016	2017	2018	2019
If	22.6	21.9	21.2	21.1	21.1	21.1
Gjensidige	25.3	25.3	25.6	25.3	25.6	25.6
Fremtind[1]	10.1	10.0	10.2	10.4	10.7	15.9
Tryg	13.8	13.4	13.4	13.0	13.1	13.3
Codan	2.5	2.6	2.7	2.9	2.3	2.1
Others[2]	25.7	26.9	26.9	27.3	27.2	22.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Finance Norway (Finans Norge)

(1) Formerly SpareBank 1 Forsikring through 2018.

(2) Includes DNB Forsikring until 2018; from 2019 onwards DNB Forsikring is included in the Fremtind totals.

The following table sets out the market shares based on gross premium income in the general insurance market in Sweden:

(in %)	2015	2016	2017	2018	2019
Länsförsäkringar	29.8	30.2	30.8	30.3	30.2
If Skadeförsäkring	18.2	18.3	18.5	18.2	18.3
Folksam	16.3	16.5	15.7	16.0	16.2
Trygg-Hansa[1]	15.4	15.1	14.6	14.6	14.1
Moderna[2]	2.9	2.8	3.2	3.0	3.3
Others	17.4	17.1	17.2	17.9	17.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Swedish Financial Supervisory Authority

(1) RSA trades in Sweden as Trygg-Hansa.

(2) Tryg trades in Sweden as Moderna.

The Tryg Group had a 12.0% market share of the Scandinavian market in 2019, based on gross premium income (RSA: 9.3%). In Denmark, the Tryg Group had a market share of approximately 22.9% based on gross premium income for 2019 and was the largest general insurance company in the Danish market; Codan Denmark had a market share of 9.9% and was the third largest general insurance company in the Danish market. In Norway, the Tryg Group had a market share of approximately 13.3% based on gross premium income for 2019 and was the fourth largest general insurance company in the market; Codan Norway had a market share of 2.2% and was the eighth largest general insurance company in the Norwegian market. In Sweden, the Tryg Group had a market share of approximately 3.3% based on gross premium income for 2019 and was the fifth largest general insurance company in the market; Trygg-Hansa had a market share of 14.1% and was the fourth largest general insurance company in the Swedish market.

The principal basis for competition in the direct general insurance business in the Scandinavian region include brand recognition of the issuing company, the utilization of various distribution channels, the quality of customer service before and after sales of insurance products (including claims handling), product flexibility and innovative product design. In addition, several insurers operate under a (quasi-)mutual model and/or give bonuses/rebates back to their customers on an annual basis (e.g. Tryg and Gjensidige).

11.4 General market trends

The Scandinavian general insurance industry has been characterized by certain significant trends in recent years, including the following:

- *Strong market positions.* The Scandinavian market is characterized by a few large domestic or Scandinavian regional companies having significant market share in specific Scandinavian countries. Several Scandinavian companies (including If and Tryg) have strong market positions in two or more Scandinavian countries. The Scandinavian marketplace structure has been altered through a number of significant mergers and acquisitions. The strong market shares enjoyed by large domestic companies in the Scandinavian region and by several pan-Nordic companies have allowed these companies to implement measures to take advantage of economies of scale. These strong market shares and their brands have made it difficult for new players to enter the market and for existing players to grow market shares.
- *Stable general insurance market*. The Scandinavian general insurance markets remain relatively stable in terms of top-line growth and product offerings. The overall growth in gross premium income in the Scandinavian region in recent years is to a large extent a result of rate increases as well as organic business growth. The Scandinavian countries are characterised by a high level of general insurance penetration—general insurance premiums per capita for each of the Scandinavian countries are within the top 20 countries globally. This is attributable to the fact that households are generally wealthy and tend to cover their insurance needs relatively well. Retention levels are also very high in the

Scandinavian region compared to nearly everywhere else in the world. This is a key profitability driver as high retention rates help insurers keep their overall expenses low. Renewals by existing customers are associated with lower cost of sales and claims ratios than policies for new customers. Products are quite frequently sold in bundles with various exposures being covered in a package.

- *Focus on general insurance*. The large domestic and pan-Nordic companies have increasingly focused their business on general insurance by divesting life insurance and other non- insurance businesses. The high profitability and return on capital generated by their general insurance operations has made them relatively more attractive than other sub-sectors. For example, life insurance and banking operations have both been hampered by low interest rates, while the introduction of the Solvency II capital framework in 2016 increased SCRs for life insurance operations.
- *Cost efficiencies*. The most important cost driver is the high retention ratios. High levels of customer service and the market standard automatic renewal across the region reduces the overall cost. Many market participants in the Scandinavian general insurance industry have in recent years focused on improving back office functions and other cost efficiencies, including streamlining claims handling. Scandinavian general insurance companies have some of the lowest combined ratios among European and other international insurance companies, driven primarily by low expense ratios. These expense ratios reflect Scandinavian market participants' focus on cost efficiencies as well as the characteristic features of the Scandinavian general insurance market, namely, high levels of general insurance penetration among households and businesses and high retention rates. Operators are generally technologically advanced and the region benefits additionally from relatively low levels of fraud.
- *Direct distribution channels*. Product distribution in the Scandinavian general insurance market has continued to be primarily through direct channels such as a company's own sales force, call centres, franchisees and banks. Compared to other Western European general insurance markets, brokers are a less significant distribution channel in the Scandinavian region. Pricing products so that brokers' commissions are paid directly by customers and not by insurance companies has become the market standard. Bancassurance and online distribution channels have become increasingly important. Compared to the UK and other mature insurance markets, internet sales in Scandinavia are relatively uncommon, especially in Denmark, but internet sales are growing and expected to grow further in coming years.
- *Increasing focus on M&A, particularly overseas*. Several of the largest players in the market have made a number of strategic acquisitions over recent years in order to acquire incremental capabilities and mitigate low organic growth. These include Gjensidige's acquisitions of Mølholm Forsikring (Denmark) and PZU Lietuva (Lithuania). Sampo has also recently completed the acquisition of UK insurer Hastings, while also making a number of strategic fintech investments in Bank Norwegian (digital banking), Intrum (debt management), Nets (payments), Nordax (online specialist banking) and Saxo Bank (online trading platform), and increasing its stake in Topdanmark to 46.7%. The Tryg Group's recent transactions have included the acquisitions of local mutual, Alka, two small Norwegian companies as well as the acquisition of several distribution agreements.

11.5 Market conditions and outlook—COVID-19 pandemic and COVID Measures

In the first half of 2020, the world economy was heavily impacted by the outbreak of COVID-19 and related COVID Measures. Significant monetary and fiscal easing has been implemented worldwide to prevent the global economies from grinding to a complete halt, and macroeconomic forecasts for 2020 have been revised down dramatically. In addition, during the month of March 2020, several authorities—starting with EIOPA followed by national financial supervisory authorities—expressed concern about financial institutions,

including insurance companies, distributing dividends, considering the adverse capital market movements and the very challenging macroeconomic scenario ascribable to the COVID-19 outbreak. Supervisory recommendations in this regard were evolving through the second half of 2020 and continue to do so through 2021.

Despite these developments, market participants in the Scandinavian general insurance market have remained profitable in 2020. Scandinavian general insurance market participants have generally reported that the largest impact of the COVID-19 pandemic and related COVID Measures was observed in travel insurance portfolios, with an unprecedented increase in travel insurance claims reported in the first half of 2020, particularly in the first quarter. The impact of the increase in travel insurance claims was limited to varying extents by reinsurance coverage and largely offset by lower claims frequencies in motor, accident and property (home and contents) lines of business. Indeed, across the industry, a number of insurers reported a reduction in claims across these lines of business from the second to the fourth quarter of 2020, more than offsetting the initial cost from travel insurance claims. However, there were also additional non-underwriting expenses incurred in relation to implementing COVID-19 compliant work spaces and the roll-out of additional technology to enable home working.

The general macroeconomic outlook in Scandinavia is currently rebounding following a significant setback in the first half of 2020, although it is too early to assess the possible impact of the second wave of COVID-19. Following the outbreak of COVID-19, a period of high uncertainty and volatility has characterised financial markets developments; capital markets recovered from losses booked in the first three months of 2020 in the second and third quarter of 2020 which has generally had positive impacts on the investment results of Scandinavian general insurance companies. Scandinavian government indebtedness remains comparatively low, unemployment rates are expected to improve, and GDP growth is expected to be close to 3-4% across Scandinavia in 2021. These economic forecasts remain somewhat sensitive, as they are highly dependent on COVID-19 developments, including the ability of governments to control the situation. For example, after the summer holidays, COVID-19 infection rates have increased in both Denmark and Norway; to halt this development, the public authorities in Norway and Denmark decided to impose new COVID Measures in September, including mandatory closures of bars and restaurants at 10:00 pm, and recommending that employees work from home where possible. Further COVID Measures were imposed in December 2020, with the closure of bars, restaurants, cultural venues and secondary schools in Denmark. During those periods, the impact on a number of lines (for example, contents and motor, and ordinary travel) was fewer claims. Despite the start of vaccination programmes in both Denmark and Norway at the end of December, the Danish and Norwegian authorities extended COVID-19 restrictions and implemented new national and regional measures in January.

Premium growth in the Scandinavian general insurance market is positively correlated with economic growth, with the Scandinavian commercial general insurance market traditionally being more dependent on supportive macro trends. However, given the unprecedented economic uncertainty, both personal and commercial insurers may face some top-line risk as government-issued aid packages are phased out, potentially resulting in higher unemployment and a faster rate of business closures.

11.5.1 Market conditions and outlook—COVID-19 pandemic and COVID Measures—Denmark

Whilst economic activity has decreased in Denmark following the COVID-19 outbreak, the level of business bankruptcies recorded in Denmark has actually been lower than in previous years. Unemployment rates have in general showed an increase, especially in the hotel and restaurant industry. Job losses recorded during the period from March to July 2020 were three times as high as "normalised" levels. It is too soon to draw conclusions about the impact of the COVID-19 pandemic and COVID Measures as the Danish Government has provided substantial aid packages to many companies and thus a larger impact may be observed when these aid packages are phased out. Wide spread travel restrictions imposed by governments in response to the COVID outbreak have led to a downturn in car usage, new car registrations and motor insurance premiums. This

trend is ongoing through early 2021 due to the continuation of COVID restrictions and the potential reduction in economic activity caused by the phasing out of government support packages.

11.5.2 Market conditions and outlook—COVID-19 pandemic and COVID Measures—Norway

Whilst economic activity has sharply decreased in Norway following the COVID-19 outbreak, the level of business bankruptcies has not significantly increased compared to previous years. It is too soon to draw conclusions about the impact of the COVID-19 pandemic and COVID Measures on the Norwegian economy as substantial government aid packages were provided to many companies following the outbreak of COVID-19, thus mitigating the impacts of the pandemic in the short-term. A larger impact may be observed when these aid packages are phased out. The Norwegian hotel and restaurant industries in particular are struggling. Wide spread travel restrictions imposed by governments in response to the COVID outbreak led to a downturn in car usage, new car registration and motor insurance. This trend is ongoing through early 2021 due to the continuation of COVID restrictions and the potential reduction in economic activity caused by the phasing out of government support packages.

11.5.3 Market conditions and outlook—COVID-19 pandemic and COVID Measures—Sweden

As in other insurance markets, travel restrictions relating to the COVID-19 pandemic led to an increase in travel insurance claims in the Swedish personal and commercial insurance markets. The Swedish commercial insurance market was significantly impacted by the COVID-19 outbreak with high levels of bankruptcies recorded in various industries, and in particular in the hospitality and transport services industries. In April 2020, Creditsafe reported that the number of bankruptcies filed in Sweden was the highest in 20 years. The initial wave of bankruptcies flattened in July 2020 but the risk of a second wave persists. It should be noted that many Swedish companies are still suffering as a result of the COVID-19 pandemic and COVID Measures and thus are heavily dependent on a return to normal revenue levels in order to avoid bankruptcy.

The decline in commercial activity resulting in an increase in business bankruptcies also impacted the Swedish insurance industry's motor insurance business. For instance, similar to the effects seen in Denmark and Norway, a decline in car usage led to decreased sales of motor insurance. However it is important to remember that a drop in new car sales will not necessarily lead to significant impact on premium income as existing cars will continue to require motor insurance coverage. New car sales have decreased significantly with almost a 50% decline seen in April and May 2020. The increase in new car sales observed in June 2020 was driven by COVID-19 related production and delivery delays, with orders placed before the outbreak of the COVID-19 pandemic being fulfilled in June and thus not indicating a reversal in this adverse trend. Car rentals have also decreased significantly following the COVID-19 outbreak, a trend which is expected to continue throughout and beyond the end of 2020. In addition, there was an increase in demand for boat insurance as many people were "staycationing" in Sweden instead of travelling abroad. However, this is likely to reverse once COVID Measures are eased and travel restrictions are withdrawn.

12. RISK MANAGEMENT

12.1 Introduction

Risk management forms an integral part of the Tryg Group's business model and is critical to its success. Proper risk management is crucial not only to the Tryg Group, but also to its shareholders, supervisory authorities and customers, who rely on the Tryg Group to meet its obligations to them.

The Tryg Group has adopted a number of policies, procedures and guidelines that contribute to the management of risk activities such as underwriting and reinsurance, claims handling, investments, IT security etc. These guidelines are also supported by a delegation of authority structure which stipulates which persons may take certain actions. Altogether, these policies, guidelines and business procedures constitute the internal framework within which the business must act. In the Tryg Group, 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 the Tryg Group is willing to take in order to meet Tryg's strategic targets. This means that the risk appetite is a critical component that connects the Tryg Group's strategic targets with its operational plans. The risk appetite determines the considerations and decisions upon which the framework and policies are based, and the risk strategy describes how this is implemented in practice.

The Solvency II regime emphasises the need for sound risk management and has introduced additional requirements concerning risk governance, consistency across the Tryg Group and top management reporting and involvement. The Tryg Group has implemented a governance structure in compliance with Solvency II.

In addition to the requirements under Solvency II, the Tryg Group has chosen to appoint a special Supervisory Board Risk Committee which monitors the capital and risk management activities on behalf of the Supervisory Board. See "*Supervisory Board and Executive Board—Supervisory Board—Board practices and committees—Risk Committee".*

The Tryg Group has further chosen to implement a partial internal model, approved by the DFSA, which models insurance risk while all other risks are modelled using the Solvency II standard formula.

The Tryg Group does not expect to materially change its approach to risk management as described in this section following the contemplated acquisition of RSA Scandinavia in connection with the Scandinavia Carve-Out or after the completion of the contemplated Demerger where Trygg-Hansa and Codan Norway will become a part of Tryg Forsikring A/S and thereby form part of the Tryg Group.

12.2 Risk organisation

Risk management in the Tryg Group is divided into 'three lines of defence', with the business areas constituting the first line of defence, the key functions Risk Management, Actuarial and Compliance constituting the second line of defence, and the Internal Audit auditing the Tryg Group in the third line of defence and reporting directly to the Supervisory Board.

Lines of defence

Figure 8: Lines of defence in the Tryg Group's risk management function

The Risk Management function consists of a group risk management department and decentralised risk managers in the individual business areas. The decentralised risk managers are anchored in the respective business areas, and also have a dotted reporting line into the group risk management department, i.e. a matrix organisation is in place.

The decentralised risk managers form an essential part of the Tryg Group's second line of defence and are responsible for carrying out the activities of the risk management function in their respective business areas. 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 function and the compliance function.

12.3 Key functions

The Executive Board has appointed a person responsible for each of the compliance, actuarial and risk management functions. The internal audit function is handled by internal audit, and the person responsible for the function is appointed by the Supervisory Board.

With the implementation of the four key functions comes a requirement for independence, which the Tryg Group has ensured by placing the risk management and the actuarial functions under group finance, the compliance function under group legal & compliance Nordic, and the internal audit function under internal audit.

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

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

The Executive Board and the responsible for each of the risk management function, the actuarial function and the compliance function are members of the Executive Board's Risk Committee.

A special subcommittee, the Investment Risk Committee, has been formed under the Executive Board's Risk Committee to oversee risk management within the investment unit of the Tryg Group, to monitor risk taking in investments and ensures that this is in accordance with the investment policy, and to prepare recommendations for the Executive Board's Risk Committee regarding investment risk management.

12.4 Own risk and solvency assessment

The ORSA is the Tryg Group's own risk and solvency assessment based on the Solvency II principles, which implies that the Tryg Group must assess all material risks to which the Tryg Group is or may be exposed. The ORSA also contains an assessment of whether the calculation of the SCR is reasonable and reflects the Tryg Group's actual risk profile. Moreover, the projected capital requirement is also assessed over the Tryg Group's strategic planning period. The Tryg Group'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. Therefore, ORSA report is an annual summary document assessing all these processes.

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

The result of the Tryg Group's risk management processes constitutes the basis for the Supervisory Board's own risk and solvency assessment. The information is delivered by the risk management function.

The SCR is calculated on the basis of the Tryg Group's partial internal model, where insurance risks are modelled using an internal model, while other risks are described using the Solvency II standard formula.

12.5 Risk profile

The risk management of the Tryg Group involves the assessment of a large number of risks that affect its activities. The Tryg Group's main risk areas are insurance risk, market risk, credit risk, liquidity risk and operational risk. In addition, other material risks include strategic risk, compliance risk and emerging risks.

12.5.1 Insurance risk

Insurance risk is the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. Insurance risk consists of underwriting risk which is the risk associated with current year's underwriting and reserving risk associated with the run-off of previous underwriting years.

Underwriting risk

Underwriting risk is managed primarily through the Tryg Group's insurance policy as defined by the Supervisory Board, and administered through, *inter alia*, business procedures and underwriting guidelines.

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

The principal factors affecting insurance risk include:

- *Premium rates*

  The risk that market competition could have an adverse effect on premium rates, or that the internal pricing process (models) produce inadequate risk premiums.

- *Claim severity*

  Average claim severities may vary due to changing technology, claims mixes or claims inflation, for example increases in wage levels due to high demand for certain types of labour. The risk associated with individual large claims is controlled reasonably well by the 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 or macroeconomic conditions.

- *Risk accumulation*

  Risk accumulation is where an event, e.g. a storm, causes several claims within the same geographical area.

Reserving risk

Reserving risk is a part of the insurance risk of the Tryg Group.

Reserving risk relates to the risk of the Tryg Group'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 partial internal model. The uncertainty associated with the calculation of claims reserves affects the Tryg Group'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 the Tryg Group's match portfolio which corresponds to the discounted claims reserves. In order to manage the inflation risk of Danish workers' compensation claims reserves, the Tryg Group has bought zero coupon inflation swaps. The Tryg Group 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.

The principal factors affecting reserving risk include:

- *Changes in claims handling procedures*

  The Tryg Group sets up case reserves for larger claims on a case-by-case basis. Changes in the practice for case reserving may introduce uncertainty in the total level of reserves.

- *Changes in legislation and court practice*

  Legislative changes may affect the level of insurance compensation for past accident periods, and hence the required level of claims reserves.

- *Claims inflation*

  Unexpected changes in the claims inflation can affect long-tailed business like liability insurances and Danish workers compensation.

As at 31 December 2020, the Tryg Group's claims reserves net of reinsurance totalled DKK 23,871 million with an average duration of approximately 4.6 years.

Business model and exposure

Assessment of the Tryg Group's actual risk profile is 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 the Tryg Group's partial internal 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 as a percentage of premium, referred to as 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 rather than lump sums.

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.

The Tryg Group's insurance policy and guidelines approved by the Supervisory Board specify underwriting limits and conditions which thereby define the risk appetite of the Tryg Group.

The fundamental processes of evaluating, quantifying and controlling the insurance risks are:

- The Tryg Group's price and tariff analysis, which ensures that prices properly reflect the underlying risk
- The partial internal 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

Furthermore, the insurance risk is evaluated as part of the risk identification process. In addition, reviews of the technical provisions are performed quarterly, evaluating the appropriateness of the Tryg Group's reserving methods.

Risk concentrations—insurance 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 such as fire, terrorism etc.

The Tryg Group'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.

In general, the Tryg Group has a well-diversified insurance portfolio due to its large customer base in the Nordic countries.

Risk management of insurance risk

The Tryg Group 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 the Tryg Group's SCR. The most significant types of mitigation for insurance risk are:

- *Insurance policy limitations on acceptance of risk*

  In general, the Tryg Group's insurance policy contains limits which ensure that the Tryg Group 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.

- *Inflation risk on workers' compensation*

  Workers' compensation claims are regulated by a workers' compensation index. This risk is covered by inflation swaps.

- *Reinsurance*

  The purchase of reinsurance follows the insurance policy approved by the Supervisory Board. Each year the Supervisory Board approves a plan for the purchase of reinsurance in accordance with the insurance policy.

Proportional reinsurance is used in special areas (e.g. guarantee) to balance the portfolio mix to a level where diversification ensures optimum effect. The Tryg Group's reinsurance programme and facultative reinsurance are used to reduce the risk associated with large claims for both portfolios and individual large risks. In case of major events involving damage to buildings and contents, the Tryg Group's reinsurance programme provides protection for up to DKK 7.25 billion, which is statistically sufficient to cover at least a 250-year event.

Retention for such events is DKK 182.5 million. In the event of a frequency of natural perils events, the Tryg Group is covered for up to DKK 600 million, after total annual retention of DKK 300 million. The Tryg Group has also taken out reinsurance for the risk of large claims occurring in sectors with very large sums insured. The Tryg Group's largest individual building and contents risks are covered by up to DKK 2 billion. Retention for large single claims is DKK 100 million, gradually dropping to DKK 25 million if several large claims occur within the same year. Single risks exceeding DKK 2 billion are covered individually.

The Tryg Group has combined the minimum cover of other sectors into a joint cover with retention of DKK 100 million for the first claim and DKK 25 million 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.

12.5.2 Market risk

Market risk is defined as the risk of loss as a consequence of financial market volatility.

The principal factors affecting market risk include:

- *Monetary policy and interest rates*

  Monetary policies affect the interest rate environment. The Tryg Group is exposed to interest rate risk to a lesser extent due to its matching strategy described below.

- *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*

  The Tryg Group's exposure to real estate markets has changed and the Tryg Group is now exposed to funds and global real estate rather than Nordic and directly owned properties. This shift in strategy has made the Tryg Group's real estate investment portfolio more diversified and the assets therein more liquid, but in the event of an economic downturn or slowdown, the real estate assets in which the Tryg Group is invested may experience vacancy and increasing costs which would negatively affect the fund investments.

- *Political risk factors*

  Political events can impact the general economic environment and investment yields.

The Tryg Group'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 using bonds and interest rate swaps.

The free portfolio is subject to the framework defined by the Supervisory Board through the Tryg Group's investment policy. The purpose of the free portfolio is to achieve the highest possible return relative to risk. The Tryg Group's property portfolio constitutes the Tryg Group's largest investment risk. The property portfolio comprises property funds and directly owned investment properties, the value of which is adjusted based on the conditions on the property market through internal valuations backed by external valuations. At the end of 2020, investment properties accounted for 6.8% (including

property funds), and the Tryg Group's equity portfolio accounted for 6.1%, of the total investment assets.

The Tryg Group is also exposed to currency risk. The Tryg Group 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, the Tryg Group 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 the Tryg Group's investments in AAA-rated Nordic and European government and mortgage bonds. These risks are also managed through the Tryg Group's investment policy and the reinsurance framework defined in its insurance policy.

Risk concentration of market risk

The overall framework for managing investment risk is defined by the Supervisory Board in the Tryg Group'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, real estate etc.). A very important element in managing the Tryg Group's investment risk is the Tryg Group'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, together with a swap overlay, matches and thereby hedges the interest rate sensitivity of the discounted provisions as closely as possible.

As of 31 December 2020, the match portfolio represents 69% of total group investments, while the free portfolio (the shareholders' equity of the Tryg Group) represents the remaining 31%.

Risk management of market risk

Significant areas in which the Tryg Group 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 the Tryg Group's total interest rate sensitivity is minimised.

- *Currency risk*

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

The purpose of the free portfolio is to maximise the investment return within the accepted investment risk limits as defined by the Supervisory Board in the investment policy. The development in the free portfolio, including compliance with the investment policy limits, is monitored and reported on a regular basis.

See "*Business of the Tryg Group—Investments*" for further information regarding the Tryg Group's investments.

12.5.3 Credit risk

Credit risk is defined as the risk of loss resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which Tryg Group are exposed, in the form of counterparty default risk, spread risk, or market risk concentrations.

The credit risk associated with reinsurance is managed under the Tryg Group's policies and guidelines ensuring that the credit risk will be kept at an acceptable level.

A majority of the Tryg Group's counterparties have a rating of 'A' or higher. Furthermore, the counterparty risk is addressed by the SCR, as 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 among other things lists the ratings which must be maintained by the Tryg Group's counterparties under specific asset classes. See "*—Market risk*".

12.5.4 Liquidity risk

Liquidity risk is defined as the risk of loss arising from the Tryg Group being unable to realise investments and other assets in order to settle its financial obligations when they fall due.

For a primarily non-life insurance business like the Tryg Group, liquidity risk is practically non-existent, as premiums are received before any potential claims payment.

Through the monitoring of excess liquidity defined in the Tryg Group'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.

12.5.5 Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, personnel systems, or from external events.

The role of operational risk management is to support the profitability of the Tryg Group'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 the Tryg Group. Data security and GDPR are important issues for the Tryg Group in relation to personal data. In 2019, the online learning platform 'Safe Colleague' was introduced to educate employees and test their skills. Through gamification, employees learn about the basics of data security. The Tryg Group requires all new employees to complete a mandatory e-learning programme on GDPR and IT security as part of their onboarding programme. In the course of the year, all new employees will have completed the online training.

As operational risks mainly relate to internal processes, the Tryg Group 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 Tryg Group's operations. The Supervisory Board defines the overall framework for managing operational risks in the Tryg Group's operational risk policy and in the IT security policy.

A special crisis management structure has been set up to deal with the eventuality that the Tryg Group is hit by a major crisis. This comprises a Crisis Management Team at Tryg Group level, national contingency teams at country level and finally business contingency teams in the individual areas of the business. The Tryg Group has prepared contingency plans to address the most important risk 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 the Tryg Group follow normal market conditions. This is done by ensuring that documents are compliant with the ISO standards.

To mitigate its operational risks, the Tryg Group has established automatic data controls. In addition, the Tryg Group 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 the Tryg Group increases.

12.5.6 Other material risks

Strategic risk

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

Compliance risk

Compliance risk is the risk of loss as a result of lack of compliance with rules, regulations, market standards or internal guidelines. The handling of compliance risk is coordinated centrally via the Tryg Group's Compliance & Legal department, which, among other things, sits on industry committees in connection with legislative monitoring, ensures implementation of regulation in the Tryg Group 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 the products as the conditions change.

In the event of a change in insurance terms, it is ensured that the Tryg Group's reinsurance cover is consistent with the new conditions.

12.6 Capital management

The Tryg Group's capital and risk management policy prescribes that the Tryg Group 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 the Tryg Group's strategic return on equity target and dividend policy aiming for a stable dividend distribution.

The dividend policy prescribes to aim for a steadily increasing dividend in nominal terms on a full-year basis and a payout ratio between 60% and 90% of Tryg's profit after tax. Any excess capital may be paid out as extraordinary dividend. The ordinary dividend is paid out on a quarterly basis. For further details on Tryg's dividend policy, see "*Dividends and Dividend Policy—Dividend policy*".

The dividend policy is approved by the Supervisory Board on an annual basis. The aim of a stable dividend means that the Tryg Group's solvency ratio will absorb any earnings fluctuations. This also means that the Tryg Group 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 the Tryg Group being at risk.

The capital plan, which is approved annually by the Supervisory Board, shows the expected development in the Tryg Group's SCR and capital buffer over the strategic planning 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 the SCR and capital buffer on a quarterly basis.

Own funds

The Tryg Group's own funds consist entirely of basic own funds items which can be categorised into Tier 1 and 2 capital. Some of the Tier 1 capital is restricted.

Tier 1 unrestricted own funds consist of share capital, surplus funds (primarily retained earnings and expected profits included in future premiums), and reconciliation reserves.

As at 31 December 2020, Tier 1 restricted own funds consist of two subordinated loans of SEK 700 million (with perpetual maturity) and NOK 800 million. On 26 February 2021 Tryg Forsikring A/S issued the New RT1 Notes (as defined herein) of SEK 1,000 million. Subject to the prior approval of the DFSA and the terms of the SEK Tier 2 Notes (as defined herein) (including, but not limited to, prior notice of redemption to the holders of the SEK Tier 2 Notes (which notice has not been given as of the date of this Prospectus)), the Tryg Group expects to use the proceeds of the New RT1 Notes for the refinancing of the SEK Tier 2 Notes which is expected to occur on or around 26 May 2021. For further information on the New RT1 Notes, see "*Operating and Financial Review of the Tryg Group—Liquidity and capital resources—Capital resources*".

Tier 2 own funds consist of subordinated loans, described in further detail below, and capital held for the Norwegian Natural Perils Pool (the "**Norwegian Pool**"). Following completion of the Offering but before completion of the Acquisition, the Tryg Group is contemplating the issuance of additional Tier 2 capital of approximately DKK 1,500 million to DKK 2,000 million or an amount of similar value or part of such amount, in currencies other than DKK (based on the prevailing exchange rates at the time of the proposed issuance) to improve its capital position.

The table below shows the distribution of own funds on Tier 1 (unrestricted and restricted) and Tier 2 capital as of 31 December 2020:

DKKm	Total own funds	Tier 1 unrestricted	Tier 1 restricted[1]	Tier 2
		DKK millions		
Existing Share capital (gross of own shares)	1,511	1,511		
Surplus funds	9,907	9,907		
Reconciliation reserve	(6,043)	(6,043)		
Subordinated liabilities	3,648		1,082	2,566
Total basic own funds	9,023	5,374	1,082	2,566
Total basic own funds to meet SCR	8,884	5,374	1,082	2,428
Total basic own funds to meet MCR	6,893	5,374	1,082	437

(1) The Tier 1 restricted capital is shown as at 31 December 2020 and does not include the New RT1 Notes of SEK 1,000 million issued by Tryg Forsikring A/S on 26 February 2021. For further information on the New RT1 Notes, see "*Operating and Financial Review of the Tryg Group—Liquidity and capital resources—Capital resources*".

The main differences between equity in the group's financial statements and own funds are as of 31 December 2020:

- Proposed dividend is deducted from own funds upfront when they are declared but treated as equity in the financial statements until distributed: DKK 529 million.
- Profit margin, solvency purpose is not part of equity but eligible in own funds: DKK 1,408 million (before tax).
- Intangible assets are deducted from own funds, but included in equity: DKK 7,124 million (before tax).
- Taxes related to valuation differences on expected profits and intangible assets: DKK 201 million.

- Subordinated loans are not included in equity, but partly eligible in own funds as restricted Tier 1 and Tier 2 capital: DKK 3,648 million before cap and including the Norwegian Pool.

Additional information on the Tryg Group's own funds

The original intention was for the loan of NOK 800 million (issued March 2013) to be classified as eligible Tier 2 own funds under Solvency II. As the final Solvency II-legislation was published in 2016 there were certain criteria's that the loan did not fulfil to qualify as a Tier 2 instrument. Due to transitional regulations, the loan is, however, to be classified as Tier 1 own funds. See section 16 of the Danish Executive Order no. 620 of 1 June 2017 on calculation of capital base for group 1 insurance companies etc.

The Norwegian Pool has existed since 1979 and serves to equalise the geographical differences in natural catastrophe exposure in Norway.

This is done via a pool construction with common premium rate for all participating companies and where surplus/deficit for the pool is allocated to the participating companies according to market share. The resulting funds (accumulated surplus/deficit) is allocated to and owned by the individual companies.

As at 31 December 2020, Tryg Livsforsikring A/S has own funds of DKK 151 million corresponding to a solvency ratio of 324. Alka Liv II has own funds of DKK 117 million corresponding to a solvency ratio of 425.

As legal entities, Tryg Livsforsikring A/S and Forsikrings-Aktieselskabet Alka Liv II have separate capital and contingency plans. Both subsidiaries' contingency plans state the possibility of capital infusion from their parent company. Since both subsidiaries are wholly owned, capital management is performed on a group basis.

For additional details on for the Tryg Group's subordinated loans, see "*Operating and Financial Review of the Tryg Group—Liquidity and capital resources—Capital resources*".

12.7 Solvency capital requirement and minimum capital requirement

The SCR is calculated on the basis of a partial internal model where insurance risks are modelled using an internal model. Other risks are modelled using the Solvency II standard formula.

The partial internal model calculates a capital requirement of the Tryg Group for a 99.5% solvency level with a one-year horizon, which means that the Tryg Group will be able to fulfil its obligations in 199 out of 200 years. The partial internal model was approved by the DFSA in November 2015. A major model change was approved by the DFSA in April 2020.

As at 31 December 2020, the SCR for the Tryg Group was DKK 4,855 million and the minimum capital requirement the (the "**MCR**") was DKK 2,185 million.

The MCR is calculated according to Articles 248-253 of the Solvency II delegated acts. The MCR is calculated by taking the SCR, the absolute minimum capital requirement, the best estimate technical provisions, and the net premiums written during the last 12 months as input.

12.8 Ratings

Moody's has rated the Tryg Group on an annual basis since 2016. In February 2019, Moody's assigned an "A2" Issuer Rating to Tryg Forsikring A/S. In July 2019, Moody's assigned an "A1" Financial Strength Rating with a positive outlook to Tryg Forsikring A/S. In April 2020, Moody's assigned an "A1" Financial Strength Rating with stable outlook to Tryg Forsikring A/S. This rating was affirmed on 18 November 2020 following the announcement of the Acquisition. For business, competitive and financial reasons, it is Tryg Group's intention to maintain an "A" range rating.

13. REGULATION

13.1 Denmark

13.1.1 Regulation of Danish insurance holding companies and insurance companies

Tryg is classified as an insurance holding company as a result of its ownership of Tryg Forsikring A/S, Tryg Livsforsikring A/S and Forsikrings-Aktieselskabet Alka Liv II, each of which is either wholly owned by Tryg or wholly owned by Tryg's subsidiaries. Tryg is as an insurance holding company subject to supervision by the DFSA and is regulated by the DFBA and the legislation applicable to insurance holding companies. Furthermore, Tryg is subject to various regulatory regimes as a result of its ownership of Tryg Invest A/S that is authorised as a full scope manager of alternative investment funds ("**AIFM**") with top-up permissions to provide certain investment services, and which manages the alternative investment fund ("**AIF**") Kapitalforeningen Tryg Invest Funds.

In addition, the Tryg Group holds a majority shareholding in, but does not have a controlling influence over, the regulated insurance intermediary, Undo Forsikringsagentur A/S, and also holds majority shareholdings in the unregulated companies, Behandlerbooking Komplementarselskab ApS and Behandlerbooking P/S, as well as in a number of property-owning companies. See also "*Business of the Tryg Group—Legal structure—Current structure of the Tryg Group*" for a summary of the Tryg Group's legal structure as at the date of this Prospectus.

Tryg and its subsidiaries are organised as a group with Tryg as the ultimate parent under DFBA which regulates, inter alia, insurance holding companies and insurance companies.

As Denmark is a member of the EU, Tryg is also subject to relevant EU directives and regulations relating to financial services. The DFBA together with the regulations promulgated thereunder are derived extensively from legislation of the EU. Of particular importance to the Tryg Group, is Solvency II, as amended and relevant delegated acts thereunder, including the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (the "**Solvency II Regulation**"), as amended. Further details on the Solvency II regulations are provided below.

13.1.1.1 Overview of relevant Danish legislation

The most relevant Danish statutes applicable to insurance holding companies and/or insurance companies are:

- DFBA, regulating, inter alia, the classification of insurance holding companies, the authorisation of insurance companies, ownership requirements, organisational requirements, capital adequacy and solvency margin requirements, insurance activity, winding-up of insurance companies and supervision of, inter alia, insurance holding companies and insurance companies by the DFSA; and
- Danish Consolidated Act no. 1237 of 9 November 2015 on insurance contracts **(**the "**Danish Insurance Contracts Act**"), regulating the relationship between the insurance company, the policyholder and the insured.

Detailed regulations have also been given by the Ministry of Industry, Business and Financial Affairs, the Ministry of Justice and the DFSA.

13.1.1.2 The DFBA

13.1.1.2.1 Authorisations

Under sections 11 and 14 of the DFBA, Danish insurance companies may only carry out insurance business if they have been granted an authorisation by the DFSA. Such authorisation will cover a license to perform insurance business in one or more insurance classes. Under sections 14 and 18-21 of the DFBA, an authorisation shall be granted if certain detailed requirements are met, including an approvable business plan (including a

three year budget showing that the company can comply with the rules on capital requirement), but also, inter alia, that the members of the management of the insurance company have sufficient experience, and that there is no reason to assume that owners of qualifying holdings of the insurance company (see further below) will oppose the proper operation of the insurance company.

13.1.1.2.2 Acquisition of qualifying holdings in a financial undertaking

Under section 61 of the DFBA, any acquisition of qualifying holdings in a financial institution (directly or indirectly) is subject to approval by the DFSA. A qualifying holding is a holding that represents 10% or more of the capital or voting rights in a financial institution or allows for the exercise of significant influence over the management of the institution and its business. Furthermore, new approvals are required for holdings that reach or exceed certain thresholds (20%, 33% and 50% of the capital or voting rights, or if the insurance company becomes a subsidiary). Approval will only be granted when it would not be contrary to ensuring the appropriate operation of the insurance company.

In the event of a reduction of holdings, any person proposing to dispose of a qualifying holding or to reduce such a holding such that it falls below the relevant threshold is required to notify the DFSA.

13.1.1.2.3 Insurance activity and related activities

The DFBA distinguishes between life insurance and non-life insurance, requiring insurance companies to specialise in one type of insurance and prohibiting any single company from dealing in both types of insurance. Life and non-life insurance companies are subject to similar organisational requirements, although the rules governing the insurance activity differ to some extent.

Under section 24(1) of the DFBA, an insurance company may only carry out insurance activity and activities that are ancillary to the insurance activity. However, under section 24(2) an insurance company may, through subsidiary undertakings, carry out other financial activities.

Under section 26 of the DFBA, an insurance company may also carry out other activities in co-operation with others if 1) the financial undertaking does not have direct or indirect controlling influence on the undertaking, 2) the financial undertaking does not carry out the activities in co-operation with other financial undertakings which are part of a group with said financial undertaking, or with regard to insurance companies, in management co-operation with said insurance company, and 3) the activities are carried out in another company than the financial undertaking.

Finally, under section 29 of the DFBA, an insurance company may carry out the following activities: (i) insurance distribution activities for insurance companies and other companies under the supervision of the DFSA and (ii) establishment, ownership and operation of real property and infrastructure covering technical, transport and construction plant. Life insurance companies may additionally carry out certain limited activities.

13.1.1.2.4 Capital requirements for a group 1 insurance company

The DFBA together with the regulations promulgated thereunder, contains regulations relating to insurance companies' capital, including requirements for solvency and placement of funds and liquidity. However, detailed regulation is also contained in the Solvency II Regulation (see below for more details).

The capital requirements pursuant to Solvency II are implemented in the DFBA.

According to section 126c of the DFBA, the own funds of an insurance company shall be at a minimum amount to the SCR calculated by the company at all times. The SCR is calculated either using the standard formula or using an internal model authorised by the DFSA. An insurance company that uses the standard formula may apply company-specific parameters when calculating the SCR, subject to the authorisation of the DFSA. Should the risk profile of the insurance company deviate substantially from the prerequisites on which the standard formula is based, the DFSA may require the

undertaking to use an authorised internal model to calculate the SCR for the relevant risk modules.

Further, under section 126d of the DFBA, an insurance company's basic own funds shall cover the MCR calculated by the company at all times. The MCR shall comprise of the highest amount of either (i) no less than 25% and no more than 45% of the company's SCR calculated in accordance with section 126c, including any additional capital as decreed by the DFSA pursuant to section 350b of the DFBA or (ii) the lower limits for the MCR outlined in section 126d(5).

In the event that the actual calculated MCR is equal to less than 25% of the company's SCR, the MCR will be set at 25%. In the event that the actual calculated MCR is greater than 45% of the company's SCR, the MCR will be set at 45%.

The lower limits for the MCR are: 1) EUR 3.7 million for life insurance companies; 2) EUR 2.5 million for non-life insurance companies carrying out activities within insurance classes 1–9 and 16–18; 3) EUR 3.7 million for non-life insurance companies carrying out activities within insurance classes 10–15; 4) EUR 3.6 million for insurance companies carrying out reinsurance activities; and 5) EUR 1.2 million for captive reinsurance companies.

An insurance company shall always be in possession of adequate insurance provisions to cover all insurance liabilities.

An insurance company shall also invest its funds in an appropriate manner, and in a manner which is advantageous to the insured parties, such that there is proper security that the company can meet its obligations at all times (the "prudent person principle"). The prudent person principle entails that insurance companies shall only invest in assets and instruments whose risks can properly be identified, measured, monitored, managed, controlled and reported. The aim is to ensure the security, quality, liquidity and profitability of the insurance company's investments. The management of an insurance company's assets covering the insurance technical allocations is subject to detailed rules set forth in a regulation adopted under the DFBA and under the Solvency II Regulation.

13.1.1.2.5 Other requirements

The DFBA includes special regulations relating to the merger, bankruptcy, and winding-up of insurance companies. If an insurance company is declared bankrupt, regulations regarding crises management in the DFBA apply. The crises management rules also apply if an insurance company's capital base becomes less than the solvency margin. An insurance company's authorisation may be withdrawn by the DFSA, for instance if the insurance company wilfully or repeatedly violates the DFBA.

13.1.1.3 The Solvency II regulations

The EU has adopted legislation with a view to harmonising the member states' regulation of the insurance industry, thus creating a single European market in this respect. The current framework is known as Solvency II and applies to insurance companies (life and non-life), reinsurance companies and groups. The Solvency II is implemented in all countries where the insurance companies within the Tryg Group are licensed. A single passport principle is applicable in the insurance business under the Solvency II. Accordingly, a license from a competent authority in a member state (the "home supervisory authority") is valid throughout the EEA. A licensed company may carry out its business with the EEA directly or through branches, without any further requirements for authorisations in the countries concerned. A simple notification system between the supervisory authorities will apply.

Solvency II is a full-scale revision of the solvency framework and prudential regime applicable to insurance companies and groups within the EU, which was intended to provide for a risk-based capital adequacy regime and to harmonise rules applicable throughout the EU. Solvency II, which came into force in full on 1 January 2016, has been implemented in Denmark through the DFBA together with the regulations promulgated

thereunder. Another material part of the EU regulatory framework for insurance companies is the Solvency II Regulation.

Solvency II has been supplemented with Directive 2014/51/EU of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) ("**Omnibus II**") in 2014. Omnibus II contains provisions for long-term guarantees which have the objective of adjusting Solvency II to cope with "artificial" volatility and a low interest rate environment, and to allow for the smooth transition from the Solvency I regime to the Solvency II regime. Member States were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with Omnibus II by 1 January 2016.

Solvency II is based on economic principles for measuring assets and liabilities. It considers all balance sheet and operational risks and measures assets, liabilities and risk exposures based on economic principles and the capital requirements relate directly to these risk exposures. Under Solvency II, insurance companies have to review their internal risk management and control environment, risk governance, test existing processes and implement improvements. See "*Risk Management*" for a description of such procedures for the Tryg Group.

Furthermore, Solvency II has created a new solvency framework in which the financial requirements that apply to an insurance company and insurance group better reflect such company's specific risk profile. Solvency II has introduced economic risk-based solvency requirements across all EU member states for the first time. While the previous framework under the Solvency I regime concentrated mainly on the liabilities side (i.e. insurance risks) and included a relatively simple solvency formula based on technical provisions and insurance premiums, Solvency II has introduced more comprehensive solvency requirements, considering the risks associated with supporting the insurance liabilities. The Solvency II regime is a "total balance sheet" type regime where all the insurers' material risks and their interactions are considered. In addition to these quantitative requirements, generally referred to as Pillar 1 of the Solvency II regime, Solvency II also sets requirements for governance, risk management and effective supervision, known as Pillar 2, and disclosure and transparency requirements, known as Pillar 3.

13.1.1.3.1 Pillar 1

Under Pillar 1, insurers are required to hold own funds equal to or in excess of a SCR. In addition, a MCR will apply.

Solvency II categorises own funds into three tiers with differing qualifications as eligible available regulatory capital. Under Solvency II, own funds use IFRS balance sheet items where these are at fair value and replace other balance sheet items using market consistent valuations. The determination of the technical provisions and the discount rate to be applied has a material impact on the amount of own funds and the volatility of the level of own funds.

The SCR is a risk-based capital requirement which will be determined using either the standard formula (set out in the implementing measures), or, where approved by the relevant supervisory authority, an internal model. The SCR of the Tryg Group is calculated using a partial internal model approved by the DFSA, and the insurance risks of the Tryg Group are calculated using an internal model. Other risks of the Tryg Group are described using the Standard Model. See "*Risk Management—Solvency capital requirement and minimum capital requirement*". If an insurance company does not meet the SCR requirements, it must set up a recovery plan to ensure that the SCR requirements will be met within a period of six months. The insurance company must file this plan with DFSA. The same applies to the MCR, except that such a plan must describe how the MCR requirements will be met within a period of three months.

13.1.1.3.2 Pillar 2

Solvency II lays down strict requirements that insurance companies (including the company's subsidiaries) have to adhere to, including requirements to:

- have effective governance systems in place, proportionate to their business;
- meet specific requirements regarding risk management, internal controls, data quality controls, internal audit functions, internal actuarial functions and control over outsourcing arrangements;
- meet personal and professional qualification requirements for persons who effectively run the company including members of the Supervisory Board, Executive Board and other persons who perform key functions;
- integrate effective risk management systems, including strategies, processes and reporting procedures, in order to monitor, manage and report risk exposures;
- act in conformity with the so-called prudent person rule when making investment decisions regarding the insurer's funds;
- conduct an ORSA on a regular basis; and
- be effectively supervised by the competent authorities.

13.1.1.3.3 Pillar 3

Under Pillar 3 of the Solvency II regime, extensive and frequent reporting requirements to supervisory authorities are imposed as well as additional external reporting requirements.

Tryg prepares an annual Solvency and Financial Condition Report which is made public on Tryg's website.

13.1.1.3.4 Insurance group

The Solvency II rules also impose group reporting including reporting on group solvency, supervision of intra-group transactions, risk concentrations and governance on a group level. Furthermore, own funds and SCR are calculated on a group level. The Tryg Group is hence subject to regulatory capital requirement stipulated by Solvency II. Several of the Pillar 3 reporting requirements also applies at the level of the group (including the ORSA report and the annual narratives reports such as the Solvency and Financial Conditions Report). A group supervision is carried out pursuant to the rules implementing Solvency II. In the event that a group operates in several Member States, a group supervisor shall be appointed among the relevant financial supervisory authorities to be responsible for the coordination and exercise of the supplementary supervision. Representatives of the relevant financial supervisory authorities will participate in a college of supervisors to supervise the group. The Tryg Group is subject to group supervision by the DFSA.

13.1.1.4 EIOPA

The EIOPA was established in 2010 by the EU regulation (EU) 1094/2010 of 24 November 2010 to prevent the risks of destabilising the insurance sector. Technical regulatory and enforcement standards developed by EIOPA are issued by the European Commission as delegated legal acts within the meaning of Article 290 of the Treaty on the Functioning of the European Union ("**TFEU**") or as enforcement acts within the meaning of Article 291 TFEU and are legally binding for insurance companies.

Furthermore, EIOPA issues numerous guidelines and recommendations which are not directly binding for EU member states. The national supervisory authorities, however, must comply or explain any deviations from the guidelines and recommendations issued by EIOPA. Finally, in exceptional circumstances, i.e. a breach of law by a national authority, EIOPA may issue instructions to national authorities as DFSA. In this case, EIOPA can issue a recommendation to the national authority. If the national authority's non-compliance persists, EIOPA may take direct action itself, and under certain strict conditions, issue binding decisions on insurance companies.

13.1.1.5 Insurance contracts regulation

The Danish Insurance Contracts Act regulates the relationship between the insurance company, the customer and the insured. The Danish Insurance Contracts Act mostly contains provisions that can be derogated from by way of agreement, however several provisions are invariable.

The detail of the coverage provided in insurance contracts is largely left to the insurance company's discretion; however, some types of insurance are further regulated in Danish law such as motor vehicle liability insurance and occupational injury insurance and in respect of non-life insurance contracts, the key principle is that no more than the insured's financial loss can be covered.

Under the Danish Insurance Contracts Act, an insurance company (or intermediaries acting on behalf of the insurance company) is under an obligation to provide certain pre-sale information in relation to distance selling before the conclusion of an insurance contract with a consumer. In addition, an insurance company (or intermediaries acting on behalf of the insurance company) is before the conclusion of an insurance contract with a customer required to comply with the pre-sale information stipulated in the Danish Executive Order no. 330 of 7 April 2016 on Good Business Conduct for Insurance Distributors, as amended. Pursuant to this executive order, insurers must also determine each customer's requirements and needs before the conclusion of an insurance contract.

Insurance companies must supply each policyholder with an insurance certificate (or other written agreement) upon entry into any insurance contract. The insurance certificate must include information on the key terms and conditions of the insurance provided.

As a starting point, insurance agreements can be terminated in accordance with the terms in the insurance agreement. An insurance company is also entitled to make changes to the detriment of the policyholder in insurance agreements that are limited in time, however, the non-life insurance company must as a main rule, at least 30 days before the expiry of the insurance period, give notice of essential changes to the detriment of the policyholder in order to ensure that the policyholder can terminate the insurance if the policyholder does not want to retain the insurance.

13.1.1.6 Other insurance business regulations

Insurance companies carrying out non-life direct insurance business are obliged to become members of and pay a contribution to a guarantee fund regulated by the Danish Guarantee Fund Act (Danish Consolidated Act no. 932 of 6 September 2019 on guarantee fund for non-life insurance companies). The fund covers, inter alia, claims for damages following a member's bankruptcy. The DFBA also contains good conduct requirements.

In general, an insurance company is obliged to carry on its business in accordance with good business practice in the field. More detailed requirements on what constitutes good business practice is outlined in the Danish Executive Order no. 330 of 7 April 2016 on Good Business Conduct for Insurance Distributors, as amended.

13.1.1.7 Anti-money laundering

As an insurer with life insurance activities, the Tryg Group is subject to rules and regulations concerning anti-money laundering and counter terrorist financing. In particular, the measures implemented in the Danish Act No. 1782 of 27 November 2020 on Measures to Prevent Money Laundering and Financing of Terrorism (the "**Danish AML Act**").

The Danish AML Act is an implementation of applicable EU legislation. The EU anti-money laundering regime is set out primarily in three directives: Directive 2015/849/EU of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC ("**AMLD4**"), Directive 2018/843/EU of 30 May 2018 amending Directive (EU) 2015/849

on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU ("**AMLD5**") and Directive 2018/1673/EU of 23 October 2018 on combating money laundering by criminal law ("**AMLD6**").

AMLD4, commonly referred to as the fourth anti-money laundering directive, was adopted by the EU in 2015 and was to be implemented into national legislation by 26 June 2017. AMLD4 repealed and replaced the previously applicable third anti-money laundering directive. AMLD4, which sets out the core European anti-money laundering and terrorist financing regulation provides, inter alia, an obligation to apply customer due diligence measures when entering into insurance contracts, i.e. to identify and verify the identity of clients (including the identity of beneficiaries before payment of compensation and of beneficial owners of legal ultimate entity customers), monitor transactions and report suspicious transactions. AMLD4 also sets out obligations for companies that are subject to the rules to adopt certain policies and procedures to ensure compliance with the applicable requirements and carry out an assessment of the risk of the company being used for the purpose of money laundering or terrorist financing. Breaches of the Danish AML Act may result in administrative and criminal sanctions.

AMLD5 was adopted by the EU on 30 May 2018 and supplements AMLD4. Key amendments introduced by AMLD4 includes, inter alia, to enhance transparency by setting up publicly available registers for companies, trusts and other legal arrangements as well as enhancing the powers of EU Financial Intelligence Units and provide them with access to broad information for the carrying out of their tasks. AMLD6 was adopted by the EU on 23 October 2018 and also supplements AMLD4. Denmark is not bound by AMLD6 as a result of the Danish opt-out from EU legislation on Justice and Home Affairs. AMLD6 has therefore not yet been transposed into Danish law.

In addition to the European anti-money laundering directives, the majority of the political parties in Denmark have, in political agreements of 19 September 2018 and 27 March 2019, agreed to adopt a number of additional measures to strengthen the combat against money laundering and other financial crime. This has resulted in a number of additional Danish requirements being adopted in the Danish AML Act that accordingly are not based on AMLD4, AMLD5 or AMLD6.

13.1.2 Data protection

As an insurer, Tryg processes data about its personal customers who take out insurance with Tryg as well as other persons who are covered by the insurance. When handling claims under insurances, Tryg may process sensitive data about health, illness and contacts to health care services.

The collection, use, disclosure, transfer, or other processing of personal data regarding individuals in the EU, including personal health data collected, used or processed by Tryg in the course of its insurance activities, is subject to the GDPR, which became effective on 25 May 2018.

The GDPR is wide-ranging in scope and imposes numerous requirements on Tryg and its subsidiaries domiciled in the EU/EEA, including requirements relating, inter alia, to the processing of health and other sensitive data, obtaining consent from the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, an obligation to notify data protection authorities of data breaches, and taking certain measures when engaging third-party processors.

The GDPR also imposes strict rules on the transfer of personal data to countries outside the EU, including the U.S., and permits data protection authorities to impose large penalties for violations of the GDPR, including potential fines of up to EUR 20 million or 4% of annual global revenues, whichever is higher.

The GDPR also confers a right to the data subjects and consumer associations on behalf of data subjects to lodge complaints with supervisory authorities, which in Denmark is the

Danish Data Protection Agency (in Danish: "Datatilsynet"), seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR.

Compliance with the GDPR is a rigorous and time-intensive process that may increase the cost of doing business or require companies to change their business practices to ensure full compliance.

In addition to the GDPR, Tryg is subject to the confidentiality obligations imposed by the DFBA.

13.1.3 Regulation of asset management activities

On 3 October 2017 Tryg Invest A/S was authorised as a full scope AIFM with a top-up permission to provide portfolio management services. As a full scope AIFM, Tryg Invest A/S is subject to the Danish Consolidation Act no. 1047 of 14 October 2019 on Managers of Alternative Investment Funds (the "**AIFM Act**"), which transposes the EU Directive on Alternative Investment Fund Managers (Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, as amended) into Danish law. In addition, Tryg Invest A/S is due to its top-up permission to provide portfolio management services also subject to certain parts of the DFBA, and executive orders issued pursuant thereto, which implements MiFID II. Currently, Tryg Invest A/S only manages the AIF, Kapitalforeningen Tryg Invest Funds. Tryg Invest A/S has appointed Danske Bank A/S as the depositary for Kapitalforeningen Tryg Invest Funds, in accordance with the AIFM Act. The depositary has to ensure inter alia the correct safekeeping of the assets of the AIF (to the extent these can be kept safe) and in particular in relation to the aforementioned AIF the correct verification of ownership in relation to assets, which by their nature cannot be safe-kept, such as non-financial instruments etc. The depositary is also required to monitor cash flows and distributions and any other payments to be made by or for the benefit of the AIF in accordance with the AIFM Act.

As a full scope authorised AIFM, Tryg Invest A/S is subject to supervision by the DFSA.

Further, Tryg Invest A/S is required to have detailed policies and procedures on all its material areas of activities, it is subject to various organisational and governance requirements, remuneration requirement and is subject to detailed requirements in respect of its investment activities (portfolio management of Kapitalforeningen Tryg Invest Funds) and its risk management activities. Tryg Invest A/S is also subject to own funds requirements, regulatory reporting requirements and various investor protection requirements in respect of its AIFs (currently only Kapitalforeningen Tryg Invest Funds).

With respect to Tryg Invest A/S' portfolio management activities on behalf of third parties (currently Tryg Invest A/S only provides investment services to a limited number of the Tryg Group external investors) Tryg Invest A/S is subject to both organisational requirements implementing MiFID as well as investor protection requirements such as marketing requirements and restrictions on receipt of inducements.

Under section 11(6) of the AIFM Act, any acquisition of qualifying holdings in an AIFM (directly or indirectly) is subject to approval by the DFSA. A qualifying holding is a holding that represents 10% or more of the capital or voting rights in a financial institution or allows for the exercise of significant influence over the management of the institution and its business. Furthermore, new approvals are required for holdings that reach or exceed certain thresholds (20%, 33% and 50% of the capital or voting rights, or if the insurance company becomes a subsidiary). Approval will only be granted when it would not be contrary to ensuring the appropriate operation of the AIFM.

13.1.4 Regulation of insurance intermediaries

13.1.4.1 Overview of relevant legislation

An insurance intermediary (such as Undo Forsikringsagentur A/S) is subject to the following Danish and EU regulation:

- Danish Consolidated Act no. 378 of 2 April 2020 on insurance mediation (the "**Danish Insurance Mediation Act**");
- The Danish Executive Order no. 696 of 26 May 2020 on Liability Insurance, Guarantee and Protecting of Entrusted Funds;
- The Danish Executive Order no. 1034 of 29 June 2020 on Employees' Professional Qualification and Reputation Requirements;
- The Danish Executive Order no. 330 of 7 April 2016 on Good Business Conduct for Insurance Distributors, as amended;
- The Commission Delegated Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document; and
- The Commission Delegated Regulation (EU) 2017/2358 of 21 September 2017 supplementing Directive (EU) 2016/97 with regard to product oversight and governance requirements for insurance undertakings and insurance distributors.

The above-mentioned regulations are based on Directive (EU) 2016/97 of 20 January 2016 on insurance distribution, as amended.

13.1.4.2 The Danish Insurance Mediation Act

The Danish Insurance Mediation Act applies to insurance intermediaries, reinsurance intermediaries and ancillary insurance intermediaries (and a few provisions apply to insurance companies established in Denmark). The act contains provisions on the licensing and registration requirements, the supervision carried out by the DFSA, cross-border activities, fit & proper requirements, qualification requirements for employees, good practice, remuneration, duty of professional secrecy, requirement for effective procedures and whistleblower scheme. Some of these requirements are further regulated in the executive orders listed above.

13.1.4.3 Authorisations and registrations

Pursuant to section 3 of the Danish Insurance Mediation Act, insurance intermediaries and reinsurance intermediaries incorporated in Denmark are required to obtain a license from the DFSA before they commence insurance mediation business. Ancillary insurance intermediaries are pursuant to section 4 of the Danish Insurance Mediation Act, required to be registered at the DFSA before they commence ancillary insurance mediation business in Denmark. The Danish Insurance Mediation Act and executive orders issued pursuant to it, contain the specific requirements that intermediaries and ancillary intermediaries, respectively, must comply with in order to obtain license/registration.

13.1.5 Regulatory permits

Tryg's subsidiaries hold the following licences:

13.1.5.1 Tryg Forsikring A/S:

Tryg Forsikring A/S holds a license as a non-life insurance company pursuant to section 11 of the DFBA. The license includes permission to conduct non-life insurance activities under all non-life insurance classes and reinsurance within the same classes of insurance and reinsurance of life insurance in Norway. Tryg Forsikring A/S has branches in Norway, Sweden, Germany, Austria, the Netherlands and Finland that are subject to local regulatory regimes. Furthermore, Tryg Forsikring A/S is registered as a provider of insurance services in several EEA countries.

13.1.5.2 Tryg Livsforsikring A/S:

Tryg Livsforsikring A/S holds a license as a life insurance company pursuant to section 11 of the DFBA. The license includes permission to conduct life insurance activities under insurance class no. 4 regarding permanent health insurance. Furthermore, the company is registered as a provider of insurance services (under the same insurance class) in Sweden.

13.1.5.3 Forsikrings-Aktieselskabet Alka Liv II:

Forsikrings-Aktieselskabet Alka Liv II holds a license as a life insurance company pursuant to section 11 of the DFBA. The license includes permission to conduct life insurance activities under insurance class no. 1 regarding general life assurance and reinsurance within the same insurance class.

13.1.5.4 Undo Forsikringsagentur A/S:

Undo Forsikringsagentur A/S holds a license as an insurance intermediary pursuant to section 3 of the Danish Insurance Mediation Act.

13.1.5.5 Tryg Invest A/S:

Tryg Invest A/S holds a license as a full scope AIFM with top-up permission to provide the investment service of portfolio management.

13.1.6 Other group operations

Tryg also has an affiliate in Norway, Respons Inkasso AS, that are subject to local regulatory regimes see "*—Norway—Debt collection*".

13.2 Sweden

13.2.1 Overview of regulation of EEA insurers' operations in Sweden

Tryg conducts, through some of its subsidiaries, insurance operations in Sweden, which are subject to Swedish regulations. Codan Forsikring A/S and Tryg Forsikring A/S are both non-life insurers domiciled in Denmark that conduct insurance activities in Sweden through their respective Swedish branches. Tryg Livsforsikring A/S is a life insurance company domiciled in Denmark that conduct insurance activities in Sweden through cross-border operations. As the companies are EEA insurers, the branches and the cross-border operations are primarily governed by the legislation of the home state, i.e. Danish law, and are subject to home state supervision. However, with respect to the operations conducted in Sweden, the insurance companies must also comply with Swedish law and decisions and regulations from Swedish authorities. The insurance companies are in certain respects also subject to supervision by the SFSA. The supervisory authority in Denmark is responsible for the financial supervision of the insurance companies' business in Sweden (including supervision of solvency and insurance technical provisions), whereas the SFSA is responsible for supervision of the other aspects of the insurance companies' business in Sweden.

The most relevant Swedish statutes applicable to EEA insurers conducting insurance activities in Sweden are:

- The Act on Foreign Insurers' and Occupational Retirement Institutions' Business in Sweden (Sw. *lag (1998:293) om utländska försäkringsgivares och tjänstepensionsinstituts verksamhet i Sverige*);
- The Swedish Insurance Distribution Act (Sw. *lag (2018:1219) om försäkringsdistribution*) (the "**SIDA**"); and
- The Swedish Insurance Contracts Act (Sw. *försäkringsavtalslag (2005:104)*) (the "**SICA**").

The Act on Foreign Insurers' and Occupational Retirement Institutions' Business in Sweden include, for example, conditions to be fulfilled in order for foreign insurers to be

permitted to conduct insurance business in Sweden and provisions on supervision and intervention by the SFSA. The aforementioned act and supplementary regulations from the SFSA also contain information requirements, such as requirements on information to be provided prior to the conclusion of an insurance contract.

The SIDA, and supplementary regulations thereto, include requirements with respect to the distribution of insurance products, for example provisions on information to be provided to customers, documentation requirements, and an internal process for product approval.

The SICA governs insurance contracts governed by Swedish law and primarily regulates the relationship between the insurer and the policyholder and insureds. The SICA contains, for example, provisions on pre-purchase information, payment of the premium, limitations of the insurer's liability, and settlement of claims.

In addition to the above, the insurance operations are governed by regulations on, for example, contract law, marketing law, consumer protection, and data protection.

The Swedish branches are also regulated by the Foreign Branch Offices Act (Sw*. lag (1992:160) om utländska filialer m.m.*), which contains general provisions on the conduct of business through a branch in Sweden.

Special requirements also apply for insurer's who intend to cover motor vehicle liability risks in Sweden (except for those who intend to only cover carrier's liability risks). An EEA insurer who intends to cover such risks in Sweden by use of the freedom of establishment must be a member of the organisation Swedish Motor Insurers (Sw. *Trafikförsäkringsföreningen*). The Traffic Injuries Act (Sw. *trafikskadelag (1975:1410)*) contains special provisions on motor third party liability insurance.

Special requirements also apply for insurers who provides patient insurance in Sweden. Such insurers must be members of the Patient Insurance Association (Sw. *Patientförsäkringsföreningen*). Special provisions on patient insurance can be found in the Patient Injury Act (Sw. *Patientskadelag (1996:799)*).

13.2.2 Overview of regulation of Swedish insurance companies

Holmia Livförsäkring AB, a subsidiary of Codan Forsikring A/S, is a limited liability insurance company (Sw. *försäkringsaktiebolag*) domiciled in Sweden that conducts life insurance business. The company is regulated under Swedish law and subject to supervision by the SFSA.

The life insurance business conducted by Holmia Livförsäkring AB is subject to a substantial amount of insurance regulatory requirements. The most important requirements governing the insurance operations are stipulated in the Swedish Insurance Business Act (*Sw. försäkringsrörelselagen (2010:2043*)) (the "**IBA**"), the Solvency II Regulation, the SIDA and supplementary regulations thereto, including regulations and general guidelines issued by the SFSA and guidelines issued by EIOPA.

The IBA contains the main regulatory requirements governing Holmia Livförsäkring AB's insurance business and is to a large extent based on Solvency II, along with Omnibus II, which amended Solvency II. The IBA prescribes that insurance business may only be conducted pursuant to a license granted by the SFSA. A license issued by the SFSA may, following a notification procedure, be passported for operations conducted within other EU/EEA states, by way of secondary establishment or of cross-border operations. A Swedish insurance company is, as a general rule, only permitted to conduct insurance business within the insurance classes for which it is licensed. In addition, Swedish insurers are not permitted to conduct any other type of business than insurance business and thereto connected business.

Pursuant to the IBA and supplementary regulations thereto, the insurance undertaking must comply with provisions with respect to, for example, insurance technical provisions, the insurance undertaking's investments, solvency requirements, the system of governance and public disclosure of information. The insurance undertaking is also subject to substantial reporting requirements. Additional requirements in the IBA include

rules on ownership and owner-management assessment, as well as fit and proper assessment of the members and deputy members of the supervisory board, the CEO, the deputy CEO and persons that are responsible for or perform work in a key function (identified as the risk-management function, the compliance function, the internal audit function and the actuarial function) of the insurance undertaking.

The SIDA contains rules governing Holmia Livförsäkring AB's insurance distribution. The SIDA and supplementary regulations thereto include provisions with respect to, for example, the compensation system for employees employed in the insurance distribution (including those who directly lead or are responsible for this work), an internal process for product approval, remuneration from third parties, and fit and proper requirements to be fulfilled by the management of the insurance undertaking, including its deputies, and the employees directly involved in the distribution of the insurance undertaking's insurance policies.

In addition to the above, the insurance business is governed by regulations on for example contract law, marketing law, consumer protection, data protection, and measures to prevent money laundering and financing of terrorism. Insurance contracts governed by Swedish law are, for example, governed by the SICA. The SICA primarily regulates the relationship between the insurer and the policyholder and insureds and contains, for example, provisions on pre-purchase information, payment of the premium, limitations of the insurer's liability, and settlement of claims.

Swedish insurance undertakings are subject to supervision by the SFSA. The SFSA must, for example, intervene if an insurance undertaking violates its obligations under the IBA, the SIDA, other regulations governing its business, its articles of association or such policy documents that are based on statutes regulating the insurance undertaking's business. The SFSA may intervene by, for example, issuing an injunction to rectify within a specified period of time, prohibiting execution of decisions, issuing a remark, issuing a warning, restricting the insurance undertaking's right of disposal, prohibiting it from disposing of its assets in Sweden, or revoking the license of the insurance undertaking. The SFSA may combine an injunction or prohibition with a conditional fine and, if it issues a remark or a warning, the SFSA may also issue an administrative fine. The SFSA may, under certain circumstances, also intervene against the members and deputy members of the supervisory board, the CEO and the deputy CEO of the insurance undertaking.

13.3 Norway

13.3.1 Overview of relevant Norwegian legislation

This section focuses on Norwegian legislation applicable to non-life insurance companies conducting insurance activities in Norway through a Norwegian branch; i.e. on a Freedom of Establishment basis ("**FoE**") from another EEA-jurisdiction.

The most relevant Norwegian statutes applicable to insurance companies are:

- the Norwegian Financial Enterprises Act (the "**NFEA**") together with detailed regulations;
- the Norwegian Insurance Activity Act (the "**NIAA**") together with detailed regulations; and
- the Norwegian Insurance Contracts Act (the "**NICA**") together with detailed regulations.

Both Codan A/S and the Tryg Group are non-life insurers domiciled and headquartered in Denmark, i.e. another EEA-state, and conducts insurance activities in Norway through their respective Norwegian branches. As Norwegian branches of EEA-based non-life insurers, the branches are primarily governed by the home state legislation (Danish law) of the main companies, i.e. Codan A/S and Tryg, see "*—Norway—The home country control principle*" below.

However, certain parts of the NFEA and NIAA are also applicable to the activities of the said Norwegian branches. The relevant parts of the NFEA and the NIAA set out certain

regulatory requirements for the activities of the Norwegian branches, which must be adhered to.

The most relevant parts of the NFEA are:

- chapter 1 of the NFEA, which sets out the scope, purpose and the definitions of the NFEA;
- sections 2-19—2-22 regarding the use of names for financial enterprises:
- section 9-2 regarding the possibility for certain members of the management to be part of the management of another financial enterprise;
- section 9-4 regarding prohibition for the employees of a financial enterprise of receiving salary or compensation from other than the financial enterprise (for work performed for the latter), section 9-5 regarding incapacity and section 9-6 regarding duty of confidentiality;
- section 12-27 regarding portfolio transfers;
- section 13-5 (4) regarding conduct of business rules, section 13-7 (1) regarding liquidity requirements and section 13-17 regarding restrictions of using the financial enterprise's own assets as collateral;
- chapter 16 regarding the treatment of customers, including certain requirements for applying fair terms & conditions and prohibition against the offering of a product with a requirements of purchasing another (so-called "product packages");
- section 17-11 (6), 17-12 and 17-13 regarding co-operation with other financial enterprises or other financial groups;
- section 20A-3 regarding a requirement for a Norwegian branch of an EEA-domiciled non-life insurance company to be member of the Norwegian compulsory guarantee scheme for non-life insurance companies;
- section 21-7 regarding public administration of financial enterprises in financial difficulties; and
- section 22-1 to 22-3 regarding violation of the NFEA.

The most relevant parts of the NIAA are:

- section 7-3 on the use of agents;
- section 7-6 regarding use of premium tariffs and change of these; and
- section 7-7 regarding calculation of premiums.

In addition, the NICA and its applicable rules governs all insurance contracts where the relevant insurance risks are located in Norway and where the parties to the insurance contract are not free to choose another jurisdiction's law as the governing law for the insurance contracts.

It should also be noted that various other Norwegian legislation in general would apply to insurance activities carried out in Norway, e.g. the Norwegian marketing act (which requires any marketing to be fair and not misleading) and the Norwegian cancellation act (which gives consumers the right to cancel (within a certain deadline) the purchase of a product bought outside a physical store).

13.3.2 The home country control principle

Save for the regulatory requirements mentioned in "*—Norway—Overview of the most relevant Norwegian legislation*" above, Danish non-life insurers operating in Norway on a FoE-basis will as a main rule be subject to the home state's regulatory requirements (i.e. Danish law) and will be supervised by the home state regulatory authority (Finanstilsynet in Denmark) as the primary regulatory authority. This follows from the Home Country Control Principle under applicable EU-legislation.

This principle implies that the Norwegian branches of Tryg and Codan will be subject to Danish legislation regarding organisational requirements, capital requirements, restrictions on the insurer's ability to conduct other business than insurance activities, restrictions on what insurance classes the insurer can write business in, restrictions on the insurance company's ownership in other companies, etc.

13.3.3 Debt collection

Tryg owns 100% of the shares in Respons Inkasso AS, registration no. 956 331 013, a debt collection company established and domiciled in Bergen, Norway. In order to operate a debt collection business, a license from the NFSA is required. The debt collection company must satisfy the legal requirements that apply to the business, cf. the Norwegian Debt Collection Act § 4. Among other things, requirements are set for positive equity and the actual manager who holds a personal debt collection license, as well as the NFSA's approval of the company's supervisory board.

14. OPERATING AND FINANCIAL REVIEW OF THE TRYG GROUP

This Operating and Financial Review of the Tryg Group should be read in conjunction with the more detailed information contained in this Prospectus, including the financial and other information referred to in "Presentation of Financial Information—Presentation of financial information for the Tryg Group" and "Additional Information—Information incorporated by reference" and which is incorporated by reference into Prospectus as set out there-in. The consolidated financial statements of the Tryg Group as of and for each of the years ended 31 December 2020, 2019 and 2018 (collectively referred to herein as the "periods under review") are prepared on the basis of IFRS as adopted by the EU and in accordance with the Danish Executive Order on Adoption of IFRS.

Some of the information contained in this discussion, including information with respect to the Tryg Group's plans and strategies for its business and its expected sources of financing, contain forward-looking statements that involve risk and uncertainties. You should read "Important Notice and Expected Timetable of Principal Events—Special notice regarding forward-looking statements" for a discussion of the risks related to those statements. You should also read "Risk Factors" for a discussion of certain factors that may affect the Tryg Group's business, financial condition and results of operations.

14.1 Overview

The Tryg Group is one of the largest non-life insurance companies in the Scandinavian region with strong market shares in Denmark and Norway and a solid market presence in Sweden. The Tryg Group is the third largest and, after completion of the Acquisition, is expected to be the largest, general insurer in the Scandinavian market, based on latest available statistics from Forsikring og Pension, Finans Norge and Svensk Försäkring. In Denmark, the Tryg Group is the leading general insurer with a market share of 22.9% based on gross premium income in 2019, the latest period for which data are publicly available, according to Forsikring og Pension. In Norway, the Tryg Group is the fourth largest general insurer with a market share of 13.2% based on gross premiums written in 2020, according to Finans Norge (2019: 13.3%). In Sweden, the Tryg Group is the fifth largest general insurer with a market share of 3.4% based on gross premium income in 2020, according to Svensk Försäkring (2019: 3.3%).

As of 31 December 2020, the Tryg Group believes that its insurance products protected approximately 4 million customers, including private individuals, households, SMEs and large corporate customers. As of 31 December 2020, Tryg Group had approximately 4,400 full-time employees throughout Denmark, Norway and Sweden (2019: 4,151). For the year ended 31 December 2020, the Tryg Group had gross premiums written of DKK 23,652 million (2019: DKK 22,563 million), a profit on ordinary activities before taxation of DKK 3,541 million (2019: DKK 3,628 million), a combined ratio of 84.5% (2019: 85.1%) and a return on equity after tax of 22.5% (2019: 24.6%).

The table below presents the Tryg Group's consolidated gross premium income by operating segment for the years ended 31 December 2020, 2019 and 2018. See *"—Operating segments*" below for a description of each the Tryg Group's operating segments.

	Year Ended 31 December 2020	Year Ended 31 December 2019	Year Ended 31 December 2018
		(DKK millions)	
Private	12,743	12,021	9,466
Commercial	4,430	4,274	3,971
Corporate	3,876	3,979	3,897
Sweden	1,604	1,521	1,471
Other	0	(54)	(65)
Total	**22,653**	**21,741**	**18,740**

See the "*Details of the Proposed Transaction*" and "*Material Contracts*" for additional information about the Transaction.

14.2 Current trading and recent developments

As at the date of this Prospectus, there have been no significant changes to the Tryg Group's financial condition and operating results since 31 December 2020. Tryg Group expects a normal trend in underwriting results for the rest of the year.

14.3 Key factors affecting results of operations

The Tryg Group's results of operations are affected by numerous external and internal factors. The following is a description of some of the most important of these factors.

14.3.1 Impact of COVID-19

The outbreak of COVID-19 has had serious repercussions on global economies and political developments, which has in turn impacted the results of market participants in the Scandinavian non-life general insurance sector. Following the outbreak of COVID-19, a period of high uncertainty and volatility has characterised financial markets developments, although capital markets have to date recovered from losses booked in the first three months of 2020. Governments have provided liquidity into businesses and societies to partly offset a complete halt to the global economies and an anticipated sharp increase in unemployment levels. Large government spending programmes have mitigated the impact of the COVID-19 pandemic on unemployment levels but has increased public borrowing levels which in some cases were already very high. In addition, during the month of March 2020, several authorities, including the EIOPA and various national financial supervisory authorities, expressed concern about financial institutions, including insurance companies, distributing dividends, considering the adverse capital market movements and the very challenging macroeconomic scenario ascribable to the COVID-19 outbreak.

The general macroeconomic outlook in Scandinavia is currently rebounding following a significant setback in the first half of 2020, although it is too early to assess the possible impact of another wave of COVID-19. Scandinavian government indebtedness remains comparatively low, unemployment rates are expected to improve, and GDP growth is expected to be close to 2 to 3% across Scandinavia in 2021. These economic forecasts remain uncertain, however, as they are highly dependent on COVID-19 developments, including the ability of governments to control the situation. COVID-19-related lockdowns in Denmark and Norway were very different to what was observed in most large European countries; restrictions were softer, as schools re-opened in mid-April 2020 and businesses during May 2020. However, after the summer holidays, COVID-19 infection rates have increased in both Denmark and Norway; to halt this development, the public authorities in Denmark and Norway decided to impose new COVID Measures in September, including mandatory closures of bars and restaurants at 10:00 pm, and recommending that employees work from home where possible. Further COVID Measures were imposed in December 2020, with the closure of bars, restaurants, cultural venues and secondary schools in Denmark. Whilst COVID-19 vaccination programmes started towards the end of 2020 and the beginning of 2021, the winter months are expected to remain very challenging for the Danish economy.

Premium growth in the Scandinavian general insurance market is positively correlated with economic growth, with the private general insurance market historically demonstrating more resilience when the larger economy is exhibiting low growth or contraction. The Scandinavian commercial general insurance market outlook remains uncertain as business bankruptcies in Scandinavia were comparatively low in the first half of 2020. Scandinavian commercial insurers now face a bottleneck risk as government-issued aid packages phase out.

During the periods under review, the Tryg Group's underlying business has continued to perform in line with expectations even in extremely difficult economic conditions relating to the outbreak of COVID-19. The financial impact of the COVID-19 pandemic on the Tryg Group was limited for the year ended 31 December 2020.The Tryg Group's travel insurance segment (2019: DKK 886 million in gross premiums written) was adversely impacted by an elevated level of claims relating to travel cancellations in the first quarter of 2020. Certain of the Tryg Group's other lines of business, including credit insurance,

guarantee insurance, and unemployment insurance also experienced some adverse developments. In 2020, such adverse developments were fully offset by lower claims frequencies in other lines of businesses such as motor insurance, accident insurance and contents insurance due to lower levels of economic activity and changes in customer behaviour.

In general, the Tryg Group's reinsurance programme helps to protect the business in volatile periods. However, although the impact has been limited during the periods under review, Tryg Garanti, the Tryg Group's credit and surety business, is expected to experience some impact from adverse macroeconomic developments relating to COVID-19, including as a result of increased claims on its construction performance bonds. In 2020, the gross claims ratio of the Corporate operating segment was impacted by a number of COVID-19-related claims in Tryg Garanti. Tryg Garanti underwrites performance or surety bonds to guarantee satisfactory completion of a project by contractors; whilst the Tryg Group seeks to limit its exposure to insurance risk by obtaining reinsurance, and has to date been able to secure adequate reinsurance at suitable prices, a prolonged increase in reinsurance claims by the Tryg Group and other market participants may lead to an increase in the cost of reinsurance or difficulty in obtaining sufficient reinsurance upon expiration of existing reinsurance arrangements. As of 2020, 17% and 16% of Tryg Garanti's reinsurance contracts relating to its performance bonds line of business respectively had durations of three and five years, which Tryg Group believes increases the resilience of the Tryg Garanti business against significant changes in the cost of reinsurance. Although it is difficult to predict revenue impacts linked to general economic developments, especially in the Commercial and Corporate segments, the Tryg Group anticipates that premium growth for full year 2020 and beyond is likely to be impacted negatively by the COVID-19 outbreak.

Like other Scandinavian general insurance companies, the Tryg Group's investment returns have been impacted by financial market volatility following the outbreak of COVID-19; in the second, third and fourth quarters of 2020, capital markets recovered from losses during the first three months of 2020. This has generally had positive impacts on the investment results of Scandinavian general insurance companies, including the Tryg Group. The Tryg Group recorded an investment loss of DKK 980 million in the first quarter of 2020 and investment returns of DKK 541 million, DKK 237 million, and DKK 513 million in the second, third, and fourth quarters of 2020, respectively, and in each case impacted heavily by financial markets' reactions to COVID-19.

Due to the speed with which the COVID-19 situation is developing, the global breadth of its spread and the range of governmental and community reactions thereto, there remains uncertainty around its duration and ultimate impact, particularly as newly emerging strains of COVID-19 with materially higher transmission rates have led to further national lockdowns and restrictive measures globally. The related financial impact on the Tryg Group's business could change and cannot be accurately predicted. See "*Risk Factors—COVID-19 has materially impacted and is expected to continue to materially impact the Tryg Group and RSA Scandinavia, and other future epidemics or pandemics may impact, the global economy and/or financial markets which in turn may affect, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects*" and "*Risk Factors—Litigation and regulatory investigations and sanctions may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects*".

14.3.2 Weather effects and impact on results from catastrophes and disasters

Weather conditions in the Scandinavian region significantly impact both the frequency and the average size of the Tryg Group's claims incurred, its claims ratios and its technical result in a number of its most important business lines. The frequency and severity of major events and catastrophes are inherently unpredictable, with Tryg Group's quarterly fluctuations in results driven mainly by large claims and weather events. Such events include, among others, windstorms, severe hail, severe winter weather, floods, fires and other weather-related events.

The most common catastrophe risk faced by the Tryg Group relates to windstorms in Denmark. The Tryg Group has historically incurred significant expenses relating to severe windstorms in Denmark. During the periods under review, both the level of large claims and weather claims were below the Tryg Group's expectations, but such events are inherently unpredictable.

In addition, the severity of winters in Norway can result in significant fluctuations in results, particularly in the Tryg Group's house, motor and property lines. Harsh winters result in higher levels of claims due to auto accidents, fires and broken pipes from snowfalls and cold weather. In Norway, the Tryg Group's exposure to losses on buildings and contents due to natural perils is equalised to its overall market share, as general insurance companies operating in Norway are obliged by law to participate in the Norwegian Pool through which losses on buildings and their contents are distributed among the participants proportionate to their market share. The Norwegian Pool buys natural catastrophe reinsurance on behalf of its members and the retention of the Norwegian Pool is distributed among the members in proportion to their market share as of 1 July of the claim year.

Quarterly fluctuations are driven mainly by large claims and weather events, and reinsurance is used to stabilise the overall earnings level. In general, there is no seasonality for large claims but weather-related claims occur with greater frequency during the first and fourth quarters of the year. For more information regarding the Tryg Group's catastrophe reinsurance in relation to weather effects, see "*—Qualitative and quantitative disclosure about principal risks—Insurance risk" and "Risk Management—Risk profile—Insurance risk—Underwriting risk*". In 2019 and 2018, the level of large claims and the level of weather claims recorded by the Tryg Group were below the Tryg Group's expectations of DKK 550 million and DKK 600 million a year. In 2020, the Tryg Group's large claims totalled DKK 500 million (2019: 455 million; 2018: DKK 490 million), while weather claims totalled 368 million (2019: DKK 416 million; 2018: DKK 384 million). During the fourth quarter of 2020, weather claims were impacted by a landslide in Norway on 30 December with an impact of DKK 100 million for the Tryg Group. The Tryg Group's 2019 technical result was impacted due to an increase in weather-related claims in Norway compared to 2018, which were primarily related to a harsher winter in 2019 compared to 2018. For full year 2021, the Tryg Group expects large claims and weather claims of DKK 550 million and DKK 600 million, respectively, in line with normalised expectations.

The frequency and severity of catastrophes are subject to long-term external influences, such as climate change. Climate change impacts disaster risk through the likely increase in weather and climate hazards and, secondly, through increases in vulnerability of communities to natural hazards resulting from ecosystem degradation, reductions in water and food availability and changes to livelihoods. Thus, climate change could result in a higher level of weather claims, which would in turn lead to increases in reinsurance costs and prices for impacted insurance products, including home and contents and building insurance products. The impact of long-term external influences such as climate change should be considered in assessing the Tryg Group's results for any given period.

14.3.3 Automatic renewal of policies and indexation of premiums

Automatic renewal of insurance policies is a common feature of the Danish, Norwegian and Swedish private general insurance markets and the Danish and Norwegian commercial insurance markets. Regulations governing automatic renewal of insurance policies differ by country, product category and type of consumer, but generally provide that insurance policies are automatically renewed each year subject to applicable renewal notice requirements, policyholder cancellation notice requirements, and policyholder termination rights. There have not been significant regulatory changes in the Scandinavian general insurance market during the periods under review.

Automatic renewal applies, to the extent legally possible, to insurance policies relating to the Tryg Group's private lines of business in Denmark, Norway and Sweden and certain of its insurance policies relating to selected commercial lines of business in Denmark and Norway. Automatic renewal of policies helps to boost retention levels, which are very high

in the Nordic region compared to nearly everywhere else in the world. This is a key profitability driver and the Nordic general insurance market is characterised by very low expense ratios relative to other regional insurance markets. High retention rates help insurers keep overall expenses low owing to reduced marketing and sales costs as well as the tendency for established customers to use their insurance products less often than new customers. As of 31 December 2020, the Tryg Group had retention rates of 90% (2019: 90%; 2018: 90%) in its Private and Commercial operating segments, which together contribute more than 80% (2019: 80%; 2018: 75%) of its total gross premiums written.

Indexation is also a common feature of the Danish and Norwegian general insurance markets. The Tryg Group uses official government indices which measure relevant consumer wage, price and inflation levels to adjust the basis for annual premiums in some of its lines of business, including many Danish and Norwegian personal insurance lines of business. Indexation applies to a large portion of the Tryg Group's property, housing and contents and personal accident lines in Denmark and Norway. Price adjustments based on indices are passed on to the customer as part of the automatic contract renewal process in accordance with standard market practice in many of the Tryg Group's Danish and Norwegian lines of business. In conjunction with the automatic renewal of policies, indexation results in automatic premium increases from year to year in those lines where it applies.

See "*Business of the Tryg Group—Legal proceedings—Danish Consumer Ombudsman*" for information regarding a potential legal proceeding considered by the Danish Consumer Ombudsman questioning the legal basis for Tryg Group's price increases from 2016 to 2020 that are not due to indexation. The Tryg Group is monitoring the situation, including in relation to implications on the Tryg Group's ability to pass on price increases to customers in Denmark, but the Tryg Group believes its liability in this regard is limited. Further, it has been notifying customers about price changes since the end of 2019.

14.3.4 High penetration in the Nordic general insurance market

Insurance penetration is very high in the Scandinavian region with ratios of non-life insurance premiums as a percentage of GDP among the highest in Europe and the world. The Tryg Group believes the high level of non-life insurance penetration is attributable to the fact that businesses and households are relatively well-off and accustomed to purchasing insurance products at the appropriate level for their needs; the Tryg Group believes Scandinavian consumers understand the benefits that insurance can offer and are increasingly looking for new add-on insurance products, tailored product bundles and high levels of customer service from brands they trust. As a result of this market dynamic, the Tryg Group seeks to grow its business through a focus on cross-selling efforts, customer retention and product and service innovation; these efforts are focused in particular on its Private operating segment, where retention is highest and SCRs relative to premiums are lowest.

The Tryg Group believes there is a strong correlation between customer loyalty and the number of products held by a customer. During the periods under review it has tracked and targeted increases in the average number of products per customer, and has introduced a number of new add-on products and product bundles. In 2020, the Tryg Group targeted an average of 4.0 products per customer and recorded an average of 3.9 products per customer (2019 and 2018: 3.8; 2017: 3.5). The Tryg Group has launched more than 50 new products since 2018, which the Tryg Group believes helps it stay relevant to its customers. In 2019, the Tryg Group recorded gross premiums of DKK 375 million relating to sales of new products, which include new bundles such as its health insurance bundle (providing combined accident, health, dental and sickness insurance coverage). New products also included so-called prevention products (which are designed to reduce the likelihood of harms and losses), cyber insurance, pet insurance and child insurance products. The Tryg Group's prevention products include Tryg Drive, a digital telematics device that records driving behaviour, and a rat blocker provided with Danish home insurance that prevents rats from entering drains. As claims are Tryg Group's largest single expense, Tryg Group believes that prevention products will

increasingly drive its financial results, both in terms of increasing customer satisfaction and helping to reduce claims expenses.

14.3.5 Strategic initiatives relating to cost and operational efficiency

The Tryg Group announced financial and non-financial targets for 2020 in November 2017 at its CMD. The financial targets were updated following the acquisition of Alka. The Tryg Group targeted a technical result of DKK 3.3 billion in 2020 and recorded a technical result of DKK 3.495 billion; in addition, the Tryg Group targeted and achieved a combined ratio at or below 86 and an expense ratio around 14 in 2020. The Tryg Group also targeted a return on equity at or above 21%, however such target was suspended as disclosed by Tryg Group on 27 March 2020 following mark-to-market investment losses in the first quarter of 2020. As financial markets rebounded during the last three quarters of 2020, Tryg Group reported a return of equity of 22.5% for the year ended 31 December 2020 and therefore realised the initial target.

In terms of non-financial targets, the Tryg Group targeted a TNPS level of 70 and recorded a TNPS score of 72. In addition, the Tryg Group targeted a 10% increase in the number of products per customer and recorded a 7% increase; the Tryg Group considers the increase in products per customer to be satisfactory.

In 2021, the Tryg Group will continue to build on the strong foundations that have been established during the periods under review. This will entail the enhancement of some of the strategic focus areas from the 2020 CMD targets, as well as additions to such strategic focus areas. While the Tryg Group has published prospective financial information for 2021 in this Prospectus under the heading "*Consolidated Prospective Financial Information*" in accordance with the rules of the Prospectus Regulation, these are not prospective financial information of the Enlarged Group. The Tryg Group expects to present CMD targets for the Enlarged Group based on the new strategy in the fourth quarter of 2021 following the closing of the Acquisition. See "*Business of the Tryg Group—Strategy*". The Tryg Group's ability to achieve its targets is subject to significant operational, economic and competitive uncertainties, many of which are beyond its control. See *"Risk Factors—If the Tryg Group is unable to successfully implement its strategy, or if the strategy does not yield the anticipated benefits, this may have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects and the projected financial information included in this Prospectus may differ materially from the Tryg Group's actual results*" and "*Important Notice and Expected Timetable of Principal Events—Special notice regarding forward-looking statements"*.

The results achieved during the period under review reflect the impact of a variety of initiatives aimed at increasing the cost and operational efficiency of the Tryg Group's general insurance operations.

- *Product & service innovation*. The Tryg Group has a strong focus on developing and selling innovative products and services and has launched more than 50 new products since 2018. This initiative helps the Tryg Group stay relevant to its customers. In 2020, the Tryg Group recorded gross premiums of DKK 410 million relating to sales of new products and bundles (2019: DKK 375 million; 2018: DKK 275 million), including its health insurance bundle (providing accident, health, dental and sickness insurance coverage), cyber insurance, pet insurance and child insurance products. The Tryg Group targeted DKK 1 billion in gross premiums written from new products and services launched during the periods under review and recorded DKK 1,060 million in such premiums, exceeding its target.
- *Claims excellence*. This initiative is the most important strategic initiative for improving the Tryg Group's technical result and focuses on bringing down claims costs through a number of different measures, including by leveraging its procurement power to negotiate better supplier contracts, improving the claims process and reducing the occurrence of fraud by improving its fraud detection capabilities. In 2020, the Tryg Group recorded cost savings of DKK 290 million (2019: DKK 200 million; 2018: DKK 150 million) as a result of its claims excellence initiative. The Tryg Group targeted cost savings of DKK 600 million relating to its

claims excellence initiative during the periods under review and recorded DKK 640 million in such cost savings, exceeding its target.

- *Digital empowerment of customers*. The Tryg Group has a strong focus on digital empowerment of customers because it believes most customers prefer digital communication and that it can realise cost savings through investments in digitalisation. The Tryg Group targeted an impact of DKK 100 million and realised an impact of DKK 120 million on the technical result during the periods under review in connection with this initiative.
- *Distribution efficiency*. The initiative is aimed at optimising the Tryg Group's channel mix, including through increased use of agents and focus on strategic partnerships, to make distribution more cost-efficient, with a targeted effect of DKK 150 million (and realised effect of DKK 175 million) on its technical result during the periods under review.

The Tryg Group cannot provide any assurance that these targets will be realised within the specified timeframe, or that once achieved they will be successfully maintained. See "*Important Notice and Expected Timetable of Principal Events—Special notice regarding forward-looking statements*" and "*Risk Factors*".

14.3.6 Profitability initiatives relating to corporate operating segment

Since 2017, the Tryg Group has implemented numerous operational and structural initiatives focused on enhancing profitability in relation to its Corporate operating segment. The corporate market is generally challenging in all countries in which the Tryg Group operates, even following significant price increases, especially in Norway.

Profitability initiatives were implemented in Norway in 2017, 2018 and 2019 and in all Scandinavian countries in 2020. Further profitability initiatives have been implemented in 2021, including additional price increases. See "*Business of the Tryg Group—Strategy*". The following are the most important aspects of the profitability initiatives implemented during the periods under review.

- *Expansion of Profitable Credit and Surety Business.* The Tryg Group's credit and surety business, Tryg Garanti, is a niche and highly profitable part of the Corporate operating segment where the Tryg Group believes it benefits from very high competencies. Tryg Garanti has operated in the Danish and Norwegian general insurance markets for a number of years. In 2019, Tryg Garanti expanded to the Netherlands and Austria, increased its presence in Germany. The result for Tryg Garanti was DKK 81 million in 2020, DKK 230 million in 2019 and DKK 204 million in 2018. Tryg Garanti is included within the results of Corporate Denmark and has been an important driver of increases in Corporate Denmark's gross premium income during the periods under review. In 2020, Corporate Denmark's gross premium income increased by 3.6% (2019: 7.2%), largely due to the contribution of Tryg Garanti as well as high customer retention levels.
- *Substantial Price Increases, Portfolio Balancing and Customer Selection*. The Tryg Group reviewed its business, including its premium prices, and decided to increase prices in most of its Corporate product lines. These price increases had the effect of improving the underlying profitability of the Corporate segment, but have impacted its market shares in Norway and Sweden and led to a reduction in the number of corporate customers in Norway and Sweden. For example, in 2020 and 2019, Corporate Norway implemented price increases of 14% (excluding fronting and captive agreements) across its business and recorded decreases of 3.6% and 4.7%, respectively, in premiums; Corporate Sweden accounts for 20% of the total Corporate operating segment and recorded premium growth of 5.1% in 2020 (2019: 0.8%) and loss of customers in 2020 and 2019. The improved profitability and the reduction of customers have had the effect of reducing volatility in the Corporate operating segment.

14.3.7 Claims development

Tryg Group establishes claims reserves to account for the anticipated ultimate costs of all claims and related loss adjustment expenses on claims that have already occurred. There is significant uncertainty relating to claims reserving, although the greatest uncertainty mainly relates to long-tailed classes (i.e., claims which generally are not fully settled for more than three years) such as bodily injury and loss of working capacity claims (personal claims). The uncertainty associated with the calculation of claims reserves affects the Tryg Group's results through the run-off on reserves, with Tryg Group reporting a run-off gain, net of reinsurance of DKK 1,145 million in 2020 (2019: DKK 1,194 million). For more information regarding the estimates and uncertainty inherent in the calculation of claims provisions, see Note 29 of the consolidated financial statements of the Tryg Group as at and for the years ended 31 December 2020, 2019 and 2018 included elsewhere in this Prospectus.

The majority of the Tryg Group's business relates to short-tailed classes, but its long-tailed classes include workers' compensation and accident insurance. In addition, liability lines of business also have a fairly long-tailed development pattern, resulting in inherent reserving uncertainty. The long-tailed lines with personal claims are subject to greater risk of claims inflation where the frequency or the severity of claims can suddenly increase over a short period of time. The Tryg Group's short-tailed classes are also subject to risk of claims inflation exceeding price adjustments, which would have the effect of eroding the Tryg Group's profit margin; however, for the short duration business, which represents the majority of the Tryg Group's business as a general non-life insurer, this risk would be offset quicker. At the end of 2020, Tryg Group's claims reserves net of reinsurance totalled DKK 23,871 million (2019: DKK 23,574 million) with an average duration of approximately 4.6 years (2019: 4.5 years). See "*Risk Management—Risk profile—Insurance risk—Underwriting risk*" for more information about Tryg Group handles reserving risk.

Although the Tryg Group continuously monitors and assesses the size of its claims reserves, it may be forced to change its assumptions about the levels and frequency of future claims significantly over a short period of time. In addition to the ongoing monitoring of claims development based on statistical data, Tryg Group has regular meetings between actuaries and claims managers, where the latest changes in claims patterns, inflation and other significant events are analysed, and the consequences for the claims reserves are quantified. Claims inflation is monitored continuously using internal and external parameters, and seeks to implement price adjustments to the extent possible.

In particular, motor insurance is one of Tryg Group's largest and most profitable business segments, and claims developments are therefore carefully scrutinised. Approximately half of all new cars sold in Norway are electric/hybrid, and some of these carry different risks compared to normal vehicles, making it particularly important to monitor claims inflation and adjust prices accordingly. A larger proportion of Trygg-Hansa and Codan Norway's business relates to long-tailed classes, in particular its Swedish auto liability insurance line of business; Tryg Group therefore anticipates that the Enlarged Group will face greater uncertainty relating to claims reserving and risks relating to claims inflation with associated impacts on Enlarged Group results through the run-off on reserves.

14.3.8 Investment-related factors

An important element of Tryg Group's financial results is return on invested assets. Tryg Group's results are affected to some extent by general market conditions in investments and factors that affect investments such as fluctuations in interest rates and conditions of equity markets.

Variability in Tryg Group's net income from investments has been a significant factor in explaining changes in overall profitability during the periods under review due to high market volatility impacting the returns of the free portfolio. For example, Tryg Group suffered a net loss from investment return after insurance technical interest of DKK 332 million in 2018 as a result of adverse fluctuations in financial markets

(2019: investment return after insurance technical interest of DKK 579 million), and thus had profit before tax of DKK 2,262 million for 2018 (2019: DKK 3,628 million).

Fluctuations in equity markets

As of 31 December 2020, 21% of the Tryg Group's free portfolio was in equities. In comparison, 20% and 18% of its free portfolio was in equities as of 31 December 2019 and 2018, respectively. The performance of the Tryg Group's investments is therefore affected by the performance of the world's stock markets. The Tryg Group's returns on its equity portfolio of a loss of 10.8% for 2018 and gains of 21.4% and 13.5% for 2019 and 2020, respectively, generally followed the trends in the world's equity markets, which showed a sharp decrease in 2018 and increases in 2019 and 2020. The Tryg Group's equity portfolio declined by 20% in the first quarter of 2020 amid unprecedented volatility, followed by positive returns of 12% in the second quarter, 7% in the third quarter and 14% in the fourth quarter. 50% of the difference in the Tryg Group's investment result between 2020 and 2019 was attributable to returns on its equity portfolio (between 2019 and 2018: 67%). The market valuation of the Tryg Group's equity portfolio also reflects this trend, with its equity portfolio having a value of DKK 1,842 million, DKK 2,164 million and DKK 2,588 million as of 31 December 2018, 2019 and 2020, respectively.

A sensitivity analysis explaining how fluctuations in the Tryg Group's principal investment risks could impact its results of operations and financial condition, including interest rate risk and equity market risk, is provided under *"—Qualitative and quantitative disclosure about principal risks—Investment risk*" and an analysis of the Tryg Group's investment return is provided under "*—Investment return*".

Interest rate fluctuations

As of 31 December 2020, 86% of Tryg Group's investment portfolio was invested in fixed-income securities, the values of which are sensitive to fluctuations in interest rates. The returns on Tryg Group's bond portfolio of 0.3%, 2.0% and 2.1% in 2018, 2019 and 2020, respectively, were influenced substantially by falling market interest rates in Denmark and Norway, where 77% of its bond portfolio was invested as of 31 December 2020. The decline in interest rates resulted in a higher level of capital gains on Tryg Group's bond portfolio, offset by lower interest income in the following years as higher interest-bearing bonds matured and lower interest- bearing bonds were acquired.

14.3.9 Currency fluctuations

The Tryg Group's results of operations are affected by changes in currency exchange rates, with such fluctuations impacting the value of the Tryg Group's investments and the return on its investments in Danish kroner; since a significant portion of its revenues and expenses from its subsidiaries and branches outside Denmark and investment portfolio originates in or is denominated in currencies other than Danish kroner, the Tryg Group has a financial translation exposure attributable to fluctuations in exchange rates used to translate other currencies, particularly Norwegian kroner into Danish kroner and, to a lesser extent, Swedish krona into Danish kroner. The Danish kroner is part of the European Exchange Rate Mechanism, which means it is pegged to the Euro, and thus subject to less volatility than free-floating currencies such as the Norwegian kroner and the Swedish kroner. As Tryg Group's expenses are generally incurred in those currencies in which its premiums are received, the Tryg Group has a natural hedge against transactional currency risk; in addition, the impact of fluctuations in currency exchange rates on Tryg Group's investment portfolio is mitigated by the fact that a significant portion of the Tryg Group's investment portfolio is denominated in Euro.

If the value of Danish kroner strengthens then the value of assets and underwriting liabilities not denominated in Danish kroner will decline when translated into Danish kroner and consolidated into the Tryg Group's results. For the year ended 31 December 2020, a 15% change in Norwegian kroner and Swedish krona exchange rates relative to Danish kroner would have a DKK +/–121 million impact on the Tryg Group's technical result (2019: +/– DKK 95 million; 2018: +/– DKK 134 million). For the year ended 31 December 2020, 27.8% of the Tryg Group's gross premiums written related to its Norwegian branch

and were originated in Norwegian kroner. The DKK/ NOK exchange rate was 1.45 in 2020, 1.32 in 2019, 1.29 in 2018 and 1.26 in 2017. For the year ended 31 December 2020, 9.9% of the Tryg Group's gross premiums written related to its Swedish branch and were originated in Swedish krona. The DKK/ SEK exchange rate was 1.41 in 2020, 1.42 in 2019, 1.38 in 2019 and 1.30 in 2017, and exhibited a significant degree of volatility during the periods under the review.

Within the Tryg Group's individual operations, currency risk is managed according to the Tryg Group's currency policy, which dictates that it matches the currency of the related liability. Where the Tryg Group has any exchange risk arising from assets not held in the currency of the related liability this will generally be hedged with the purchase of forward foreign exchange contracts. The Tryg Group also hedges the currency risk of foreign subsidiaries' shareholder's equity, but it does not hedge cash flow currency risk beyond that. See "*—Qualitative and quantitative disclosure about principal risks—Investment risk*". As a result, although the Tryg Group's non-Danish subsidiaries and branches generally record their revenues and expenses in the same currency, changes in the exchange rates used to translate foreign currencies into Danish kroner may adversely affect its financial results.

The Tryg Group anticipates that the Enlarged Group's results of operations will be more significantly affected by changes in currency exchange rates and have significant greater financial translation exposure as 70% of the Tryg Group's standalone technical result is currently attributable to its Danish business; following Completion, Trygg-Hansa and Codan Norway are expected to respectively contribute approximately 45 to 50% and approximately 10% of the Enlarged Group's pro forma technical result.

14.3.10 Acquisitions

During the periods under review, the Tryg Group conducted the acquisition of Alka as well as a number of smaller opportunistic acquisitions to complement its existing Scandinavian insurance portfolio. In 2017, the Tryg Group announced the acquisition of Alka, which was then the eighth largest property and casualty insurer in Denmark (on the basis of gross premiums written). The transaction, together with certain non-structural remedies, was approved by the Danish Competition and Consumer Authority in November 2018 and Alka was included in the Tryg Group's consolidated results from 8 November 2018 with Alka's results recognised under Private Denmark and Commercial Denmark. The Tryg Group conducted the Alka acquisition because it believed and continues to believe that Alka has a strong position in the profitable Danish private general insurance market, the Tryg and Alka brands appeal to different customers, and that the Tryg Group could benefit from Alka's expertise in early fraud detection and online sales. The Alka acquisition has had and continues to have a significant impact of the Tryg Group's results of operations and financial condition; the Tryg Group's 2020 technical result of DKK 3,495 million and 2019 technical result of DKK 3,237 million (2018: DKK 2,766 million) was positively impacted by the inclusion of Alka.

The Tryg Group also conducted a number of targeted opportunistic acquisitions to complement its existing Scandinavian insurance portfolio. These include (i) the 2017 acquisition of the insurance business of OBOS, Norway's largest housing developer for consideration of DKK 117 million; (ii) the 2018 acquisition of the insurance portfolio of FDM; and (iii) the 2018 acquisition of Troll, a Norwegian non-life insurance company operating primarily in the Norwegian commercial insurance market, for consideration of DKK 55 million. The OBOS and FDM acquisitions were conducted to enable the Tryg Group's access to OBOS' and FDM's strategic partnership agreements and robust distribution channels. The Troll acquisition was previously a small standalone loss-marking business and the Tryg Group conducted the Troll acquisition to obtain commercial synergies whilst also realising cost synergies through personnel streamlining and transfer from Troll systems to the Tryg Group's systems, which benefit from economies of scale.

The completion of the Transaction is expected to have a significant impact on the Enlarged Group in future periods. The Tryg Group anticipates that, after giving effect to the Acquisition, the Enlarged Group will be the largest general insurer in the Scandinavian

region and Denmark and among the three largest general insurers in each of Norway and Sweden (in each case on the basis of gross premiums) with a pro forma Enlarged Group market share of 17% in Sweden based on gross premium income in 2020, according to Svensk Försäkring, and 15% in Norway based on gross premiums written in 2020, according to Finans Norge. The Enlarged Group's expected combined pro-forma premium base of DKK 32 billion represents an increase of 44% relative to the Tryg Group's standalone premium income and the increase in scale is expected to provide the Enlarged Group with greater capacity to invest in operational excellence and digital capabilities, as well as further developments in its overall customer proposition.

The acquisition of RSA Scandinavia will be made jointly by Tryg and Intact Group through a special purpose vehicle, ScandiJVCo. Both before and after the completion of the Demerger, Intact will have responsibility for the operation and management of Codan Denmark (subject to protections consistent with Tryg's non-controlling interest in Codan Denmark). Prior to the completion of the Demerger, Tryg will have responsibility for the operation and management of Trygg-Hansa and Codan Norway. The financial interest in RSA Scandinavia will be split equally between Tryg Group and Intact Group for the Danish business of RSA Scandinavia and 100% to Tryg Group for Trygg-Hansa and Codan Norway. Upon completion of the Demerger Tryg will be provided with sole legal ownership of Trygg-Hansa and Codan Norway with Intact and Tryg continuing to co-own Codan Denmark on a 50/50 economic basis. Accordingly, Tryg Group's investment in RSA Scandinavia through ScandiJVCo will, prior to the completion of the Demerger, be classified as an investment in an associate which is accounted for using the equity method.

14.4 Critical accounting policies and estimates

The preparation of the Tryg Group's financial statements requires its management to make judgments, assumptions and estimates that affect the amounts reported in its financial statements and the related notes. The Tryg Group's significant accounting policies are summarised in Note 29 of its audited consolidated financial statements for the years ended 31 December 2020, 2019 and 2018, which are prepared in accordance with IFRS as adopted by the EU and in accordance with the Danish Executive Order on Adoption of IFRS. Although the Tryg Group believes that its judgments and estimates are appropriate, actual results may differ from these estimates under different assumptions or conditions. If actual results differ significantly from the Tryg Group's estimates and prospective financial information, there could be material adverse effect on its financial statements.

14.5 Accounting regulation

The Tryg Group has not applied the following significant new and revised IFRS Standards that have been issued but are not yet effective in its consolidated financial statements for the years ended 31 December 2020, 31 December 2019 and 31 December 2018:

- *IFRS 9 (Financial Instruments).* IFRS 9 (Financial Instruments) enters into force for the accounting year commencing 1 January 2018, with insurance companies allowed to postpone the implementation to January 1, 2023 if certain criteria are met.
- *IFRS 17 (Insurance Contracts).* IFRS 17 (Insurance Contracts) is expected to enter into force for the accounting year commencing 1 January 2023.

The implementation of IFRS 9 (Financial Instruments) is not currently expected to significantly change the Tryg Group's financial position. The assessment of no significant impact on the statement of financial position or profit and loss is based on the assumption that the Tryg Group already carries all financial instruments at fair value through profit and loss. The Tryg Group has postponed the implementation of IFRS 9 (Financial Instruments) to 1 January 2023 when IFRS 17 (Insurance Contracts) will be applicable. The Tryg Group is able to postpone implementation of IFRS 9 (Financial Instruments) due to the fact that its activities are predominantly connected with insurance and that its liabilities connected with insurance is relatively greater than 80% of the total liabilities. The impact

of IFRS 17 (Insurance Contracts) is currently being assessed in a structured and formal manner and is expected to be concluded in due course ahead of the implementation date. Whilst the Tryg Group anticipates minor changes in certain of its key financial performance measures, such as premiums growth and claims ratio as a result of changes to the definitions of premiums and costs under IFRS 17 (Insurance Contracts), Tryg Group currently expects that the implementation of IFRS (Insurance Contracts) will not significantly change the Tryg Group's financial position, including in relation to its technical result or profit/loss after tax.

14.6 Key performance indicators and targets

The Tryg Group intends to continue its focus on maintaining underwriting discipline and long-term profitability. As a part of this focus, the Tryg Group's management monitors, among other factors, growth in its product lines, the efficiency of its resources and return on investment, as well as customer and employee satisfaction. The Tryg Group's management monitors the following key indicators, among others, that gauge the performance of its business:

- *gross claims ratio*—expresses the ratio of gross claims incurred to gross premium income;
- *profit/loss on ceded business*—expresses profit/loss on ceded business to gross premium income;
- *gross expense ratio* - expresses the ratio of gross insurance operating costs to gross premium income;
- *net reinsurance ratio*—expresses the result of profit or loss from reinsurance to gross premium income;
- *combined ratio*—expresses the sum of the claims ratio, the net reinsurance ratio, and the gross expense ratio; and
- *return on equity after tax*—expresses the result after tax for the period to the average equity for the period.

The above ratios of the Tryg Group have been prepared in accordance with the executive order issued by the DFSA on the financial reports for insurance companies and multi-employer occupational pension funds, and also comply with 'Recommendations & Ratios' issued by the Chartered Financial Analysts Society Denmark.

The Tryg Group also uses the following indicators to evaluate the performance of its business: customer retention, number of products per customer, premium growth, employee satisfaction, amount of the average claim, claims frequency, claims development, underlying claims ratios (namely the claims ratio, net of reinsurance and adjusted, in each case net of reinsurance percentage (and also, in the case of COVID-19 claims, adjusted for discounting percentage) and TNPS.

These aforementioned measures may not be comparable to similarly titled measures presented by other companies in its industry. Nevertheless, the Tryg Group's Board believes that such measures are important to understanding its performance from period to period. These measures are not intended to be substitutes for any IFRS measures of performance and certain of these measures are non-IFRS measures. See "*Presentation of Financial Information—Key ratios and alternative performance measures*".

As part of monitoring the Tryg Group's performance indicators it has established certain financial targets and has published prospective financial information for the Tryg Group for 2021 in this Prospectus under the heading "*Consolidated Prospective Financial Information*" in accordance with the rules of the Prospectus Regulation. The Tryg Group further expects to present new CMD targets for the Enlarged Group in the fourth quarter of 2021 following the closing of the Acquisition. There can be no assurance, however, that the Tryg Group will be able to achieve these targets. The targets are necessarily based upon a number of assumptions and estimates that, while presented with numerical specificity and considered reasonable by it, are inherently subject to significant business, actuarial, operational, economic and competitive uncertainties and

contingencies, many of which are beyond its control, and upon assumptions with respect to future business decisions that are subject to change. These targets also assume the success of the Tryg Group business strategy. The success of this strategy is subject to uncertainties and contingencies beyond its control, and no assurance can be given that the strategy will be effective or that the anticipated benefits from the strategy will be realised in the periods for which targets have been prepared, or at all. Accordingly, the Tryg Group cannot provide any assurance that these targets will be realised. The targets may vary materially from its actual results. Prospective investors in the Shares are cautioned not to place undue reliance on this information. See "*Important Notice and Expected Timetable of Principal Events—Special notice regarding forward-looking statements*", "*Risk Factors—If the Tryg Group is unable to successfully implement its strategy, or if the strategy does not yield the anticipated benefits, this may have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects and the projected financial information included in this prospectus may differ materially from the Tryg Group's actual results"* and "*Risk Factors—Trygg-Hansa's and Codan Norway's and Codan Denmark's financial statements and other financial information related to Trygg-Hansa and Codan Norway and Codan Denmark presented in this prospectus may not be representative of their results as part of the Enlarged Group*" and "*Consolidated Prospective Financial Information*".

14.7 Consolidated income statement for the year ended 31 December 2020 compared to the year ended 31 December 2019

	Year Ended 31 December	
	2020	2019
	(DKK millions)	
General Insurance		
Gross premiums written	23,652	22,563
Ceded insurance premiums	(1,552)	(1,259)
Change in premium provisions	(187)	(143)
Change in reinsurer's share of premium provisions	85	38
Premium income, net of reinsurance	**21,998**	**21,198**
Insurance technical interest, net of reinsurance	(20)	1
Claims paid	(15,542)	(15,419)
Reinsurance cover received	987	388
Change in claims provisions	105	562
Change in the reinsurers' share of claims provisions	(187)	40
Claims, net of reinsurance	**(14,637)**	**(14,429)**
Bonus and premium discounts	(812)	(679)
Acquisition costs	(2,532)	(2,458)
Administration expenses	(669)	(623)
Acquisition costs and administration expenses	(3,202)	(3,081)
Reinsurance commissions and profit participation from reinsurers	170	227
Insurance operating costs, net of reinsurance	**(3,032)**	**(2,854)**
Technical result	**3,495**	**3,237**
Investment activities		
Profit/Loss from associates	(47)	(10)
Income from investment property	49	58
Interest income and dividends	506	534
Value adjustments	110	457
Interest expenses	(126)	(178)
Administration expenses in connection with investment activities	(145)	(117)
Total Investment return	**348**	**744**
Return on insurance provisions	(37)	(166)
Total investment return after insurance technical interest	**311**	**579**
Other income	88	168
Other costs	(354)	(356)
Profit/loss before tax	**3,541**	**3,628**
Tax	(768)	(783)
Profit/loss on continuing business	**2,773**	**2,845**
Profit/loss on discontinued and divested business	0	(2)
Profit/loss for the year	**2,773**	**2,843**
Ratios (%)		
Premium growth in local currencies (APM)	7.0	17.1
Gross claims ratio	68.1	68.3
Net reinsurance ratio	2.2	2.6
Claims ratio, net of ceded business	70.3	70.9
Gross expense ratio	14.1	14.2
Combined ratio	**84.5**	**85.1**

Gross Premiums Written

The Tryg Group's gross premiums written increased by DKK 1,089 million, or 4.8%, to DKK 23,652 million in 2020 from DKK 22,563 million in 2019. This increase related primarily to revenue increases of 9.0% and 6.0%, respectively, in the Tryg Group's Private and Commercial operating segments as discussed in further detail in "*—Operating segments—Private—Gross premium income*" and "*—Operating*

segments—Commercial—Gross premium income" below. Premium growth in local currencies (APM) was 7.0% compared to 17.1% in 2019.

Premium income, net of reinsurance

The Tryg Group's premium income, net of reinsurance, increased by DKK 800 million, or 3.7%, to DKK 21,998 million in 2020 from DKK 21,198 million in 2019.

Insurance technical Interest, Net of Reinsurance

The Tryg Group's insurance technical interest, net of reinsurance, decreased by DKK 21 million, to negative DKK 20 million in 2020 from DKK 1 million in 2019. Technical interest equals the income the Tryg Group earns on its average technical reserves less the accretion of the discounting of its premium and claims reserves. The line item reflects interest on average premium provisions and changes are most often driven by changes in short duration interest rates which can vary between countries.

Claims, net of reinsurance

The Tryg Group's claims, net of reinsurance, increased by DKK 208 million, or 1.4%, to DKK 14,637 million in 2020 from DKK 14,429 million in 2019. This increase was mainly attributable to the increase in claims in 2020 compared to 2019. The Tryg Group's claims increased by DKK 536 million, or 3.3%, to DKK 16,567 million from DKK 16,031 million in 2019, which was primarily attributable to the higher level of gross premiums written in 2019 compared to 2018. In 2020, large claims totalled DKK 500 million (2019: DKK 455 million) while weather claims totalled DKK 368 million (2019: DKK 416 million); 2020 weather claims were impacted by a landslide in Norway on 30 December with an impact of DKK 100 million for Tryg. Both the level of large claims and the level of weather claims were below normalised expectations of DKK 550 million and DKK 600 million a year. Gross run-off from previous years positively affected claims incurred in each of 2020 and 2019, amounting to DKK 1,130 million in 2020 and DKK 1,173 million in 2019, respectively. Reinsurance cover received amounted to DKK 785 million in 2020 compared to DKK 408 million in 2019.

Bonus and premium discounts

The Tryg Group's bonus and premium discounts increased by DKK 133 million, or 19.6%, to DKK 812 million in 2020 from DKK 679 million in 2019. This increase related primarily to strong profitability as a result of partnership agreements.

Insurance operating costs, net of reinsurance

The Tryg Group's insurance operating costs, net of reinsurance, increased by DKK 178 million, or 6.2%, to DKK 3,032 million in 2020 from DKK 2,854 million in 2019. This increase related primarily to, an increase in commissions relating to direct insurance contacts and other acquisition costs reflecting strong business growth. These costs were driven by the strong growth of Tryg Group's Private operating segment, where commissions to the Tryg Group's various distribution channels are often paid up-front. The increase was partially offset by Tryg Group's initiatives to lower distribution costs and other cost-reduction programmes, including growing use of lower-cost distribution channels.

Technical result

The Tryg Group's technical result increased by DKK 258 million, or 8.0%, to DKK 3,495 million in 2020 from DKK 3,237 million in 2019. This increase was primarily due to the reasons discussed above, in particular the strong business growth of Tryg Group's Private and Commercial operating segments.

Total investment return after insurance technical interest

The Tryg Group's total investment return after insurance technical interest decreased by DKK 268 million, or 46.3%, to DKK 311 million in 2020 from DKK 579 million in 2019. This

decrease related primarily to the considerable difference in the return of the equity portfolio held in the Tryg Group's free portfolio, which explains around half of the difference in investment return between 2020 and 2019. Tryg's equity portfolio reported a return of DKK 277 million (13.5%) in 2020 compared to DKK 403 million (21.4%) in 2019. In addition, the Tryg Group' credit bonds portfolio produced a return of 6.3%, or DKK 136 million, which was lower than the 10.8% return recorded in 2019, and was primarily related to decreases in interest rates throughout most of the 2020 and tightening credit spreads. The return on the Tryg Group's investment property portfolio was DKK 64 million in 2020 compared to DKK 159 million in 2019, with the 2019 return on investment property portfolio driven by revaluations of DKK 68 million during the fourth quarter of 2019.

Other income and costs

The Tryg Group's total other income and costs increased by DKK 78 million, or 41.5%, to DKK 266 million in 2020 from DKK 188 million in 2019. This increase in costs compared to 2019 related primarily to the Tryg Group's receipt of a VAT refund in the last quarter of 2019, which in turn was related to lower income from pensions products in 2019.

Profit before tax

The Tryg Group's profit before tax decreased by DKK 87 million, or 2.4%, to DKK 3,541 million in 2020 from DKK 3,628 million in 2019. This decrease resulted from the factors described above in this section.

Tax

The Tryg Group's tax decreased by DKK 15 million, or 1.9%, to DKK 768 million in 2020 from DKK 783 million in 2019. This decrease related primarily to the decrease in Tryg Group's profit before tax. The Tryg Group's tax in 2020 and 2019 represented 21.5% and 21.5%, respectively, of profit before tax for the respective periods.

Profit for the year

The Tryg Group's profit for the year decreased by DKK 70 million, or 2.5%, to DKK 2,773 million in 2020 from DKK 2,843 million in 2019. This decrease resulted primarily from the factors described above.

Gross claims ratio

The Tryg Group's gross claims ratio decreased to 68.1% in 2020 from 68.3% in 2019. Tryg Group's underlying claims ratio improved primarily due to price adjustments and its claims excellence initiative. Tryg Group recorded increases in gross claims in its Private operating segment in 2020, which is discussed in further detail in "*—Operating segments—Private—Gross claims ratio*" below.

Gross expense ratio

The Tryg Group's gross expense ratio decreased by 0.1 percentage points to 14.1% in 2020 from 14.2% in 2019. The decrease was primarily related to Tryg Group's initiatives to lower distribution costs and other cost-reduction programmes. The improvement to the Tryg Group's expense ratio was impacted by the strong growth of its Private operating segment, where commissions to its various distribution channels are often paid up-front.

Combined ratio

The Tryg Group's combined ratio decreased to 84.5% in 2020 from 85.1% in 2019. This decrease related primarily to the factors described above.

14.8 Operating segments

The Tryg Group has the following operating segments:

- *Private*. Private provides a comprehensive range of general insurance products for private individuals in Denmark and Norway. Tryg Group's range of general insurance products include car, contents, house, accident, travel, motorcycle, pet and health insurance. Tryg Group's products for private individuals are distributed through call centres, online, its own sales agents, Alka (in Denmark), franchisees (in Norway and Denmark), car dealers, estate agents, Danske Bank branches and affinity groups such as trade unions, industry associations and strategic partnerships.
- *Commercial*. Commercial provides general insurance products for SMEs in Denmark and Norway. Tryg Group's range of general insurance products include motor, property, liability, workers' compensation, travel and health insurance. Tryg Group's products for SMEs are distributed through its own sales force, brokers, franchisees (in Norway and Denmark), call centres, online and group agreements.
- *Corporate*. Corporate provides general insurance products for larger businesses in Denmark, Norway, and Sweden. In addition, Tryg Garanti provides credit and surety insurance to larger businesses in Denmark, Norway, Sweden, Germany, Austria, the Netherlands and Finland. Tryg Group's range of general insurance products include property, liability, workers' compensation, motor, cargo, personal accident/disease and group life insurance. Tryg Group services its corporate customers with its direct sales force, as well as via insurance brokers.
- *Sweden*. Tryg Group's Sweden operating segment sells general insurance products to private customers in Sweden. Tryg Group's range of general insurance products include car, house, pet, child, boat and accident insurance. Tryg Group's products are distributed through its own sales force, call centres, partners and online.

14.8.1 Private

The following table sets forth the results of the Tryg Group's general insurance activities for the years ended 31 December 2020 and 2019 for its Private operating segment.

	Year Ended 31 December	
	2020	2019
	(DKK millions)	
General Insurance Activities		
Gross premium income	12,743	12,021
Gross claims	(8,883)	(8,185)
Gross operating expenses	(1,727)	(1,650)
Profit/loss on gross business[1]	2,133	2,185
Profit/loss on ceded business	(76)	(231)
Insurance technical interest, net of reinsurance	(12)	(3)
Technical result	**2,045**	**1,951**
Ratios (%)		
Premium Growth in local currencies (APM)	9.0	28.0
Gross claims ratio	69.7	68.1
Net reinsurance ratio	0.6	1.9
Claims ratio, net of ceded business	70.3	70.0
Gross expense ratio	13.6	13.7
Combined ratio	83.9	83.7

(1) This line item was included in the FY 2020 Annual Report but was not included in the FY 2019 Annual Report.

Gross premium income

Gross premium income for Private increased by DKK 722 million, or 6.0%, to DKK 12,743 million in 2020 from DKK 12,021 million in 2019. This increase related primarily to the continued high retention levels in Private Denmark and Private Norway, strong developments in partner agreements and cross-selling to existing customers primarily in Denmark. Premium growth in local currencies (APM) was 9.0% compared to 28.0% in 2019.

Technical result

The technical result for Private increased by DKK 94 million, or 4.8%, to DKK 2,045 million in 2020 from DKK 1,951 million in 2019. This increase related primarily to a combination of higher premium growth in both Private Denmark and Private Norway, slightly improved underlying claims ratio development and net positive impact from the COVID-19 pandemic as a result of lower claims frequencies.

Gross claims ratio

The gross claims ratio for Private increased to 69.7% in 2020 from 68.1% in 2019. This increase related primarily to the claims excellence programme, which focused on reducing claims costs through procurement initiatives and improved fraud detection, as well as price adjustments aimed at mitigating increased claims inflation.

Gross expense ratio

The gross expense ratio for Private decreased to 13.6% in 2020 from 13.7% in 2019. This decrease related primarily to high commissions due to high premium growth that were partly mitigated by initiatives to reduce distribution costs.

Combined ratio

The combined ratio for Private increased to 83.9% in 2020 from 83.7% in 2019. This increase related primarily to a combination of higher premium growth in both Private Denmark and Private Norway as well as slightly improved underlying claims ratio development and net positive impact from the COVID-19 pandemic as a result of lower claims frequencies.

14.8.2 Commercial

The following table sets forth the results of the Tryg Group's general insurance activities for the years ended 31 December 2020 and 2019 for its Commercial operating segment.

	Year Ended 31 December	
	2020	2019
	(DKK millions)	
General Insurance Activities		
Gross premium income	4,430	4,274
Gross claims	(2,786)	(2,867)
Gross operating expenses	(758)	(749)
Profit/loss on gross business	886	658
Profit/loss on ceded business	(147)	(94)
Insurance technical interest, net of reinsurance	(5)	1
Technical result	**735**	**566**
Ratios (%)		
Premium Growth in local currencies (APM)	6.0	8.3
Gross claims ratio	62.9	67.1
Net reinsurance ratio	3.3	2.2
Claims ratio, net of ceded business	66.2	69.3
Gross expense ratio	17.1	17.5
Combined ratio	83.3	86.8

Gross premium income

Gross premium income for Commercial increased by DKK 156 million, or 3.6%, to DKK 4,430 million in 2020 from DKK 4,274 million in 2019. Premium growth in local currencies (APM) was 6.0% compared to 8.3% in 2019. This increase related primarily to the inclusion of Alka as well as positive developments in both Commercial Denmark and Commercial Norway. Commercial Denmark reported a positive development in the number of customers, driven by both own sales agents and improved sales from the broker sales channel. Commercial Denmark also conducted rebalancing of its portfolio with a higher proportion of small commercial customers and a lower proportion of large commercial customers as this supports the focus on profitability. In Norway, increases in gross premium income related primarily to price adjustments, in particular for larger commercial customers, which were largely accepted by such customers.

Technical result

The technical result for Commercial increased by DKK 169 million, or 29.9%, to DKK 735 million in 2020 from DKK 566 million in 2019. This increase related primarily to the inclusion of Alka and improvements in the underlying claims ratio.

Gross claims ratio

The gross claims ratio for Commercial decreased to 62.9% in 2020 from 67.1% in 2019. This decrease related primarily to improvement in the underlying clams ratio, a lower level of large and weather claims and a positive impact from the COVID-19 pandemic due to lower claims frequencies for business lines such as motor, accident and workers' compensation.

Gross expense ratio

The gross expense ratio for Commercial decreased to 17.1% in 2020 from 17.5% in 2019. This decrease related primarily to improved distribution efficiency, especially in Denmark through the use of independent sales agents. In Norway, the improved retention rate and high acceptance of price adjustments supported a positive development in the expense ratio.

Combined ratio

The combined ratio for Commercial decreased to 83.3% in 2020 from 86.8% in 2019. This decrease related primarily to an improved underlying claims ratio, a lower level of large and weather claims and lower frequency for some lines of business because of the COVID-19 pandemic.

14.8.3 Corporate

The following table sets forth the results of the Tryg Group's general insurance activities for the years ended 31 December 2020 and 2019 for its Corporate operating segment.

	Year Ended 31 December	
	2020	2019
	(DKK millions)	
General Insurance Activities		
Gross premium income	3,876	3,979
Gross claims	(2,692)	(2,816)
Gross operating expenses	(440)	(415)
Profit/loss on gross business	743	748
Profit/loss on ceded business	(277)	(255)
Insurance technical interest, net of reinsurance	(2)	2
Technical result	**464**	**496**
Ratios (%)		
Premium Growth in local currencies (APM)	1.4	2.0
Gross claims ratio	69.5	70.8
Net reinsurance ratio	7.1	6.4
Claims ratio, net of ceded business	76.6	77.2
Gross expense ratio	11.4	10.4
Combined ratio	88.0	87.6

Gross premium income

Gross premium income for Corporate decreased by DKK 103 million, or 2.6%, to DKK 3,876 million in 2020 from DKK 3,979 million in 2019. This decrease related primarily to price increases of approximately 14% (excluding fronting and captive agreements) in Corporate Norway and profitability initiatives of approximately 8% resulting in loss of customers in Sweden. Premium growth in local currencies (APM) was 1.4% compared to 2.0% in 2019.

Technical result

The technical result for Corporate decreased by DKK 32 million, or 6.5%, to DKK 464 million in 2020 from DKK 496 million in 2019. This decrease related primarily to implementation of profitability initiatives in all countries in 2020, which may result in decreases in premium income. Depending on customer reactions, this may lead to a reduction in premium income, but profitability is expected to improve. The Tryg Group expects further significant profitability initiatives to be implemented in 2021.

Gross claims ratio

The gross claims ratio for Corporate decreased to 69.5% in 2020 from 70.8% in 2019. This decrease related primarily to price initiatives improving the underlying claims ratio in all countries, a higher level of large claims and a larger level of run-off gains. The claims ratio was slightly negatively impacted by the COVID-19 pandemic with some positive impact for certain lines of business, e.g. travel insurance and workers' compensation.

Gross expense ratio

The gross expense ratio for Corporate increased by 1.0 percentage points, to 11.4% in 2020 from 10.4% in 2019. This low expense ratio related primarily to high average premiums in the Corporate segment, leading to relatively low administration costs in percent of premiums, and by the fact that brokers are paid by customers.

Combined ratio

The combined ratio for Corporate increased to 88.0% in 2020 from 87.6% in 2019. This increase related primarily to an underlying improvement, a slightly higher level of large claims and a slightly higher run-off level.

14.8.4 Sweden

The following table sets forth the results of the Tryg Group's general insurance activities for the years ended 31 December 2020 and 2019 for its Sweden operating segment.

	Year Ended 31 December	
	2020	2019
	(DKK millions)	
General Insurance Activities		
Gross premium income	1,604	1,521
Gross claims	(1,067)	(1,014)
Gross operating expenses	(269)	(267)
Profit/loss on gross business	268	241
Profit/loss on ceded business	1	(10)
Insurance technical interest, net of reinsurance	(1)	0
Technical result	**268**	**231**
Ratios (%)		
Premium Growth in local currencies (APM)	4.9	6.1
Gross claims ratio	66.5	66.6
Net reinsurance ratio	(0.1)	0.7
Claims ratio, net of ceded business	66.4	67.3
Gross expense ratio	16.8	17.5
Combined ratio	83.2	84.8

Gross premium income

Gross premium income for Sweden increased by DKK 83 million, or 5.5%, to DKK 1,604 million in 2020 from DKK 1,521 million in 2019. Premium growth in local currencies (APM) was 4.9% compared to 6.1% in 2019. This increase related primarily to positive developments in the motor insurance line of business as a result of widespread acceptance of price adjustments to improve the claims ratio for this product. In addition, following the outbreak of the COVID-19 pandemic and implementation of the COVID Measures, the Tryg Group saw a significant increase in the demand for boat insurance as many consumers opted to 'staycation' in Sweden instead of travelling abroad.

Technical result

The technical result for Sweden increased by DKK 37 million, or 16.0%, to DKK 268 million in 2020 from DKK 231 million in 2019. This increase related primarily to the high level of run-off gains reflecting a strong reserving position in the motor third-party liability segment.

Gross claims ratio

The gross claims ratio for Sweden decreased to 66.5% in 2020 from 66.6% in 2019. This decrease related primarily to the implementation of price increases for motor insurance products to improve profitability. The Tryg Group intends to continue initiatives to improve profitability of its Sweden operating segment in 2021 as profitability within this operating segment remains challenging assuming a normalised run-off level.

Gross expense ratio

The gross expense ratio for Sweden decreased to 16.8% in 2020 from 17.5% in 2019. The expense ratio was impacted by one-off costs related to organisational restructuring in 2020. Employee numbers in Sweden increased by 23 compared to 2019, totalling 323 at the end of 2020, primarily because of an increase in inbound sales to the Sweden operating segment.

Combined ratio

The combined ratio for Sweden decreased to 83.2% in 2020 from 84.8% in 2019. This decrease related primarily to a lower expense ratio, as well as an improved underlying claims ratio due to price adjustments, especially for motor insurance.

14.9 Consolidated income statement for the year ended 31 December 2019 compared to the year ended 31 December 2018

	Year Ended 31 December	
	2019	2018
	(DKK millions)	
General Insurance		
Gross premiums written	22,563	18,999
Ceded insurance premiums	(1,259)	(1,362)
Change in premium provisions	(143)	85
Change in reinsurer's share of premium provision	38	(47)
Premium income, net of reinsurance	**21,198**	**17,675**
Insurance technical interest, net of reinsurance	**1**	**(10)**
Claims paid	(15,419)	(13,294)
Reinsurance cover received	388	466
Change in claims provisions	562	658
Change in the reinsurers' share of claims provision	40	125
Claims, net of reinsurance	**(14,429)**	**(12,045)**
Bonus and premium discounts	**(679)**	**(344)**
Acquisition costs	(2,458)	(2,104)
Administration expenses	(623)	(600)
Acquisition costs and administration expenses	(3,081)	(2,704)
Reinsurance commissions and profit participation from reinsurers	227	194
Insurance operating costs, net of reinsurance	**(2,854)**	**(2,510)**
Technical result	**3,237**	**2,766**
Investment activities		
Income from associates	(10)	22
Income from investment property	58	46
Interest income and dividends	534	580
Value adjustments	454	(537)
Interest expenses	(178)	(140)
Administration expenses in connection with investment activities	(114)	(94)
Total Investment return	**744**	**(123)**
Return on insurance provisions	(166)	(209)
Total investment return after insurance technical interest	**579**	**(332)**
Other income	168	128
Other costs	(356)	(300)
Profit/loss before tax	**3,628**	**2,262**
Tax	(783)	(529)
Profit/loss on continuing business	**2,845**	**1,733**
Profit/loss on discontinued and divested business	(2)	(2)
Profit/loss for the year	**2,843**	**1,731**
Ratios (%)		
Premium growth in local currencies (APM)	17.1	6.3
Gross claims ratio	68.3	67.4
Net reinsurance ratio	2.6	3.3
Claims ratio, net of ceded business	70.9	70.7
Gross expense ratio	14.2	14.4
Combined ratio	**85.1**	**85.1**

Gross premiums written

The Tryg Group's gross premiums written increased by DKK 3,564 million, or 18.8%, to DKK 22,563 million in 2019 from DKK 18,999 million in 2018. This increase related primarily to the acquisition of Alka as well as revenue increases in its Private and Commercial operating segments as discussed in further detail in "*—Operating segments—Private—Gross premium income*" and "*—Operating segments—Commercial—Gross premium income*" below. The growth in gross premiums income was 6.1% excluding Alka in local currencies (APM). Premium growth in local currencies (APM) was 17.1%.

The Tryg Group's Private operating segment reported an increase in gross premiums written of 28.0%, of which 20.2% was attributable to Alka compared to 2018, driven by partner agreement sales, an increase in new product offerings, and increased retention rates. The Tryg Group believes that the retention of Private Denmark was positively impacted by the fifth consecutive annual payment of the TryghedsGruppen member bonus (which also positively impacted the Commercial Denmark and Corporate Denmark as discussed below). Private Denmark and Private Norway both contributed to the positive top-line performance.

The Commercial segment reported an increase in gross premiums written of 7.6%, of which 4.4% was attributable to Alka compared to 2018 driven by satisfactory growth both in Denmark and Norway. In Denmark, developments were positive with an improved retention rate but also by improved sales compared to previous years. In Commercial Norway, price increases of 7% supported growth in gross premiums without adverse impact to the number of Commercial Norway customers.

Premium income, net of reinsurance

The Tryg Group's premium income, net of reinsurance, increased by DKK 3,523 million, or 19.9%, to DKK 21,198 million in 2019 from DKK 17,675 million in 2018. This increase resulted mainly from the increase in gross premiums written for the reasons discussed above as the Tryg Group's reinsurance programme remained unchanged from 2018.

Insurance technical interest, net of reinsurance

The Tryg Group's insurance technical interest, net of reinsurance, increased to DKK 1 million in 2019 from negative DKK 10 million in 2018. This increase was mainly attributable to higher levels of both premiums and claims reserves associated with growth in the Tryg Group's gross premiums written. Technical interest equals the income the Tryg Group earns on its average technical reserves less the accretion of the discounting of its premium and claims reserves. The line item reflects interest on average premium provisions and changes are most often driven by changes in short duration interest rates which can vary between countries.

Claims, net of reinsurance

The Tryg Group's claims, net of reinsurance, increased by DKK 2,384 million, or 19.8%, to DKK 14,429 million in 2019 from DKK 12,045 million in 2018. This increase was mainly attributable to the increase in claims in 2019 compared to 2018. The Tryg Group's claims increased by DKK 2,159 million, or 15.6%, to DKK 16,031 million in 2019 from DKK 13,872 million in 2018, which was primarily attributable to the higher level of gross premiums written in 2019 compared to 2018, and which was offset in part by a slight decrease in both large and weather claims. In 2019, large claims totalled DKK 455 million (2018: DKK 490 million), while weather claims totalled DKK 416 million (2018: DKK 384 million). Both the level of large claims and the level of weather claims were below normalised expectations of DKK 550 million and DKK 600 million a year. Gross run-off from previous years positively affected claims incurred in each of 2019 and 2018, amounting to DKK 1,173 million in 2019 and DKK 1,236 million in 2018, respectively.

Bonus and premium discounts

The Tryg Group's bonus and premium discounts increased by DKK 335 million, or 97.4%, to DKK 679 million in 2019 from DKK 344 million in 2018. This increase related primarily to strong profitability as a result of partnership agreements and the Alka acquisition.

Insurance operating costs, net of reinsurance

The Tryg Group's insurance operating costs, net of reinsurance, increased by DKK 344 million, or 13.7%, to DKK 2,854 million in 2019 from DKK 2,510 million in 2018. This increase related primarily to the inclusion of Alka, an increase in commissions relating to direct insurance contacts and other acquisition costs reflecting strong business growth. These costs were driven by the strong growth of its Private operating segment, where commissions to the Tryg Group's various distribution channels are often paid up-front. The increase was partially offset by a number of initiatives to lower distribution costs and other cost-reduction programmes.

Technical result

The Tryg Group's technical result increased by DKK 471 million, or 17.0%, to DKK 3,237 million in 2019 from DKK 2,766 million in 2018. This increase occurred primarily for the reasons discussed above, in particular the inclusion of Alka.

Total investment return after insurance technical interest

The Tryg Group's total investment return after insurance technical interest increased by DKK 911 million to DKK 579 million in 2019 from a loss of DKK 332 million in 2018. This increase related primarily to positive equity market developments in 2019 compared to 2018. 66% of the difference in the investment result between 2019 and 2018 is attributable to the investment return on the equity portfolio, which was a positive return of 20.5% in 2019 and a negative return of 10.8% in 2018. Additionally, falling rates and narrowing credit spreads boosted the performance of Tryg Group's fixed-income portfolio.

Other income and costs

The Tryg Group's other income and costs increased by DKK 16 million, or 9.3%, to DKK 188 million in 2019 from DKK 172 million in 2018. This increase was attributable primarily to the amortisation of customer relations stemming from the Alka acquisition, partly offset by a VAT compensation of DKK 45 million booked in the last quarter of the year.

Profit before tax

The Tryg Group's profit before tax increased by DKK 1,366 million, or 60.4%, to DKK 3,628 million in 2019 from DKK 2,262 million in 2018. This increase resulted from the factors described above in this section.

Tax

The Tryg Group's tax increased by DKK 254 million, or 48.0%, to DKK 783 million in 2019 from DKK 529 million in 2018. This increase related to the increase in its profit before tax. The Tryg Group's tax in 2019 and 2018 represented 21.5% and 23.4%, respectively, of profit before tax for the respective periods.

Profit on continuing business

The Tryg Group's profit on continuing business increased by DKK 1,112 million, or 64.2%, to DKK 2,845 million in 2019 from DKK 1,733 million in 2018.

Loss on discontinued and divested business

The Tryg Group's loss on discontinued and divested business, which relates to the profit/loss after tax of the run-off for the marine hull business, the divested activities in the

Finnish branch, and the Tryg Forsikring A/S run-off business, remained constant at DKK 2 million in 2019 and 2018.

Profit for the year

The Tryg Group's profit for the year increased by DKK 1,112 million, or 64.2%, to DKK 2,843 million in 2019 from DKK 1,731 million in 2018. This increase resulted primarily from the factors described above.

Gross claims ratio

The Tryg Group's gross claims ratio increased to 68.3% in 2019 from 67.4% in 2018. The Tryg Group's underlying claims ratio improved primarily due to price adjustments and its claims excellence initiative. The increase in gross claims ratio related primarily to a 1% lower level of run-off gains and increases in gross claims ratio recorded by Tryg Group's Private and Commercial operating segments, which are discussed in further detail in "*—Operating segments—Private—Gross claims ratio*" and "*—Operating segments—Commercial—Gross claims ratio*" below.

Gross expense ratio

The Tryg Group's gross expense ratio decreased to 14.2% in 2019 from 14.4% in 2018. The decrease in its gross expense ratio related to its initiatives to lower distribution costs and other cost-reduction programmes. The improvement to the Tryg Group's expense ratio was impacted by the strong growth of its Private operating segment, where commissions to its various distribution channels are often paid up-front.

Combined ratio

The Tryg Group's combined ratio remained constant at 85.1% in 2019 and 2018, driven by the factors described above.

14.10 Operating segments

14.10.1 Private

The following table sets forth the results of the Tryg Group's general insurance activities for the years ended 31 December 2019 and 2018 for its Private operating segment.

	Year Ended 31 December	
	2019	2018
	(DKK millions)	
General Insurance Activities		
Gross premium income	12,021	9,466
Gross claims	(8,185)	(6,198)
Gross operating expenses	(1,650)	(1,309)
Profit/loss on gross business	2,185	1,959
Profit/loss on ceded business	(231)	(220)
Insurance technical interest, net of reinsurance	(3)	(5)
Technical result	**1,951**	**1,734**
Ratios (%)		
Premium growth in local currencies (APM)	28.0	8.9
Gross claims ratio	68.1	65.5
Net reinsurance ratio	1.9	2.3
Claims ratio, net of ceded business	70.0	67.8
Gross expense ratio	13.7	13.8
Combined ratio	83.7	81.6

Gross Premium Income

Gross premium income for Private increased by DKK 2,555 million, or 27.0%, to DKK 12,021 million in 2019 from DKK 9,466 million in 2018. The increase related primarily to the Alka acquisition, improved retention levels in the Tryg Group's Danish and

Norwegian Private operating segments, sales of products to members of the Tryg Group's various partner organisations and the cross-selling of additional products to existing customers in Denmark. Premium growth in local currencies (APM) was 28.0% of which 20.2% was attributable to Alka. The Tryg Group's retention rate in Denmark increased from 91.2% to 91.6%, while in Norway its retention rate increased from 86.7% to 87.1%. The Tryg Group believes that the positive development in Denmark can be ascribed to a positive impact from the member bonus model and a consistently strong focus on customer loyalty, as reflected in the TNPS score of 80. Private Norway also had a strong focus on customer loyalty with a TNPS score of 75.

The partner agreements driving growth in Norway were primarily (i) OBOS, the largest housing developer in Norway; and (ii) the NITO, the Tryg Group's largest Norwegian partner agreement in 17 years.

Technical result

The technical result for Private increased by DKK 217 million, or 12.5%, to DKK 1,951 million in 2019 from DKK 1,734 million in 2018. This increase was driven by the inclusion of Alka (and related synergies) and by an improved underlying claims ratio.

Gross claims ratio

The gross claims ratio for Private increased to 68.1% in 2019 from 65.5% in 2018, driven by claims inflation relating to a much lower level of run-off gains, net reinsurance (APM) of 2% compared to run-off gains, net reinsurance (APM) of 4.2% in 2018. The underlying claims level improved, which was attributable to the claims excellence initiative and price-adjustments aimed at mitigating increased claims inflation. Weather-related claims were on par with 2018 levels and related primarily to Norway.

Gross expense ratio

The gross expense ratio for Private decreased slightly to 13.7% in 2019 from 13.8% in 2018 although gross expenses increased from DKK 1,309 million in 2018 to DKK 1,650 million in 2019. The improvement in the Tryg Group's gross expense ratio reflected its investments in digital solutions resulting in increased distribution efficiency.

Total employee numbers for Private decreased from 1,329 at the end of 2018 to 1,317 in 2019, further reflecting the Tryg Group's focus on efficiency. In Denmark, sales agents were recruited to target leads from the FDM portfolio, with 30 additional sales agents recruited in 2019. In Norway, the primary distribution channel is franchise agents, who are not directly employed by us, and therefore not included in the employee numbers.

Combined ratio

The combined ratio for Private increased to 83.7% in 2019 from 81.6% in 2018. This decrease resulted from the factors described above.

14.10.2 Commercial

The following table sets forth the results of the Tryg Group's general insurance activities for the years ended 31 December 2019 and 2018 for its Commercial operating segment.

	Year Ended 31 December	
	2019	2018
	(DKK millions)	
General Insurance Activities		
Gross premium income	4,274	3,971
Gross claims	(2,867)	(2,326)
Gross operating expenses	(749)	(696)
Profit/loss on gross business	658	949
Profit/loss on ceded business	(94)	(165)
Insurance technical interest, net of reinsurance	1	0
Technical result	**566**	**784**
Ratios (%)		
Premium growth in local currencies (APM)	8.3	3.7
Gross claims ratio	67.1	58.6
Net reinsurance ratio	2.2	4.2
Claims ratio, net of ceded business	69.3	62.8
Gross expense ratio	17.5	17.5
Combined ratio	86.8	80.3

Gross premium income

Gross premium income for Commercial increased by DKK 303 million, or 7.6%, to DKK 4,274 million in 2019 from DKK 3,971 million in 2018. This increase related primarily to the acquisition of Alka as well as the OBOS and Troll portfolios. An underlying improvement in premium income was also seen for both the Danish and Norwegian Commercial operating segments, which recorded premium growth in local currencies (APM) of 8.3%. Commercial Denmark introduced a new and more efficient sales channel inspired by the Norwegian franchise set-up, while continuing to capitalise on the TryghedsGruppen member bonus. In Norway, premium development was positively impacted by price adjustments, particularly for large commercial customers. The retention rate for Commercial Denmark increased from 88.0% to 88.6%, while in Norway the retention rate increased from 87.7% to 89.0%. The Tryg Group believes that the positive developments in Denmark and Norway can be ascribed to a strong customer focus, while the customer bonus model also supported the development in Denmark.

Technical result

The technical result for Commercial decreased by DKK 218 million, or 27.8%, to DKK 566 million in 2019 from DKK 784 million in 2018. This decrease related primarily to the increase of claims outpacing the increase in gross premium income due to an increased level of large claims and a lower level of run-off.

Gross claims ratio

The gross claims ratio for Commercial increased to 67.1% in 2019 from 58.6% in 2018. This increase related primarily to an increase in large claims and a lower level of run-off gains. In general, the Tryg Group experienced an improved underlying claims ratio, primarily due to price initiatives in Norway for large customers in this segment.

Gross expense ratio

The gross expense ratio for Commercial stayed constant at 17.5% in 2019 and 2018, reflecting the Tryg Group's continued and ongoing focus on reducing costs. Commercial Denmark has focused on recruiting new types of sales agents with the aim of lowering cost of sales. The total number of employees for Commercial decreased to 495 at the end of 2019 from 516 at the end of 2018.

Combined ratio

The combined ratio for Commercial increased to 86.8% in 2019 from 80.3% in 2018. This increase related primarily to the factors described above.

14.10.3 Corporate

The following table sets forth the results of the Tryg Group's general insurance activities for the years ended 31 December 2019 and 2018 for its Corporate operating segment.

	Year Ended 31 December	
	2019	2018
	(DKK millions)	
General Insurance Activities		
Gross premium income	3,979	3,897
Gross claims	(2,816)	(3,114)
Gross operating expenses	(415)	(385)
Profit/loss on gross business	748	398
Profit/loss on ceded business	(255)	(225)
Insurance technical interest, net of reinsurance	2	0
Technical result	**496**	**173**
Ratios (%)		
Premium growth in local currencies (APM)	2.0	4.0
Gross claims ratio	70.8	79.9
Net reinsurance ratio	6.4	5.8
Claims ratio, net of ceded business	77.2	85.7
Gross expense ratio	10.4	9.9
Combined ratio	87.6	95.6

Gross premium income

Gross premium income for Corporate increased by DKK 82 million, or 2.1%, to DKK 3,979 million in 2019 from DKK 3,897 million in 2018. Premium growth in local currencies (APM) was 2.0% compared to 4.0% in 2018. The Tryg Group believes that gross premium income was impacted by price increases, especially in Norway, and a high retention level driven by the customer bonus model in Denmark. An increase of 7.2% was seen in the Danish segment of the Tryg Group's Corporate operating segment due to positive developments for Tryg Garanti, the Tryg Group's credit and surety business, and high levels of customer retention. Corporate Norway premiums decreased by 4.7%, primarily due to price increases of 14% (excluding fronting and captive agreements). In Sweden, which accounts for only 20% of the total Corporate operating segment, premium growth was 0.8% and was also impacted by profitability initiatives resulting in a loss of customers.

Technical result

The technical result for Corporate increased by DKK 323 million to DKK 496 million in 2019 from DKK 173 million in 2018. This increase related primarily to a significantly lower level of large claims and a higher run-off level compared to 2018. Tryg Garanti continued its planned expansion to Germany, the Netherlands and Austria. The result for Tryg Garanti was DKK 230 million in 2019 (2018: DKK 204 million).

Gross claims ratio

The gross claims ratio for Corporate decreased to 70.8% in 2019 from 79.9% in 2018. This decrease related primarily to the aforementioned lower level of large claims and higher level of run-off.

Gross expense ratio

The gross expense ratio for Corporate increased to 10.4% in 2019 from 9.9% in 2018. This increase related primarily to the small growth in premiums due mainly to price

increases while gross expenses increased to DKK 415 million in 2019 from DKK 385 million in 2018 (notwithstanding an increase in employee numbers primarily due to the expansion of the credit and surety business). The low expense ratio was driven by high average premiums in the Corporate segment, relatively low claims handling costs and the fact that Corporate brokers are paid by customers.

Combined ratio

The combined ratio for Corporate decreased to 87.6% in 2019 from 95.6% in 2018. This decrease related resulted from the factors described above.

14.10.4 Sweden

The following table sets forth the results of the Tryg Group's general insurance activities for the years ended 31 December 2019 and 2018 for its Sweden operating segment.

	Year Ended 31 December	
	2019	2018
	(DKK millions)	
General Insurance Activities		
Gross premium income	1,521	1,471
Gross claims	(1,014)	(1,024)
Gross operating expenses	(267)	(237)
Profit/loss on gross business	241	210
Profit/loss on ceded business	(10)	(4)
Insurance technical interest, net of reinsurance	0	(5)
Technical result	**231**	**201**
Ratios (%)		
Premium growth in local currencies (APM)	6.1	4.9
Gross claims ratio	66.6	69.6
Net reinsurance ratio	0.7	0.3
Claims ratio, net of ceded business	67.3	69.9
Gross expense ratio	17.5	16.1
Combined ratio	84.8	86.0

Gross premium income

Gross premium income for Sweden increased by DKK 50 million, or 3.4%, to DKK 1,521 million in 2019 from DKK 1,471 million in 2018, equating to growth of 6.1% (2018: 4.9%) in local currencies. This increase was primarily attributable to growth in Tryg Group's motor insurance, accident insurance and pet insurance segments. Pet insurance recorded double-digit growth in 2019.

Technical result

The technical result for Sweden increased by DKK 30 million, or 14.9%, to DKK 231 million in 2019 from DKK 201 million in 2018. This increase related primarily to driven by higher run-off gains reflecting a strong reserving position in the long-tail motor third-party liability segment.

Gross claims ratio

The gross claims ratio for Sweden decreased to 66.6% in 2019 from 69.6% in 2018. This decrease related primarily to a higher run-off level relating to a solid reserves position in the long-tail motor segment. Motor insurance, which accounts for approximately one third of the private lines in Moderna, reported a higher level of small claims in 2019 compared to 2018.

Gross expense ratio

The gross expense ratio for Sweden increased to 17.5% in 2019 from 16.1% in 2018. This was relatively stable considering the size of the Swedish business. The increase related primarily to an increase in employee numbers to 386 in 2019 from 354 in 2018.

Combined ratio

The combined ratio for Sweden decreased to 84.8% in 2019 from 86.0% in 2018. This decrease resulted from the factors described above.

14.11 Liquidity and capital resources

Tryg operates as a holding company for its insurance subsidiaries. The liquidity and capital resource considerations for Tryg and for the Tryg Group's domestic and foreign operating subsidiaries vary in light of the business conducted by each and the insurance regulatory and rating requirements applicable to Tryg and Tryg Forsikring A/S in Denmark and its main operating branches in Sweden and Norway. See "*Regulation—Denmark—Regulation of Danish insurance holding companies and insurance companies—The DFBA—Capital requirements for a group 1 insurance company*" and "*—Solvency*". The Tryg Group's principal sources of funds are insurance premiums, income from investment assets (including interest) and gains on investment assets. The principal cash requirements of Tryg and the Tryg Group are the payment of dividends to shareholders, the servicing of debt, contributions to pension schemes and the payment of expenses, including payment of claims. The Tryg Group generates substantial cash flow from operations. These positive operating cash flows, along with that portion of its investment portfolio held in cash and highly liquid securities, have historically met the liquidity requirements of its insurance operations. As of 31 December 2020, the Tryg Group had cash at bank and in hand of DKK 1,390 million (2019: DKK 868 million) and DKK 28.1 billion (2019: DKK 28.2 billion) of Tryg Group's total investment portfolio DKK 40.5 billion (2019: DKK 39.6 billion) was held in a match portfolio composed of low-risk fixed-income assets that match the Tryg Group's insurance liabilities and are tailored to meet Tryg Group's expected timeline for liquidity requirements relating to catastrophic losses.

The Tryg Group's principal sources of funds are insurance premiums and income from investment assets, funds that may be raised from time to time from the issuance of securities and bank or other borrowings. As of 31 December 2020, the Tryg Group had no bank debt outstanding.

The Tryg Group paid dividends of DKK 2,599 million related to the 2020 financial year, DKK 2,040 million related to the 2019 financial year and DKK 2,980 million related to the 2018 financial year. As a holding company, Tryg's ability to pay dividends is dependent on the ability of its operating subsidiaries to declare and pay dividends. The Tryg Group and its subsidiaries are also subject to legal restrictions on the amount of dividends that can be paid to shareholders due to minimum capital and solvency requirements imposed by insurance and other regulators in the countries in which the Tryg Group and its subsidiaries operate. See "*Regulation—Denmark—Regulation of Danish insurance holding companies and insurance companies—The DFBA—Capital requirements for a group 1 insurance company*" and "*—Solvency*".

On 27 March 2020, following the outbreak of COVID-19, increased volatility in capital markets and heightened regulatory pressure throughout Europe, the Tryg Group announced it had decided to move to a full-year dividend decision for 2020 as opposed to quarterly dividend payments. On 9 November 2020, citing the resilience of Tryg's business model, Tryg's Supervisory Board announced that it had decided to revisit this decision and approved an ordinary dividend of DKK 5.25 per share (DKK 1.6 billion). Payment of this dividend which related to the first three quarters of 2020 occurred on 12 November 2020, with ex-dividend date on 10 November 2020. On 29 January 2021, the Tryg Group paid an ordinary dividend of DKK 1.75 per share relating to the fourth quarter of 2020, for a total dividend of DKK 7.00 per share for 2020 (2019: DKK 6.80). The Tryg Group had an estimated pro forma solvency ratio of above 180% at the end of

October 2020 adjusting for the dividend payment relating to the first quarter to the third quarter of 2020 (Q3 2020: 214% Solvency II Ratio; Q2 2020: 193% Solvency II Ratio) and recorded a Solvency II Ratio of 183% as at 31 December 2020 (2019: 162).

The Tryg Group expects that 2021 will be a transitional year for dividends as the Enlarged Group plans to take a conservative approach to capital management during the integration period. However, the proposed Acquisition financing structure and the Tryg Group's valuation premium are expected to drive a significant increase in the Enlarged Group's dividend capacity, whereby the dividend policy of the Enlarged Group will remain unchanged from the Tryg Group's dividend policy following the Transaction and the pro forma dividend capacity is expected to broadly double in the medium term.

14.11.1 Cash flows

The Tryg Group's principal sources of funds are insurance premiums, income from investment assets (including interest) and gains on investment assets. The Tryg Group's major uses of these funds are to pay claims and related claims expenses and to pay other operating costs. The Tryg Group generates substantial cash flow from operations. These positive operating cash flows, along with that portion of its investment portfolio held in cash and highly liquid securities, have historically met the liquidity requirements of its insurance operations.

In the insurance industry, "liquidity" generally refers to the ability of a business to generate adequate amounts of cash from its normal operations, including its investment portfolio, in order to meet its financial commitments, which are principally obligations under its insurance policies. The liquidity of the Tryg Group's insurance operations is affected by the frequency and severity of losses under its policies, as well as by the persistency of its products. Future catastrophic events, the timing and effect of which are inherently unpredictable, may also create increased liquidity requirements for its general insurance operations. The Tryg Group's match portfolio is composed of low-risk fixed-income assets that match the Tryg Group's insurance liabilities, and is tailored to meet its expected timeline for liquidity requirements relating to catastrophic losses. In addition, the Tryg Group's reinsurance programme helps protects the business in turbulent periods. Reinsurance contracts customarily include cash call provisions which allows a reinsured company to make a claim for immediate payment for a large loss securing short-term liquidity needs.

The Tryg Group's uses of funds, in addition to shareholder dividends, include underwriting expenditures reinsurance premiums, benefits, surrenders and claims (including claims-handling expenses), acquisitions, and employee and other operating expenses, as well as interest expense on outstanding borrowings.

The Tryg Group's operations generate cash flow as a result of the receipt of premiums in advance of the time when clay payments are required. The liquidity requirements of the Tryg Group's insurance operations are met on both short- and long-term bases by funds provided by insurance premiums collected, income from investment assets and collected reinsurance receivables, and from the sale and maturity of investments.

The Tryg Group uses derivative financial instruments as a risk management tool and to enhance the efficiency of its portfolio management. It is an efficient and cost-effective way of increasing or decreasing exposure to specific investment segments within selected asset classes and individual markets. The amounts of derivatives will change over time as market conditions and its underlying investment portfolio change. 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 forward rate agreements 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.

Historical cash flow

In 2020 the cash flow from insurance operations was DKK 4,358 million (2019: DKK 4,167 million) and has been largely invested in bonds. In 2020, a dividend of DKK 2,599 million (2019: DKK 2,039 million) was paid by Tryg Forsikring A/S to Tryg and a dividend of DKK 1,559 million (2019: DKK 1,224 million) was paid by Tryg to TryghedsGruppen. The Tryg Group's bank debt was unchanged as of 31 December 2019 compared to 31 December 2020. Cash and cash equivalents amounted to DKK 1,390 million on 31 December 2020 compared to DKK 868 million on 31 December 2019.

The table below shows the Tryg Group's cash flows for the years ended 31 December 2020, 2019 and 2018.

	Year Ended 31 December		
	2020	2019	2018
	(DKK millions)		
Cash from operating activities			
Premiums	22,884	21,736	18,712
Claims	(15,400)	(15,557)	(13,473)
Ceded business	(634)	(651)	(725)
Costs	(2,961)	(3,210)	(3,165)
Change in other debt and other amounts receivable	468	1,849	1,927
Cash flow from insurance activities	**4,358**	**4,167**	**3,276**
Interest income	359	467	546
Interest expenses	(126)	(169)	(138)
Dividend received	66	24	12
Taxes	(599)	(827)	(639)
Other income and costs	(126)	(31)	(174)
Total cash flow from operating activities	**3,932**	**3,631**	**2,883**
Investments			
Purchase and refurbishment of property	0	0	(2)
Sale of property	13	357	117
Purchase/sale of equity investments and unit trust (net)	(5,502)	49	1,540
Purchase/sale of bonds (net)	4,339	(1,978)	3,268
Deposits with credit institutions	0	0	250
Purchase/sale of operating equipment (net)	(37)	(69)	(61)
Acquisition of intangible assets	0	0	(5,671)
Sale of associated	0	246	0
Hedging of currency risk	48	18	49
Total investments	**(1,139)**	**(1,376)**	**(510)**
Financing			
Issue of new shares	0	0	0
Exercise of share options/purchase of own shares (net)	(13)	(43)	(17)
Subordinate loan capital	0	0	502
Dividend paid	(2,599)	(2,040)	(2,980)
Change in lease liabilities	(139)	(147)	(135)
Change in amounts owed to credit institutions	480	217	188
Total financing	**(2,271)**	**(2,013)**	**(2,442)**
Change in cash and cash equivalents, net	**522**	**241**	**(69)**
Additions relating to purchase of subsidiaries	0	0	186
Exchange rate adjustment of cash and cash equivalents at 1 January	0	(1)	1
Change in cash and cash equivalents, gross	**522**	**241**	**118**
Cash and cash equivalents at 1 January	868	627	509
Cash and cash equivalents at 31 December	**1,390**	**868**	**627**

Net cash flow from operating activities

Net cash flow from operating activities consists primarily of receipts in the form of premiums and interest income and payments in the form of claim settlement costs, purchase of reinsurance, administrative expenses and taxes.

Net cash flow from operating activities was DKK 3,932 million in 2020 compared to DKK 3,631 million in 2019 reflecting increased business volume and a reduction in taxes paid. Cash flow from the Tryg Group's insurance activities increased by DKK 191 million from DKK 4,167 million in 2019 to DKK 4,358 million in 2020, driven by a DKK 1,148 million increase in premiums which outpaced a DKK 157 million decrease in claims paid, as well as a DKK 249 million decrease in costs.

Total cash flow from operating activities was DKK 3,631 million in 2019 compared to DKK 2,883 million in 2018. Cash flow from the Tryg Group's insurance operations increased by DKK 891 million from DKK 3,276 million in 2018 to DKK 4,167 million in 2019, driven by a DKK 3,024 million increase in premiums which outpaced a DKK 2,084 million increase in claims paid. The increased cash flow for insurance operations in 2019 was mainly invested in bonds. The Tryg Group's increase in taxes in 2019 as a result of business growth caused a decrease in cash flow of DKK 188 million.

Net cash flow from investing activities

Net cash flow from investing activities consists mainly of payments and disbursements in connection with the Tryg Group's bond and equity portfolio and the acquisition of subsidiaries, property, plant and equipment.

Net cash outflow from investing activities was DKK 1,139 million in 2020 compared to DKK 1,376 million in 2019 and DKK 510 million in 2018. The net cash outflow in 2020 was mainly due to the DKK 5,502 million net purchase of equity investments and unit trust units as a result of increased business volume in 2020 and 2019 and increases in dividends paid. The Tryg Group paid dividends of DKK 2,599 million and DKK 2,040 million, respectively, in 2020 and 2019. The net cash outflow in 2019 was mainly due to the DKK 1,978 million net purchase of bonds. The net cash flow in 2018 reflects a net liquidation of DKK 4,808 million of debt, equity and unit trust investments and DKK 5,671 million cash outflow relating to investment in the Tryg Group's IT systems and software.

Net cash flow from financing activities

Net cash flow from financing activities consists mainly of dividend payments, and payments and disbursements related to external debt financing.

Net cash outflow from financing activities was DKK 2,271 million in 2020 compared to DKK 2,013 million in 2019 and DKK 2,442 million in 2018. The Tryg Group paid dividends of DKK 2,599 million, DKK 2,040 million and DKK 2,980 million for 2020, 2019 and 2018 respectively.

14.11.2 Capital expenditure

The Tryg Group incurred aggregate capital expenditures ("acquired intangible assets") of DKK 300 million, DKK 418 million and DKK 6,343 million in 2020, 2019 and 2018, respectively. The Tryg Group's principal capital expenditures during the periods under review related to strategic acquisitions and investments in IT, including in relation to digital services for customers such as Guidewire. Guidewire is one of the Tryg Group's largest IT investments to date and the Tryg Group believes it is key to delivering fast and simple digital claims handling services. The first phase of the transition from a local legacy claims system to a Scandinavian claims solution based on Guidewire is ongoing.

The Tryg Group intends to continue to invest in IT development and IT infrastructure, seeking to improve processes and increase efficiencies in accordance with its strategic initiatives of claims excellence and digital empowerment of customers.

14.11.3 Capital resources

The Tryg Group's principal sources of liquidity and capital resources are from operating activities. The Tryg Group expects that it will be able to fund its cash requirements relating to its existing operations from its existing sources of cash for at least the next 12 months.

The Tryg Group expects that its principal needs for cash relating to its existing operations over the next 12 months will be to pay claims and related claims expenses and to pay other operating costs.

As at 31 December 2020, the Tryg Group had four subordinated loans fulfilling the Tier 1 or Tier 2 requirements, all of which have been issued by Tryg Forsikring A/S. Creditors have no option to call the loans before maturity or otherwise terminate the loan

agreements. The loans are automatically accelerated upon the liquidation or bankruptcy of Tryg Forsikring A/S. Further details on the loans are set out in the table below.

	Bond loan NOK 800 million	Bond loan NOK 1,400 million	Bond loan SEK 1,000 million	Bond loan SEK 700 million
Tier	Tier 1	Tier 2	Tier 2	Tier 1
Lender	Listed bonds	Listed bonds	Listed bonds	Listed bonds
Principal	NOK 800 million	NOK 1,400 million	SEK 1,000 million	SEK 700 million
Issue price	100	100	100	100
Issue date	March 2013	November 2015	May 2016	April 2018
Maturity year	Perpetual	2045	2046	Perpetual
Loan may be called by lender as from	2023	2025	2021	2023
Repayment profile	Interest-only	Interest-only	Interest-only	Interest-only
Interest structure	3.75% above NIBOR 3M (until 2023)	2.75% above NIBOR 3M (until 2025)	2.75% above STIBOR 3M (until 2026)	2.5% above STIBOR 3M
	4.75% above NIBOR 3M (from 2023)	3.75% above NIBOR 3M (from 2025)	3.75% above STIBOR 3M (from 2026)	

On 26 February 2021, Tryg Forsikring A/S issued SEK 1,000 million floating rate perpetual restricted Tier 1 capital notes (the "**New RT1 Notes**") carrying interest on their outstanding principal amount at a rate per annum equal to the Stockholm interbank offered rate for three-month deposits in SEK plus 2.40 percent. per annum payable quarterly in arrear, subject to cancellation in accordance with the terms and conditions of the New RT1 Notes. Cancellations or non-payment of any interest payment will not constitute a default or event of default for any purpose on the part of Tryg Forsikring A/S. The New RT1 Notes are perpetual securities in respect of which there is no fixed maturity date or fixed redemption date and Tryg Forsikring A/S only has the right to redeem or purchase the New RT1 Notes under specific circumstances. The New RT1 Notes are not redeemable at the option of the noteholders at any time.

Subject to the prior approval of the DFSA and the terms of the existing SEK 1,000 million subordinated floating rate Tier 2 bonds issued by Tryg Forsikring A/S in May 2016 (the "**SEK Tier 2 Notes**") (including, but not limited to, prior notice of redemption to the holders of the SEK Tier 2 Notes (which notice has not been given as of the date of this Prospectus)), Tryg Forsikring A/S expects to use the proceeds of the New RT1 Notes for the refinancing of the SEK Tier 2 Notes which is expected to occur on or around 26 May 2021. Tryg expects to take the steps necessary to admit the New RT1 Notes to trading and official listing on the regulated market of Oslo Børs ASA on or before 1 September 2021.

In addition, during the period between completion of the Offering and completion of the Acquisition, the Tryg Group is contemplating the issuance of additional Tier 2 capital of approximately DKK 1,500 million to DKK 2,000 million or an amount of similar value or part of such amount, in currencies other than DKK (based on the prevailing exchange rates at the time of the proposed issuance) to improve its capital position.

14.11.4 Solvency

The Tryg Group's targeted solvency position is determined by its management, who evaluate its risk exposure and consider solvency criteria established by legislative and regulatory requirements. In addition, rating agencies periodically assess the Tryg Group's capital position.

The SCRs of Tryg and its insurance subsidiaries are set forth in the Danish Financial Business Act. See "*Regulation—Denmark—Regulation of Danish insurance folding companies and insurance companies—The DFBA—Capital requirements for a group 1*

insurance company". In addition to basic SCRs, its operating insurance companies are subject to regulatory solvency requirements.

The Tryg Group has implemented a risk governance structure in full compliance with Solvency II. The Solvency II regime emphasises the need for sound risk management and introduced additional requirements concerning risk governance, consistency across the Tryg Group and management reporting and involvement. In addition to the requirements in Solvency II, the Tryg Group has chosen to appoint a special risk committee consisting of members from its Supervisory Board.

Under Solvency II, a regulated entity may apply for approval to use an internal model to calculate its regulatory capital requirement. The Tryg Group's partial internal model has been used for a number of years, and was approved by the DFSA in 2015. The DFSA approved a revised internal model at beginning of the second quarter of 2020, which reduced its SCR by DKK 400 million. The Tryg Group's partial internal model models insurance risk while all other modules are based on the standard formula. The Tryg Group's capital base currently consists of Tier 1 and 2 capital, such as shareholders' equity and subordinated loans. The Tryg Group's capital base is continuously measured against the SCR calculated on the basis of its partial internal model. Monitoring of the capital base also involves capital projections based on expected business plans within the strategic planning period as well as selected stress scenarios for the business plans.

The Tryg Group also monitors its solvency position based on the DFSA's stress tests. This system tests an insurance company's ability to endure a number of hypothetical financial market scenarios. In employing its partial internal model and establishing its current SCRs, the Tryg Group uses its current reinsurance programme and investment portfolio as the basis for calculations. The Tryg Group's partial internal model indicates that a reduced investment risk profile or increased reinsurance coverage would result in reduced SCRs. See "*Risk Management—Solvency capital requirement and minimum capital requirement*" for additional information regarding the Tryg Group's SCR.

The Tryg Group annually conducts an ORSA based on Solvency II principles. The ORSA requires that the Tryg Group assesses all material risks it is or may be exposed to and assess whether the SCR is reasonable and reflects its actual risk profile. The Tryg Group's projected SCR is also assessed over its strategic planning period. The assessments of how much risk to assume and how much capital to hold are inextricably linked. The appetite for risk is linked to the ability to diversify the risk within the Tryg Group portfolio, and possibly mitigate such risk in part via reinsurance. The risk appetite requires that the expected risk premium exceeds the cost of required risk mitigation and the cost of capital required to back the residual risk. The assessment of risk and solvency needs is carried out continuously. The ORSA consists of a range of specific activities and decisions carried out at different times of the year as part of an annual cycle, supplemented as necessary by ad hoc assessments of the impact of external events and developments and of internal business proposals. The outcomes of the individual risk management processes are presented to the Supervisory Board and risk committee throughout the year dealing with individual elements that make up the ORSA. The information contained in those papers and the associated decisions taken are summarised in an annual ORSA report. See "*Risk Management—Own risk and solvency assessment*" for additional information regarding the Tryg Group's ORSA report.

14.12 Investment return

Another important element impacting the Tryg Group's financial results is return on invested assets. The total market value of the Tryg Group's investment portfolio was DKK 40.5 billion at year-end 2020 (2019: DKK 39.5 billion). The Tryg Group's investment portfolio consists of a match portfolio of DKK 28.1 billion (2019: DKK 28.2 billion) and a free portfolio of DKK 12.4 billion (2019: DKK 11.4 billion), both of which are described in further detail below. For a further discussion on the Tryg Group's approach to investing, see "*Business of the Tryg Group—Investments*" and for a discussion regarding how it manages risks, see "*Risk Management*" and *"—Qualitative and quantitative disclosure about principal risks—Investment risk".*

The tables below present key figures regarding Tryg Group's total investment returns (interest income on bonds, capital gains on bonds, equity and real property (both realised and unrealised), dividends, interest from bank accounts, and currency effects from investments), and the return on its match and free portfolios, in each case for the years ended 31 December 2020, 2019 and 2018.

Return—Key figures

	2020	2019	2018
	(DKK millions)		
Free portfolio, gross return	585	857	(33)
Match portfolio, regulatory deviation and performance	(19)	(42)	(2)
Other financial income and expenses	(255)	(236)	(297)
Total investment return	**311**	**579**	**(332)**

Return—Match Portfolio

	2020	2019	2018
	(DKK millions)		
Return, match portfolio	548	475	200
Value adjustments, changed discount rate	(530)	(351)	7
Transferred to insurance technical interest	(37)	(166)	(209)
Match, regulatory deviation and performance	**(19)**	**(42)**	**(2)**
Hereof:			
Match, regulatory deviation	(48)	(73)	(2)
Match, performance	29	(31)	0

Return—Free Portfolio

	Year Ended 31 December					
	2020		2019		2018	
	(DKK millions)	(%)	(DKK millions)	%	(DKK millions)	(%)
Bonds	88	2.3	66	1.6	(1)	—
Credit bonds	136	6.3	228	10.8	(99)	(4.6)
Investment-grade credit	70	7.2	106	11.9	(34)	(4.4)
Emerging-market bonds	25	4.6	48	8.6	(33)	(6.7)
High-yield bonds	41	6.2	74	12.0	(32)	(4.8)
Diversifying alternatives	20	2.1	1	0.1	3	(0.7)
Equity exposure[1]	277	13.5	403	21.4	(208)	(11.3)
Investment property	64	2.7	159	7.7	272	13.0
Total gross return	**585**	**5.3**	**857**	**8.0**	**(33)**	**(0.4)**

(1) In addition to the equity portfolio exposure are derivatives contracts of DKK 69 million.

14.12.1 2020 Compared to 2019

In 2020, the Tryg Group's total return was DKK 311 million compared to DKK 579 million in 2019, reflecting a return of DKK 585 million (2019: DKK 857 million) on the free portfolio, an investment loss of DKK 19 million (2019: investment loss of DKK 42 million) on the match portfolio, and other financial expenses of DKK 255 million (2019: expenses of DKK 236 million). Tryg's equity portfolio, which is held within its free portfolio, reported a return of DKK 277 million (13.5%) in 2020 compared to DKK 403 million (21.4%) in 2019. The difference on return on equities in the Tryg Group's free portfolio explains around half the difference between investment returns in 2019 and 2020.

Free portfolio

The Tryg Group's equity portfolio reported a return of 13.5% (investment return of DKK 277 million) in 2020 compared to a 21.4% return (investment return of DKK 403 million) in 2019, reflecting a highly volatile year due to the outbreak of

COVID-19 in March of 2020 and the resulting macroeconomic worries followed by recovery in the following quarters. Equity markets declined by 25% to 30% during the second half of March 2020, but these losses were more than offset during the remainder of 2020. The difference on return on equities in the Tryg Group's free portfolio explains around half the difference between investment returns in 2019 and 2020.

The Tryg Group's credit bonds portfolio produced a return of 6.3% (investment return of DKK 136 million) in 2020 compared to a return of 10.8% in 2019, driven primarily by falling interest rates throughout most of 2020 and tightening credit spreads. The return on the investment property portfolio was DKK 64 million or 2.7% (2019: DKK 159 million, including revaluations of DKK 68 million).

As of 31 December 2020, equity and property investments totalled DKK 5.4 billion, while DKK 2.3 billion was invested in corporate bonds. The remaining DKK 3.8 billion was primarily invested in Nordic covered bonds and Government bonds, including inflation-linked bonds, where current yields remain negative, putting downward pressure on the return on the free portfolio and the overall investment income. DKK 1 billion was invested in diversifying alternative assets.

Match portfolio

The regulatory deviation of the Tryg Group's match portfolio was a loss of DKK 48 million in 2020, compared to a loss of DKK 73 million in 2019, driven primarily by the increased yield spread between the FSA/EIOPA discounting curve (in EUR) and the assets side invested in Danish kroner. The performance result of Tryg Group's match portfolio was DKK 29 million in 2020, compared to DKK 31 million in 2019, and primarily related to slight narrowing of Nordic covered-bond spreads.

Other financial income and expenses

The Tryg Group's other financial expenses increased to DKK 255 million compared with DKK 236 million in 2019. This increase was driven by interest expenses related to outstanding subordinated debt, the cost of currency hedges to protect shareholders' equity and the cost of running investment operations.

14.12.2 2019 Compared to 2018

The Tryg Group's investment return totalled DKK 579 million in 2019 compared to a loss of DKK 332 million in 2018, reflecting a return of DKK 857 million (2018: investment loss of DKK 33 million) on the free portfolio, a loss of DKK 42 million (2018: investment loss of DKK 2 million) on the match portfolio, and other financial expenses of DKK 236 million (2018: expenses of DKK 297 million). This improvement was principally attributable to the significant increase in the return on the Tryg Group's equity portfolio, with the difference in the return on equities driving approximately two thirds of the difference in its investment return in 2019 compared to 2018.

Free portfolio

The Tryg Group's equity portfolio reported a 20.5% return (investment return of DKK 404 million) in 2019 compared to a negative return of 10.8% (investment loss of DKK 212 million) in 2018, in each case reflecting a sharp fall in equity markets in the last three months of 2018 followed by improved equity markets in 2019. The last quarter of 2018 was characterised by very volatile developments in equity markets, including a spike in the CBOE Volatility Index, a key measure of market expectations of near-term volatility. The Tryg Group's fixed-income portfolio produced a return of 4.4% (investment return of DKK 294 million) in 2019 compared to a negative return of 1.4% (investment loss of DKK of 93 million) in 2018, driven primarily by falling rates throughout most of 2019 and tightening credit spreads. The return on the investment property portfolio was DKK 159 million, aided by revaluations of DKK 68 million in the last quarter of the year (2018: DKK 272 million, including revaluations of DKK 155 million). Equity and property investments totalled DKK 4.3 billion, while DKK 2.1 billion was invested in corporate bonds. The remaining DKK 5.0 billion was primarily invested in Nordic covered bonds and

Government bonds, including inflation-linked bonds, where current yields remain negative, putting downward pressure on the return on the free portfolio and the overall investment income.

Match portfolio

The regulatory deviation of the Tryg Group's match portfolio was a loss of DKK 73 million in 2019 compared to a loss of DKK 2 million in 2018, driven primarily by negative developments in the third quarter of 2019, with very high level of volatility at the long end of the interest rate curve. The performance result of the Tryg Group's match portfolio was DKK 31 million in 2019 as Nordic covered bond spreads narrowed slightly (2018: DKK 0 million).

Other financial income and expenses

The Tryg Group's other financial expenses decreased to DKK 236 million in 2019 compared with DKK 297 million in 2018, which was in line with expectations. In 2018, the Tryg Group experienced increased interest expenses on Tier 1 and Tier 2 loans, higher leasing costs relating to the implementation of IFRS 16 (Leases) for the first time, and a write-down of a few minor strategic investments.

14.13 Contractual obligations and commercial commitments

The table below summarises Tryg Group's contractual obligations and commercial commitments as of the periods indicated.

	Payment Due by Period				
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
	Other contractual obligations[1] (DKK millions)				
Year ended 31 December					
2020	581	532	303	4	1,420
2019	616	497	141	4	1,258
2018	335	210	45	4	594

(1) Other contractual obligations mainly consist of investment commitments, IT and outsourcing agreements.

In 2020, the Tryg Group committed DKK 934 million to investment funds, of which it expects 265 million to be called in 2021 and DKK 535 million to be called within 5 years of commitment. In 2019, the Tryg Group committed DKK 1,015 million to investment funds. DKK 399 million was called during 2020 with the remaining DKK 616 million expected to be called within 5 years of commitment. In 2018, the Tryg Group committed DKK 263 million to investment funds, which was called during 2019.

Norwegian defined benefit plan

In Norway, approximately half of the Tryg Group's employees have a defined benefit plan, in which an old age and disability pension is set as a percentage of an employee's final salary. This pension plan creates a constructive obligation to its Norwegian employees and current pensioners. The plan is closed to new entrants. As of 31 December 2020, the net provision for the obligation amounted to DKK 34 million, as specified in the following table.

	(DKK millions)
Present value of pension obligations funded through operations	34
Present value of pension obligations funded through establishment of funds	0
Pension obligation, gross	34
Fair value of plan assets	0
Pension obligation, net	**34**

The principal actuarial assumptions used for 2020 were as follows: discount rate = 1.2%; estimated return on pension funds = 1.2%; salary adjustments = 2.3%; and pension adjustments = 0.0%.

14.14 Off-balance sheet arrangements

The Tryg Group has no off-balance sheet arrangements, other than those described above under *"—Contractual obligations and commercial commitments".*

For a description of the market risks the Tryg Group is exposed to, including a sensitivity analysis explaining how fluctuations in its principal investment risks could impact its results or operations and financial condition, see *"—Qualitative and quantitative disclosure about principal risks—Investment risk*".

14.15 Pensions

The Tryg Group operates various pension schemes, including defined contribution plans and defined benefit plans. The schemes are funded through contributions to insurance companies or trustee-administered funds. In Denmark, the Tryg Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Tryg Group pays fixed contributions into a fund and will have no legal or constructive obligation to pay further contributions. In Norway, the Tryg Group operates both defined benefit and defined contribution plans. The Norwegian defined benefit plan is closed to new entrants. For additional information regarding its Norwegian defined benefit plan, see "*—Contractual obligations and commercial commitments—Norwegian defined benefit plan*".

The Tryg Group's Swedish branch is part of a multi-employer pension plan along with other financial institutions in Sweden (the "**FTP Plan**"). The FTP Plan is primarily a defined benefit plan and is insured with Försäkringsbranschens Pensionskassa ("**FPK**"). As it is not possible to determine the assets and liabilities in respect of any one employer under the FTP plan, it is included in the Tryg Group's accounts as a defined contribution plan. Contributions to FPK in relation to the FTP Plan amounted to DKK 10 million in 2020, representing about 2.2% of FPK's annual premium in FPK (2019: DKK 12 million). According to FPK's annual report for 2019, the FTP Plan had a solvency ratio (defined as own funds relative to the SCR) of 137 at 31 December 2019.

For more information on pensions, see Note 20 of the consolidated financial statements of the Tryg Group as at and for the years ended 31 December 2020, 2019 and 2018 included elsewhere in this Prospectus.

14.16 Qualitative and quantitative disclosure about principal risks

As an insurance company, the Tryg Group is in the business of actively seeking risk with a view to adding value by managing it. The Tryg Group's risk management involves the assessment of a large number of risks affecting its activities. It believes that the main risk areas affecting it are:

- **Insurance Risk**—the risk relating to (i) underwriting and pricing insurance products and (ii) provisioning (or reserving) risk;
- **Investment Risk**—the risk that (i) volatility of financial markets, including fluctuations in interest rates, equity markets and currency exchange rates and/or macroeconomic factors impact its results of operations and financial condition, and (ii) the risk that a counterparty fails to live up to financial obligations towards the Tryg Group; and
- **Operational Risk**—the risk of failures in internal procedures, IT systems, process errors, internal and external fraud, and other risks affiliated with operations that are not covered by the financial risks and strategic risks.

For more information on risk management and other risk areas, see "*Risk Management*" and Note 1 of the consolidated financial statements of the Tryg Group as at and for the years ended 31 December 2020, 2019 and 2018 included elsewhere in this Prospectus.

14.16.1 Insurance risk

Insurance risk relates to underwriting and pricing insurance products, including inadequate premiums to cover claims, and reserving 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. The Tryg Group manages this risk primarily through its insurance policy, as defined by its Supervisory Board, which sets forth the fundamental underwriting terms for each of its operating segments, and is administered through, inter alia, business procedures and underwriting guidelines, and through, among others, business procedures and underwriting guidelines. See "*Risk Management—Key functions*" for additional information on implementation of the insurance policy.

Reinsurance is used to reduce the underwriting risk in situations where this cannot be achieved to a sufficient degree via ordinary diversification. In case of major events involving damage to buildings and contents, the Tryg Group's reinsurance programme provides protection for up to DKK 7.25 billion, which is statistically sufficient to cover at least a 250-year event. Retention for such events is DKK 183 million. In case of a frequency of natural catastrophes, the Tryg Group is covered for up to DKK 600 million after total annual retention of DKK 300 million. The Tryg Group has also taken out reinsurance for the risk of large claims occurring in sectors with very large sums insured. Its largest individual building and contents risks are covered by up to DKK 2 billion. Retention for large claims is DKK 100 million, gradually dropping to DKK 25 million if more large claims occur within the same year. Single risks exceeding DKK 2 billion are covered individually.

The Tryg Group has combined the minimum cover of other sectors into a joint cover with retention of DKK 100 million for the first claim and DKK 25 million for subsequent claims within the same year. For the individual sectors, individual cover has subsequently been taken out as needed. The use of reinsurance gives rise to potential counterparty risk. This risk is managed by utilising a wide range of reinsurers, each of which have at least an 'A' credit rating for long-tailed lines of business, at least a 'BBB' credit rating for other lines of business and a minimum capital of at least DKK 750 million.

The Tryg Group is exposed to reserving risk, i.e. the risk that its insurance provisions are inadequate. The Tryg Group manages reserving risk, in part, by assessing delays in claims reporting, the duration of the claims settlement process and characteristics of actual claims. The Tryg Group's Supervisory Board sets forth the overall framework for the handling of reserving risk in its insurance policy, while the overall risk is measured in the partial internal model. The uncertainty associated with the calculation of claims reserves affects the results through the run-off on reserves. The Tryg Group's actuarial function conducts an internal actuarial review of the adequacy of reserves on a quarterly basis. Also, an external review of the reserves is conducted every 2-3 years according to the insurance policy, the results of which is also reported to the Supervisory Board. The result of this review is reported to the Supervisory Board on a semi-annual basis. See "*Risk Management—Risk profile—Insurance risk—Reserving risk*" for additional information about the Tryg Group's management of reserving risk.

Long-tailed reserves in particular are subject to interest rate and inflation risk. Interest rate risk is hedged by means of the Tryg Group's match portfolio which corresponds to the discounted claims reserves. The Tryg Group has bought zero coupon inflation swaps to manage the inflation risk of Danish workers' compensation claim reserves. The Tryg Group's claims reserves are determined 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.

At the end of 2020, Tryg Group's claims reserves net of reinsurance totalled DKK 23,871 million with an average duration of approximately 4.6 years (2019: 23,574 million with average duration of 4.5 years).

Insurance risk is assessed in the Tryg Group's partial internal model where also the capital impact from reinsurance risk mitigation is quantified.

14.16.2 Investment risk

Investment risk is the risk that volatility in the financial markets and/or macroeconomic factors will impact the Tryg Group's results of operations and financial condition. The Tryg Group's Supervisory Board annually reviews and approves both its overall investment policy and individual investment policies for each of its subsidiaries, taking into consideration the characteristics of the business and regulatory framework of the respective subsidiaries. The investment policy is implemented by the Tryg Group's Investment Risk Committee, a subcommittee of the Executive Board's risk committee, which monitors risk taking in investments to ensure such is in accordance with the investment policy. See "*Risk Management—Key functions*" for additional information about the Investment risk committee and "*Risk Management—Risk profile—Market risk*" for further information about investment risk.

The Tryg Group divides investment risk into four main subcategories: interest rate risk, equity risk, real estate risk and currency risk. As an insurance company with both assets and liabilities that are financial instruments or obligations, both its assets and liabilities are exposed to interest rate, currency and credit risks, whereas real estate and equity risks only affect its assets.

The Tryg Group'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 using bonds and interest rate swaps. 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 the Tryg Group's total interest rate sensitivity is minimised.

The free portfolio is subject to the framework defined by the Supervisory Board through the Tryg Group's investment policy. The purpose of the free portfolio is to achieve the highest possible return relative to risk. The property portfolio comprises property funds and directly owned investment properties, the value of which is adjusted based on the conditions on the property market through internal valuations backed by external valuations. At the end of 2019, investment properties accounted for 5.5% (including property funds), and the Tryg Group's equity portfolio accounted for 5.2%, of the total investment assets. The Tryg Group is also exposed to currency risk. The Tryg Group 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. Currency risk is mitigated through the use of currency swaps, with the net exposure against the most significant currencies being rebalanced on at least a monthly basis. The currency sensitivity corresponding to the Tryg Group's solvency level is mitigated by placing subordinated loans in the same currencies which are included in the SCR. See "*Business of the Tryg Group—Investments*" for further information regarding the Tryg Group's investments.

In addition, the Tryg Group encounters credit risk in connection with conducting insurance business and in its investment business. In insurance, the Tryg Group's main credit risk is from its reinsurers who are liable to it for their part of claim amounts. If a reinsurer fails to fulfil its obligations, the Tryg Group remains liable to the claimant and therefore incur a loss. Since reinsurance is an important part of its risk management, the Tryg Group emphasises engaging only reinsurers with high creditworthiness. See "*—Qualitative and quantitative disclosure about principal risks—Insurance risk*" for descriptions of its security requirements for reinsurers. The Tryg Group faces credit risk from clients with insurance it is liable to pay a claim for a period even if the policyholder fails to pay the agreed premium. In addition, the Tryg Group faces credit risk in connection with claims where it has recourse against a third party and that third party fails to pay. The credit risk of its investments is connected to its investment in bonds. The Tryg Group attempts to maintain a diversified investment portfolio to manage this risk. The Tryg Group is also exposed to counterparty and concentration risk; these risks primarily relate to its exposures to high-yield bonds and emerging market debt as well as its investments in AAA-rated Nordic and

European government and mortgage bonds. These risks are also managed through the investment policy and the framework for reinsurance defined in its insurance policy.

14.16.3 Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, personnel systems, or from external events. The role of operational risk management is to support the profitability of the Tryg Group'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 Tryg Group manages operational risks, which are mainly internal, by creating adequate control environments for its operations. In practice, this work is organised by means of procedures, controls and guidelines covering the various aspects of the Tryg Group's operations. The Supervisory Board defines the overall framework for managing operational risk through an operational risk policy and in the IT security policy. A special crisis management structure has been set up to deal with the eventuality that the Tryg Group is hit by a major crisis. This comprises a Crisis Management Team at the Tryg Group level, national contingency teams at country level and finally business contingency teams in the individual areas of the business. The Tryg Group has prepared contingency plans to address the most important risk areas. In addition, comprehensive IT contingency plans have been established, focusing primarily on business-critical systems.

Sensitivity analysis

The following table shows the sensitivity of financial assets to different external market events, as at 31 December 2020, 2019 and 2018.

	Increase/(Decrease)		
Sensitivity analysis	**2020**	**2019**	**2018**
	(DKK millions)		
Interest rate markets—Effect of 1% increase in interest curve			
Impact on of interest-bearing securities	(1,159)	(1,150)	(1,079)
Higher discounting of claims provisions	1,071	1,028	991
Net effect of interest rate rise	(88)	(122)	(88)
Impact of Norwegian pension obligations	2	189	163
Equity markets			
15% decline in equity markets	(471)	(367)	(288)
Impact of derivatives and related thereto	(11)	25	36
Real estate markets			
15% decline in real estate markets	(294)	(361)	(372)
Currency markets			
Equity:			
15% decline in exposed currencies (exclusive of EUR) relative to Danish DKK	(1,485)	(883)	(1,316)
Impact of derivatives	1,486	898	1,242
Net impact of exchange rate decline	1	15	(74)
Technical Result per year:			
Impact of 15% change in NOK and SEK exchange rates relative to DKK	+/– 121	+/– 95	+/– 134

For more information on the sensitivity analysis conducted on the Tryg Group's financial assets, see Note 1 of the consolidated financial statements of the Tryg Group as at and for the years ended 31 December 2020, 2019 and 2018 included elsewhere in this Prospectus.

14.17 Related party transactions

The Tryg Group has no related parties with a decisive influence other than its parent company, TryghedsGruppen, and the subsidiaries of TryghedsGruppen (other related

parties). Related parties with significant influence include the members of the Supervisory Board, the Executive Board and their members' family. At the date of this Prospectus, TryghedsGruppen holds 160,138,436 Existing Shares, corresponding to approximately 53% of the total share capital of Tryg.

Transactions between TryghedsGruppen and Tryg are conducted on an arm's-length basis. Intra-group transactions consist of administration fees, among others, and are fixed on a cost-recovery basis. See "*Related Party Transactions for the Tryg Group*" for additional information regarding related party transactions entered into by the Tryg Group or other members of the Tryg Group during the financial years ended 31 December 2020, 2019 and 2018 and during the period up to the date of this Prospectus. See also Note 27 of the consolidated financial statements of the Tryg Group as at and for the years ended 31 December 2020 and 31 December 2019, and Note 28 of the consolidated financial statements of the Tryg Group as at and for the year ended 31 December 2018, which are included elsewhere in this Prospectus.

15. OPERATING AND FINANCIAL REVIEW OF TRYGG-HANSA AND CODAN NORWAY

This Operating and Financial Review should be read in conjunction with the more detailed information contained in this Prospectus, including the financial and other information referred to in "Presentation of Financial Information—Presentation of Financial Information for Trygg-Hansa and Codan Norway" and "Additional Information—Information Incorporated by reference". The combined carve-out financial statements are prepared on the basis of IFRS as adopted by the EU and in accordance with the Danish Executive Order on Adoption of IFRS except for as outlined below in "Basis of preparation".

Some of the information contained in this Operating and Financial Review of Trygg-Hansa and Codan Norway, including information with respect to Trygg-Hansa and Codan Norway's plans and strategies for its business and its expected sources of financing, contains forward-looking statements that involve risk and uncertainties. You should read "Important Notice and Expected Timetable of Principal Events—Special notice regarding forward-looking statements" for a discussion of the risks related to those statements. You should also read "Risk Factors" for a discussion of certain factors that may affect the business, financial condition and results of operations of Trygg-Hansa and Codan Norway and the Enlarged Group.

15.1 Basis of preparation

As Trygg-Hansa and Codan Norway have not constituted a separate legal entity or group for the periods under review, no historical financial statements are available with respect to Trygg-Hansa and Codan Norway for the periods under review. For purposes of this Prospectus, including this Operating and Financial Review, however, combined carve-out financial statements of Trygg-Hansa and Codan Norway have been prepared for the purpose of meeting the requirements of the Prospectus Regulation for the periods under review at the request of the management of the Tryg Group in accordance with IFRS as adopted by the EU and in accordance with the Danish Executive Order on Adoption of IFRS except for as outlined below and audited by RSA Scandinavia's independent auditor, KPMG Statsautoriseret Revisionspartnerselskab (the "**Trygg-Hansa and Codan Norway Audited Combined Financial Statements**"). The Trygg-Hansa and Codan Norway Audited Combined Financial Statements have been prepared on a basis that combines the results of operations, assets and liabilities and cash flows of Trygg-Hansa and Codan Norway by applying underlying principles of consolidation procedures described in IFRS 10 (Consolidated Financial Statements).

As described in Note 1 to the Trygg-Hansa and Codan Norway Audited Combined Financial Statements, the Trygg-Hansa and Codan Norway Audited Combined Financial Statements do not constitute a set of general purpose financial statements under IAS 1, because Trygg-Hansa and Codan Norway do not constitute a legal entity or group as defined by IFRS 10 which as a general principle requires a parent entity to prepare consolidated financial statements under the concept of 'control.' Thus, the Trygg-Hansa and Codan Norway Audited Combined Financial Statements do not include an unreserved statement of compliance with IFRS and are not considered first IFRS financial statements in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards.

The Trygg-Hansa and Codan Norway Audited Combined Financial Statements have been prepared for illustrative purposes only and address a hypothetical situation; they therefore do not necessarily reflect the actual financial position, results of operations or cash flows of Trygg-Hansa and Codan Norway that would have been realised had Trygg-Hansa and Codan Norway been a separate entity during the periods under review nor the future results of Trygg-Hansa and Codan Norway as it will exist upon completion of the Demerger. Combined carve-out financial statements of Codan Denmark have been also been prepared for the periods under review and are included elsewhere in this Prospectus although they are not discussed in this Operating and Financial Review.

Following the Acquisition, RSA Scandinavia will be separated from the RSA Group by the Tryg Group and Intact Group and held by their jointly owned special purpose vehicle, ScandiJVCo. Both before and after the completion of the Demerger, the Intact Group will

have responsibility for the operation and management of Codan Denmark (subject to protections consistent with the Tryg Group's non-controlling interest in Codan Denmark). Prior to the completion of the Demerger, the Tryg Group will have responsibility for the operation and management of Trygg-Hansa and Codan Norway. The financial interest in RSA Scandinavia will be split equally between the Tryg Group and Intact Group for the Danish business of RSA Scandinavia and 100% to the Tryg Group for Trygg-Hansa and Codan Norway. Upon completion of the Demerger the Tryg Group will be provided with sole legal ownership of Trygg-Hansa and Codan Norway with the Intact Group and the Tryg Group continuing to co-own Codan Denmark on a 50/50 economic basis. Accordingly, the Tryg Group's investment in RSA Scandinavia through ScandiJVCo will, prior to the completion of the Demerger, be classified as an investment in an associate which is accounted for using the equity method.

The combined carve-out financial information for Trygg-Hansa and Codan Norway has been extracted from the consolidated financial statements of RSA for 2018, 2019 and 2020, respectively. The financial statements of RSA are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and as applied in accordance with the provisions of the UK Companies Act 2006.

The combined carve-out financial statements of Trygg-Hansa and Codan Norway for 2020, 2019 and 2018, have been prepared in accordance with IFRS as adopted by EU and the Danish Statutory Order on adoption of IFRS, except for:

- IFRS 10 (Consolidated Financial Statements)—IFRS 10 establishes a general principle that parent entities should present consolidated financial statements when it controls one or more entities. Trygg-Hansa and Codan Norway has not previously constituted a legal group and consequently, Trygg-Hansa and Codan Norway is not permitted by IFRS 10 to present consolidated financial statements. The combined carve-out financial statements have been prepared by applying the underlying principles of IFRS 10 for consolidation procedures. Furthermore, a consequence of segregation of legal entities included in the combined group disclosures on equity and profit or loss of subsidiaries have not been provided as required by IFRS 12 (Disclosure of Interests in Other Entities).
- IAS 10 (Events After the Reporting Period)—Post balance sheet events have only been incorporated in these combined carve-out financial statements up to the date of signature of the RSA Insurance Group plc consolidated financial statements for 2020, 2019 and 2018 respectively, since the combined carve-out financial statements have been prepared under the extraction approach. Thus, estimates have not been updated subsequent to the date of the original signing of the 2019 and 2018 consolidated financial statements of the RSA Group.

Furthermore, the following disclosure requirement in the IFRS standards have not been complied with in all aspects as the information is not readily available for the Trygg-Hansa and Codan Norway perimeter:

- Goodwill impairment assessments are performed by RSA Group and the disclosures are derived from the consolidated financial statements of the RSA Group. Therefore, certain quantification of parameters and historical data of Trygg-Hansa and Codan Norway as the basis for the projection of future cash flows has not been disclosed as required by IAS 36, Impairment of Assets, paragraph 134(d)(ii).
- As Trygg-Hansa and Codan Norway does not constitute a legal group it does not manage risk and capital on a stand-alone basis and does not have specific solvency requirements that are generally applicable to groups or legal entities. Thus, disclosures of risk and capital management are presented in note 2 to the extent such information is available but not all disclosures of risk and capital management required by IAS 1, IFRS 4 and IFRS 7 can be provided for Trygg-Hansa and Codan Norway on a stand-alone basis.
- Information on related party transactions required by IAS 24, Related Party Disclosures, have been considered based on legal entities within RSA Scandinavia rather than the branches and business areas on which the combined carve-out

financial information for Trygg-Hansa and Codan Norway are derived. Related party transactions of those legal entities along with remuneration of key management personnel are disclosed but no artificial split between perimeters is made.

- Derivative contracts are entered into by legal entities within RSA Scandinavia and have been allocated to Trygg-Hansa and Codan Norway if they are direct attributable to Trygg-Hansa and Codan Norway but the underlying systems do not support the disclosure requirements on the segregated basis, thus the combined carve-out financial statements do not include all disclosures on derivatives required by IFRS 7, Financial Instruments: Disclosures. Similarly, disclose of valuation techniques used in measuring level 2 and level 3 fair values and the significant unobservable inputs used has not been provided in the combined carve-out financial information for Trygg-Hansa and Codan Norway.
- As long-term incentive plans offered to employees of Trygg-Hansa and Codan Norway are not linked explicit to equity instruments of Trygg-Hansa and Codan Norway but to equity instruments of the RSA Group the combined carve-out financial statements do not include disclosures on long-term incentive plans as required by IFRS 2, Share-based Payment.
- Disclosures of audit fees and average number of employees required by the Danish Statutory Order on adoption of IFRS have not been provided in the combined carve-out financial statements as this information is not readily available to the separate perimeters of the RSA Scandinavia operations.
- As the combined carve-out financial statements represent segregation of legal entities within RSA Scandinavia the split of equity reserves into reserve line items has not and cannot be performed on a relevant and reliable basis.

As required by the EU Prospectus Regulation, the Trygg-Hansa and Codan Norway Audited Combined Financial Statements have been adjusted to apply accounting policies that are consistent with those applied by the Tryg Group, and certain adjustments have therefore been made as follows:

- Financial assets classified as available for sale (AFS) in the financial statements of RSA are measured at fair value through other comprehensive income. The Trygg-Hansa and Codan Norway Audited Combined Financial Statements measure these financial assets at fair value through profit and loss.
- Claims provisions and reinsurers' share of claims provision have been adjusted to reflect estimates as required by Danish regulation, which is in accordance with the principles of Solvency II.
- Deferred acquisition costs, which are capitalised in the financial statements of RSA, have been expensed in the Trygg-Hansa and Codan Norway Audited Combined Financial Statements.
- Written premium is recognised by RSA in the period in which the policy is legally bound. The Trygg-Hansa and Codan Norway Audited Combined Financial Statements recognise written premium at the earlier of the premium due date, the premium received date or inception of coverage. This has no impact on the results of Trygg-Hansa and Codan Norway as the additional written premium recognised by the RSA Group is on unincepted business and therefore unearned.
- Deferred tax is not recognised on the contingency fund provision in the financial statements of RSA. Deferred tax on the contingency fund has been recognised in the combined carve-out financial statements by applying the applicable tax rate to the provision.
- The presentation of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements is in accordance with the executive order number 1442 of 3 December 2018 on Financial Reports for Insurance Companies and Lateral Pension Funds issued by the DFSA, which differs to the financial statement presentation of the RSA Group. Both choices of presentation are within the framework of IFRS as adopted by the EU.

The following accounting and other principles have also been applied in the preparation of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements:

- Intercompany transactions between Trygg-Hansa, Codan Norway and Codan A/S have been eliminated from the Trygg-Hansa and Codan Norway Audited Combined Financial Statements. Transactions with other RSA Group entities previously considered as intercompany transactions by RSA have been treated as transactions with related parties for purposes of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements.
- Direct and overhead costs are centrally managed by the Danish branch of Codan Forsikring A/S and include services such as finance and accounting, information technology and human resources. Centrally provided services have historically been recharged from the Danish branch of Codan Forsaking A/S to individual branches and legal entities within RSA Scandinavia. These historically recharged costs are included in the Trygg-Hansa and Codan Norway Audited Combined Financial Statements. These cost allocations were affected by arrangements that existed in RSA Group and therefore do not necessarily reflect the representative position of Trygg-Hansa and Codan Norway had it been a separate entity during the periods under review nor the position that will prevail upon completion of the Transaction.
- Trygg-Hansa and Codan Norway have neither in the past constituted a separate legal group nor presented any stand-alone consolidated financial statements. Therefore it is not meaningful to present share capital or an analysis of reserves. Equity of Trygg-Hansa and Codan Norway is made up of combined carve-out assets less combined carve-out liabilities that have been identified as belonging to the operations and entities being combined (net parent investment). As the combined carve-out operations and entities do not constitute one legal entity or group, equity is theoretical and cannot be reconciled to information of identifiable legal entities.
- Codan Forsikring A/S is a subsidiary of Codan A/S. Codan Forsikring A/S, including the Danish insurance business and Forsikringsselskabet Privatsikring A/S, is not included in Trygg-Hansa and Codan Norway Audited Combined Financial Statements and has been carved out without any compensation to Codan A/S. The resulting adjustment has been recognised in equity on 1 January 2018 in the Trygg-Hansa and Codan Norway Audited Combined Financial Statements.
- Trygg-Hansa and Codan Norway participate in the share-based incentive plans established by RSA with members of the board of management and material risk takers eligible for such schemes. The Trygg-Hansa and Codan Norway Audited Combined Financial Statements include employee cost allocations related to these participations as part of allocation of centrally managed costs as described above. These cost allocations may not be indicative of future expenses that will be incurred through incentive schemes for key personnel upon completion of the Transaction.
- Codan Forsikring A/S uses a centralised approach to cash management and financing its operations. Cash and debt balances along with related interest income and expenses have been included in Trygg-Hansa and Codan Norway Audited Combined Financial Statements based on amounts historically recorded by the individual branches and legal entities.
- Derivatives contracts are entered into by legal entities within RSA Scandinavia and have been allocated to Trygg-Hansa and Codan Norway in the Trygg-Hansa and Codan Norway Audited Combined Financial Statements if they are directly attributable to Trygg-Hansa and Codan Norway. Derivatives financial instruments allocated to the Trygg-Hansa and Codan Norway Audited Combined Financial Statements comprise foreign exchange contracts, repurchase contracts and inflation swaps.
- The income tax charge included in the Trygg-Hansa and Codan Norway Audited Combined Financial Statements reflects the aggregate of the income tax charges actually incurred by Trygg-Hansa and Codan Norway during the periods under review. The tax positions include the benefit, reliefs and charges which arose as

being part of the RSA Group and are therefore not necessarily representative of what the tax position will be under separate ownership. Tax is calculated on adjustments applied in the preparation of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements using a tax rate of 21%.

The Trygg-Hansa and Codan Norway Audited Financial Statements contain an emphasis of matter regarding the total write-off in 2020 of Swedish premium receivables and bad debt amounting to DKK 266 million before tax. The write-off related to a portion of the Swedish debtor balance that could not be supported by underlying information from Trygg-Hansa and Codan Norway's Swedish policy systems as more fully described in Note 1 thereof. The error is believed to have accumulated over several years, with a higher proportion of the issue relating to incorrectly recorded premium rather than bad debt. Despite significant effort it has not been possible to conclude the accounting year(s) to which the errors in the Swedish debtor balances should be allocated. As a consequence of this, the correction has been made through the income statement in 2020 in alignment with IAS 8. As the extraction approach has been used for the preparation of combined carve-out financial statements, adjustments for the error have not been made to the Trygg-Hansa and Codan Norway Audited Combined Financial Statements for 2018 and 2019.

References in this Operating and Financial Review to Trygg-Hansa and Codan Norway's accounting policies applied for the preparation of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements refer to the accounting policies applied in the Trygg-Hansa and Codan Norway Audited Combined Financial Statements as at and for the year ended 31 December 2020, which are comparable with the accounting policies applied in the Tryg Group's audited consolidated financial statements as at and for the year ended 31 December 2020. The functional currency of each entity within Trygg-Hansa and Codan Norway is translated into DKK, unless otherwise specified.

15.2 Key factors affecting results of operations

Trygg-Hansa and Codan Norway's results of operations have been affected in the periods under review, and are expected to continue to be affected by numerous external and internal factors. The factors described in further detail below are assessed to be among the most important of such external and internal factors.

15.2.1 Impact of COVID-19

During the periods under review, Trygg-Hansa and Codan Norway's underlying business performed in line with expectations even in the extremely difficult economic conditions relating to the outbreak of COVID-19, particularly the severe adverse conditions experienced in the first quarter of 2020. Based on information provided by Trygg-Hansa and Codan Norway, the Tryg Group believes Trygg-Hansa and Codan Norway may currently be less adversely impacted than a number of other market participants by the COVID-19 pandemic and related COVID Measures. The Tryg Group believes this is the case due to Trygg-Hansa and Codan Norway's limited travel insurance exposure and the positive effects of frequency improvements relating to property (home and contents) and motor insurance claims. These frequency improvements largely offset the reductions in premium recorded in certain of Trygg-Hansa and Codan Norway's other lines of business in 2020, including its commercial and private car rental insurance lines of business. The outlook for the Swedish and Norwegian commercial general insurance market generally remains uncertain as premium growth in the Scandinavian general insurance market is positively correlated with economic growth and economic growth continues to be heavily impacted by the outbreak of the COVID-19 pandemic and the COVID Measures. Furthermore, the impact of COVID-19 and the COVID Measures on general economic conditions in the Scandinavian region continues to change and is difficult to predict, particularly the consequences of resurgences of COVID-19 and new variants and any further measures to combat any such developments. The Tryg Group believes this is the case notwithstanding that the private or personal general insurance market has historically demonstrated more resilience when the larger economy is exhibiting low growth or contraction.

Trygg-Hansa and Codan Norway have had limited exposure to travel insurance claims following the outbreak of COVID-19 due to a number of factors. Trygg-Hansa and Codan Norway have a relatively small travel insurance portfolio in Sweden and Norway and these claims were largely covered by the reinsurance programme of the RSA Group. In addition, standard policy wording in Swedish private lines home and contents insurance (in which much of Trygg-Hansa's travel insurance portfolio is embedded) provides that cancellation insurance is only triggered when the insured is unable to travel due to his or her own sickness, as opposed to cancellation of travel due to official advice or mandate.

While Trygg-Hansa and Codan Norway have recorded decreases in premium income relating to its private and commercial motor insurance businesses, and in particular, its car rental insurance line of business following the COVID-19 outbreak and related COVID Measures, these impacts have been largely offset by lower claims frequencies in Trygg-Hansa and Codan Norway's motor and property (home and contents) lines of business as well as consistent sales of Trygg-Hansa and Codan Norway's other products that are less affected by COVID-19, such as health and child insurance lines of business.

Like other Scandinavian general insurance companies, investment returns in 2020 have been substantially impacted by financial market volatility following the outbreak of COVID-19; in the second and third quarter of 2020, capital markets generally recovered from the severe decreases experienced during the first three months of 2020. Trygg-Hansa and Codan Norway's 2020 investment returns did not, however, track this recovery and were impacted by a range of factors both related and unrelated to COVID-19 as more fully explained under the heading *"—Investment-Related Factors*", including a DKK 451 million negative value adjustment to the equity portfolio and a DKK 194 million negative value adjustment in the bond portfolio, which was partially offset by the effects of hedging policies. Investment return decreased to a loss of DKK 111 million in 2020 compared to investment returns of DKK 931 million in 2019 and DKK 6 million in 2018.

The net impact of COVID-19 on Trygg-Hansa and Codan Norway's business was positive for the year ended 31 December 2020. However, due to the speed with which the COVID-19 situation is developing, the global breadth of its spread and potential for further resurgence and new variants and the range of governmental and community reactions thereto, there remains significant uncertainty around its duration and long-term impact, particularly as newly emerging strains of COVID-19 with materially higher transmission rates have led to further national lockdowns and restrictive measures globally. The related financial impact on Trygg-Hansa and Codan Norway's business could change and cannot be accurately predicted. See "*Risk Factors—COVID-19 has materially impacted and is expected to continue to materially impact the Tryg Group and RSA Scandinavia, and other future epidemics or pandemics may impact, the global economy and/or financial markets which in turn may affect, following Completion, the Enlarged Group's business, financial condition, results of operations and prospects*" and "*Risk Factors—Litigation and regulatory investigations and sanctions may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects*".

15.2.2 High retention in Swedish and Norwegian general insurance markets

Customer retention levels in Sweden and Norway are very high compared to many other markets. The Tryg Group believe the high level of customer retention is driven by market features including high levels of customer trust, lower levels of customer churn and automatic renewal of certain private and commercial insurance policies. High customer retention rates and low customer churn are key profitability drivers because they give insurance companies a high degree of pricing power, with Swedish and Norwegian consumers increasingly looking for new add-on insurance products, tailored product bundles and high levels of customer service from brands they trust. The Swedish and Norwegian general insurance markets are characterised by very low expense ratios relative to other markets, largely as a result of high retention levels.

Child and youth insurance is a private insurance product offered by a number of Swedish insurance companies to provide insured benefits in the event of a child's sickness, injury,

or disability. Trygg-Hansa has a market-leading position in child insurance, a highly profitable Swedish Personal Lines product with strong retention rates that helps Trygg-Hansa build long-term relationships with young families and provides valuable cross-selling opportunities.

As a result of the maturity of the Swedish and Norwegian general insurance markets, Trygg-Hansa and Codan Norway have sought to grow the business through a focus on cross-selling efforts, customer retention and refinements to its bundling and discount model. During the periods under review, Trygg-Hansa and Codan Norway have focused these efforts on "quality-seeking" customers in the private lines segment and less complex SMEs in the Commercial Lines segment. Codan Norway has focused in particular on the introduction and marketing of convenient product bundles to such personal and Commercial Lines customers and boosting retention levels among these customer segments. Trygg-Hansa and Codan Norway have focused on cross-selling functionality in its online sales channel; during the periods under review, Trygg-Hansa and Codan Norway tracked and recorded increases in the number of customers with more than one policy. The Tryg Group believes that such initiatives will continue to increase customer retention as well as revenue as more products are sold and/or cross-sold, and help to reduce claims expenses.

15.2.3 Profitability and efficiency initiatives

Trygg-Hansa and Codan Norway have implemented numerous operational and structural initiatives to focus on profitability and efficiency.

- *Claims excellence*. This initiative has helped Trygg-Hansa and Codan Norway manage claims costs through a number of different measures, including by improving the claims process, leveraging procurement power to negotiate better supplier contracts, and reducing the occurrence of fraud by improving its fraud detection capabilities. Trygg-Hansa and Codan Norway have invested in technology and analytics to help it price its products in a more sophisticated way and to automate parts of its claims and customer service. During the periods under review, Trygg-Hansa and Codan Norway have developed and refined online platforms to allow customers to manage their policies; Trygg-Hansa and Codan Norway have also sought to improve the claims handling process through increasing implementation of robot process automation to handle routine claims, i.e., the use of computer software, or a "robot" to emulate and integrate the actions of a human interacting within digital systems to execute repetitive business processes. Trygg-Hansa and Codan Norway are currently implementing further refinements to the Swedish claims handling process with an increased focus on demonstrating understanding in handling claims. The Tryg Group believes such refinements improve Trygg-Hansa's processes for servicing customers.
- *Cost Reductions*. These have included:
    - staff reductions;
    - digitising the Trygg-Hansa business through increased focus on automation and self-service, in particular in relation to the online sales channel (which represented 38% of Trygg-Hansa's sales in 2020 (2019: 30%)) and claims handling portal;
    - implementing a core platform replacement project in the Codan Norway business with multiple digital capabilities integrated into the new modern Codan Norway core platform;
    - premises consolidation and insourcing of certain IT competencies through establishment of a lower-cost IT hub in Malmo, Sweden;
    - the introduction of a call centre excellence programme to improve call centre performance, sales and increase staff sales capacity without needing to increase the number of staff;

- simplification of IT function through streamlining suite of supported applications;
- outsourcing of certain functions, including in finance, claims and operations, in part or in full to intra-group companies to optimise the collective resources of RSA Scandinavia;
- insourcing of professional recruitment through development of the RSA Scandinavia Talent Acquisition Hub in September 2019, which has enabled direct contact with candidates, further development of RSA Scandinavia's brand as an employer and ultimately, allowed RSA Scandinavia's professional recruitment to be conducted in a more cost and time-efficient manner; and
- outsourcing of certain elements of non-core functions, including data collection, IT, finance and operations and payroll to external partners, in each case in accordance with RSA Scandinavia's outsourcing policy, to ensure optimal organisational effectiveness and efficiency.

Trygg-Hansa and Codan Norway have made, and are continuing to make, substantial investments in digitalisation initiatives, employee training and IT. These investments aim to improve Trygg-Hansa and Codan Norway's processes for acquiring and servicing customers, and create a more productive workforce and a better work environment, resulting in higher levels of customer satisfaction and loyalty, and improving the overall efficiency of the Trygg-Hansa and Codan Norway business.

- *Distribution coverage and reach*. This initiative has been aimed at optimising Trygg-Hansa and Codan Norway's channel mix, including through increased focus on lower-cost channels such as strategic partnerships, the online sales channel, and, in Commercial Lines, the broker sales channel. During the periods under review, Trygg-Hansa and Codan Norway have developed a more standardised partnership model focusing on smaller and simpler partnership agreements characterised by lower implementation and maintenance costs. Trygg-Hansa and Codan Norway's online sales have grown during the periods under review, with further digitalisation initiatives envisaged. The broker channel demonstrated strong growth in Commercial Lines during the periods under review, in particular in Norway. Trygg-Hansa and Codan Norway have implemented an online portal for brokers aimed at further increasing broker satisfaction and sales by brokers, in particular in relation to sales to SMEs in Norway.
- *Portfolio Rebalancing and Customer Selection*. The most significant portfolio rebalancing was implemented by Codan Norway, with increased focus on selling a simplified product offering to "quality-seeking" customers in the private lines segment and less complex SMEs in the Commercial Lines segment. This rebalancing had the effect of improving the risk profile and profitability of the Codan Norway portfolio, as well as reducing SCRs relative to premiums.

15.2.4 Claims development and the establishment of claims reserves for prior years' claims

Trygg-Hansa and Codan Norway establish claims reserves to account for the anticipated ultimate costs of all claims and related loss adjustment expenses on claims that have already occurred. There is significant uncertainty relating to claims reserving, although the greatest uncertainty mainly relates to long-tailed classes (i.e., claims which generally are not fully settled for more than three years) such as bodily injury, personal accident and loss of working capacity claims (personal claims). The uncertainty associated with the calculation of claims reserves affects Trygg-Hansa and Codan Norway's results through the run-off on reserves, with Trygg-Hansa and Codan Norway reporting a run-off gain, net of reinsurance of DKK 124 million in 2020 (2019: DKK 488 million). For more information regarding claims provision, claims paid, changes in claims and other adjustments see Note 18 of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements.

Trygg-Hansa and Codan Norway's long-tailed classes include personal accident and sickness (in particular Swedish personal accident), auto liability (in particular Swedish auto liability) and workers compensation insurance. Liability lines of business have a fairly long-tailed development pattern, resulting in inherent reserving uncertainty. The long-tailed lines with personal claims are subject to greater risk of claims inflation where the frequency or the severity of claims can suddenly increase over a short period of time. The quantum of Trygg-Hansa and Codan Norway's reserves relating to its Swedish long-tailed lines of business is large relative to its total reserves and Trygg-Hansa and Codan Norway are therefore particularly sensitive to relatively small changes in claims reserving assumptions regarding such lines of business. Trygg-Hansa and Codan Norway's short-tailed classes are also subject to risk of claims inflation exceeding price adjustments, which would have the effect of eroding Trygg-Hansa and Codan Norway's profit margin; however, this risk would be offset quicker for Trygg-Hansa and Codan Norway's shorter duration business. At the end of 2020, Trygg-Hansa and Codan Norway's claims reserves net of reinsurance totalled DKK 17,572 million (2019: DKK 16,791 million) with an average duration of approximately 6.9 years (2019: 6.9 years). During the periods under review, Trygg-Hansa and Codan Norway recorded positive prior year development (i.e., profit generated by settling claims incurred in a previous year at a better level than the previous estimated cost) in relation to its Swedish auto liability business and adverse prior year development in relation to its Swedish personal accident business. See "*—Qualitative and quantitative disclosure about principal risks—Insurance risk*" and "*Business of RSA Scandinavia—Risk management—Risk management principles—Risk framework and management cycle*" for more information about Trygg-Hansa and Codan Norway's risk management framework, including how it handles reserving risk.

Although Trygg-Hansa and Codan Norway continuously monitor and assess the size of claims reserves, they may be forced to change their assumptions about the levels and frequency of future claims significantly over a short period of time. In addition to the ongoing monitoring of claims development based on statistical data, Trygg-Hansa and Codan Norway have quarterly meetings between actuaries, portfolio managers and claims managers, where the latest changes in the business, including rating trends, court rulings and other significant events and trends are analysed, and the consequences for the claims reserves are quantified. Claims inflation is monitored continuously using internal and external parameters, and price adjustments are pushed through accordingly.

15.2.5 Weather effects and impact on results from large claims and weather events

Weather conditions in Sweden and Norway impact both the frequency and the average size of Trygg-Hansa and Codan Norway's claims incurred, its claims ratios and its technical result. Whilst Trygg-Hansa and Codan Norway's historical exposure to disasters and large weather events primarily relate to the severity of winters in Sweden and Norway, and the level of large claims and weather claims during the periods under review were below Trygg-Hansa and Codan Norway's expectations. The frequency and severity of weather events are inherently unpredictable, and are a key driver of Trygg-Hansa and Codan Norway's quarterly fluctuations in results. Such events include among others, severe hail, floods, fires and other weather-related events.

The severity of winters in Sweden and Norway can impact both the frequency and average size of claims incurred, particularly in Trygg-Hansa and Codan Norway's house, motor and property lines of business. Harsher winters result in higher levels of claims due to auto accidents and broken pipes from snowfalls and cold weather, and milder winters give rise to lower levels of claims. During the periods under review, both the level of large claims and weather claims were below Trygg-Hansa and Codan Norway's expectations, but such events are inherently unpredictable.

In Norway, Codan Norway's exposure to losses on buildings and contents due to natural perils is equalised to its overall market share, as general insurance companies operating in Norway are obliged by law to participate in the Norwegian Pool through which losses on buildings and their contents are distributed among the participants proportionate to their market share. The Norwegian Pool buys natural catastrophe reinsurance on behalf of its

members and the retention of the Norwegian Pool is distributed among the members in proportion to their market share as of 1 July of the claim year.

Quarterly fluctuations in Trygg-Hansa and Codan Norway's results are driven mainly by large claims and weather events, and reinsurance is used to stabilise profitability. In general, there is no seasonality for large claims not related to weather events but weather-related claims occur with greater frequency during the first and fourth quarters of the year. For more information regarding Trygg-Hansa and Codan Norway's catastrophe reinsurance in relation to weather effects, see "*—Qualitative and quantitative disclosure about principal risks—Insurance risk*" and "*Risk Management—Risk profile—Insurance risk—Underwriting risk*".

The frequency and severity of large weather events are subject to long-term external influences, such as climate change. Climate change impacts disaster risk through the likely increase in weather and climate hazards and the effects of rising sea-levels; and, secondly, through increases in vulnerability of communities to natural hazards resulting from ecosystem degradation, reductions in water and food availability and changes to livelihoods. Thus, climate change could result in a higher level of weather claims, which would in turn lead to increases in reinsurance costs and prices for impacted insurance products, including home and contents and building insurance products. The impact of long-term external influences such as climate change should be considered in assessing Trygg-Hansa and Codan Norway's results for any given period.

15.2.6 Investment-related factors

An important element of Trygg-Hansa and Codan Norway's financial results is return on invested assets. Trygg-Hansa and Codan Norway recorded an investment loss of DKK 111 million in 2020 (representing a nil return), an investment return of DKK 931 million in 2019 (representing a positive return of 3.9%) and an investment return of DKK 6 million in 2018 (representing a nil return). The main factors affecting Trygg-Hansa and Codan Norway's return on invested assets are described further below.

Investment returns on the equity portfolio

As of 31 December 2020, 7.9% of Trygg-Hansa and Codan Norway's investment portfolio was in equity investments and unit trust (2019: 9.2%; 2018: 8.4%), which is weighted towards real estate investment trust (REIT) securities pursuant to a strategic decision to invest long term in REIT securities, which in 2020 have been negatively impacted by COVID-19 and COVID Measures as well as other market conditions. In 2020, there was a negative value adjustment of DKK 451 million in the equities portfolio which was largely attributable to decreases in the value of and income from REIT securities in Trygg-Hansa and Codan Norway's investment portfolio.

In 2019, the investment return was positively impacted by a positive value adjustment of DKK 355 million, largely attributable to the performance of REIT securities. The return on Trygg-Hansa and Codan Norway's equity portfolio totalled a loss of 28.2% for 2020, a gain of 27.3% for 2019, and loss of 9.8% for 2018. The market valuation of Trygg-Hansa and Codan Norway's equity portfolio was DKK 1,329 million, DKK 1,684 million and DKK 1,449 million as of 31 December 2018, 2019 and 2020, respectively. A sensitivity analysis explaining how fluctuations in Trygg-Hansa and Codan Norway's principal investment risks could impact its results of operations and financial condition, including interest rate risk, equity market risk, currency risk and the impact of derivatives, are provided under "*—Quantitative and qualitative disclosures about principal risk—Market risk*" and an analysis of its investment return is provided under "*—Investment return*".

Investment returns on the bond portfolio

As of 31 December 2020, 88.7% of Trygg-Hansa and Codan Norway's investment portfolio was invested in bonds, the values of which are sensitive to fluctuations in interest rates. As of 31 December 2020, 26.6% and 13.7% of Trygg-Hansa and Codan Norway's bond portfolio was invested in government bonds and corporate bonds, respectively. The returns on Trygg-Hansa and Codan Norway's bond portfolio of 1.1%, 2.7% and 1.3% in

2020, 2019 and 2018, respectively, were influenced substantially by market interest rate movements in Sweden and Norway, where 84.0% of Trygg-Hansa and Codan Norway's bond portfolio was invested as of 31 December 2020. In 2020 interest income in the bond portfolio decreased and the bond portfolio was subject to a negative value adjustment of DKK 194 million due principally to foreign exchange effect and an increase in bond yields, although these effects were partially offset by the effect of hedging transactions, which had a positive valuation adjustment of DKK 174 million. Trygg-Hansa and Codan Norway seek to match the currency of assets and liabilities and thus neutralise the effects of foreign exchange movements on the bond portfolio, with any mismatch sought to be neutralised through foreign exchange hedges. Where the Tryg Group has any exchange risk arising from assets not held in the currency of the related liability this will generally be hedged with the purchase of forward foreign exchange contracts. The main drivers of investment return on the bond portfolio in 2019 were interest income (which decreased from the prior year) and the bond portfolio which was subject to a positive value adjustment of DKK 201 million due principally to lower bond yields, although these effects were partially offset by the effect of hedging transactions, which had a negative valuation adjustment of negative DKK 120 million.

RSA Scandinavia's (including Trygg-Hansa's and Codan Norway's) general investment strategy will be implemented by the Intact Group during the interim period between Completion of the Acquisition and completion of the Demerger. See "*Risk Factors—The Tryg Group will, following the Acquisition and until the completion of the Demerger, have limitations on its ability to control Trygg-Hansa and Codan Norway*".

15.2.7 Currency fluctuations

Trygg-Hansa and Codan Norway operate in Sweden and Norway principally in local currencies whilst the reporting currency of Trygg-Hansa and Codan Norway is Danish kroner. Accordingly, Trygg-Hansa and Codan Norway have a financial translation exposure attributable to fluctuations in exchange rates used to translate other currencies, principally Swedish krona and Norwegian kroner, into Danish kroner and, to a lesser extent, Euro and US dollars into Danish kroner. Trygg-Hansa and Codan Norway use the average exchange rate for the period to translate income statement items not denominated in Danish kroner. In 2020, Trygg-Hansa and Codan Norway recorded a DKK 195 million decrease in gross premiums written (2019: DKK 10 million decrease), which was driven by changes in the exchange rate of the Danish kroner against the Swedish krona during the period; in comparison, gross premiums written in local currency terms increased by 1.2% (2019: 1.0%) during the period (excluding a DKK 180 million write-off in 2020 of prior year Swedish customer debt in 2020).

As nearly all of Trygg-Hansa and Codan Norway's expenses are incurred in those currencies in which its premiums are received, Trygg-Hansa and Codan Norway therefore have a natural hedge against transactional currency risk to the extent there is matching of the currencies in which expenses are incurred and premiums are received.

If the value of Danish kroner strengthens then the value of assets and underwriting liabilities not denominated in Danish kroner will decline when translated into Danish kroner and consolidated into Trygg-Hansa and Codan Norway's results.

Trygg-Hansa and Codan Norway use period-end exchange rates to translate balance sheet items not denominated in Danish kroner. Such exchange rates are used to translate balance sheet items with the exception of non-monetary assets and liabilities. Regulatory solvency and internal risk-based SCRs are considered when managing currency risk. Where exchange risk arises from assets not held in the currency of the related liability this will generally be hedged with the purchase of foreign exchange forwards and foreign exchange swap contracts. Trygg-Hansa and Codan Norway also hedge the currency risk of foreign subsidiaries' shareholder's equity, but do not hedge cash flow currency risk beyond that. See "*—qualitative and quantitative disclosure about principal risks—Market risk*".

15.3 Current trading and recent developments

The Tryg Group believes that, as at the date of this Prospectus, there have been no significant changes to Trygg-Hansa and Codan Norway's financial condition and operating results since 31 December 2020.

15.4 Critical accounting policies and estimates

The preparation of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements requires the use of certain critical accounting estimates and requires management to exercise its judgement in application of accounting policies. See Note 1 to the Trygg-Hansa and Codan Norway Audited Combined Financial Statements for further information about such critical accounting policies and estimates.

15.5 Accounting regulation

Trygg-Hansa and Codan Norway have not applied the following significant new and revised IFRS Standards that have been issued but are not yet effective for purposes of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements:

- IFRS 9 (Financial Instruments). IFRS 9 (Financial Instruments) enters into force for the accounting year commencing 1 January 2018, with insurance companies allowed to postpone the implementation to January 1, 2023 if certain criteria are met.
- IFRS 17 (Insurance Contracts). IFRS 17 (Insurance Contracts) is expected to enter into force for the accounting year commencing 1 January 2023.

IFRS 9 (Financial Instruments) has been issued to replace IAS 39 (Financial Instruments: Recognition and Measurement) and primarily changes the classification and measurement of financial assets. In preparing the Trygg-Hansa and Codan Norway Audited Combined Financial Statements the option available to insurance companies to defer adoption of IFRS 9 to 1 January 2023 alongside IFRS 17 (Insurance Contracts) has been applied. The implementation of IFRS 9 (Financial Instruments) is not currently expected to significantly change Trygg-Hansa and Codan Norway's statement of financial position or profit and loss as all financial instruments are measured at fair value through profit and loss.

IFRS 17 (Insurance Contracts) is expected to enter into force for the accounting year commencing 1 January 2023. The impact of IFRS 17 (Insurance Contracts) is currently being assessed in a structured and formal manner and is expected to be concluded in due course ahead of the implementation date. There are a number of other amendments to IFRS that have been issued by the IASB that become mandatory in a subsequent accounting period, none of which are expected to have a significant impact on the Trygg-Hansa and Codan Norway Audited Combined Financial Statements.

15.6 Key performance indicators

Trygg-Hansa and Codan Norway intend to continue its focus on maintaining underwriting discipline and long-term profitability. As a part of this focus, Trygg-Hansa and Codan Norway's management monitors, among other factors, growth in its product lines, the efficiency of its resources and return on investment, as well as customer and employee satisfaction. Trygg-Hansa and Codan Norway's management monitors the following key indicators, among others, that gauge the performance of its business:

- *Net written premiums* ("**NWP**"). NWP consist of gross written premiums, less reinsurance premiums. It is the key measure of revenue used in Trygg-Hansa and Codan Norway's financial reporting.
- *Combined ratio*. The combined ratio is the sum of Trygg-Hansa and Codan Norway's gross claims ratio, the net reinsurance ratio and the gross expense ratio.
- *Underwriting result*. The underwriting result comprises net earned premiums, other operating income, net claims, and underwriting and policy acquisition costs. Trygg-Hansa and Codan Norway consider the underwriting result to be different to other

operating income reported in Trygg-Hansa and Codan Norway's consolidated income statement.

- *Profit for the year*. This represents profits generated from underwriting insurance business, plus the return from investments, less items such as central overheads, interest expense, amortisation and tax. Healthy and growing levels of profit are important as they sustain dividends and, when retained in the business, improve capital metrics.
- *Investment result*. The investment result comprises investment income and the unwinding of the discounting of the insurance liability ("unwind of discount").

Trygg-Hansa and Codan Norway also use the following indicators to evaluate the performance of its business: customer retention, employee satisfaction, claims frequency, claims development and net promoter score.

The aforementioned measures may not be comparable to similarly titled measures presented by other companies in Trygg-Hansa and Codan Norway's industry. These measures are not intended to be substitutes for any IFRS measures of performance and certain of these measures are non-IFRS measures.

15.7 Consolidated results of operations for the year ended 31 December 2020 compared to the year ended 31 December 2019

The table below presents Trygg-Hansa and Codan Norway's results of operations for the years ended 31 December 2020 and 2019 and has been extracted from the Trygg-Hansa and Codan Norway Audited Combined Financial Statements.

	Year Ended 31 December	
	2020	2019
	(DKK millions)	
General Insurance		
Gross premiums written	9,846	10,041
Ceded insurance premiums	(226)	(228)
Change in premium provisions	—	(51)
Change in reinsurer's share of premium provision	(1)	(4)
Premium income, net of reinsurance	**9,619**	**9,758**
Insurance technical interest, net of reinsurance	(12)	(12)
Claims paid	(6,598)	(6,789)
Reinsurance cover received	135	196
Change in claims provisions	350	482
Change in the reinsurers' share of claims provision	7	12
Claims, net of reinsurance	**(6,106)**	**(6,099)**
Bonus and premium discounts	(3)	(3)
Acquisition costs	(1,008)	(1,062)
Administration expenses	(526)	(405)
Acquisition costs and administration expenses	(1,534)	(1,467)
Reinsurance commissions and profit participation from reinsurers	11	23
Insurance operating costs, net of reinsurance	**(1,523)**	**(1,444)**
Technical result	**1,975**	**2,200**
Investment activities		
Income from associates	7	19
Interest income and dividends	596	648
Value adjustments	(474)	471
Interest expenses	(204)	(176)
Investment management expenses	(36)	(31)
Total Investment return	**(111)**	**931**
Return on insurance provisions	(507)	(570)
Total investment return after insurance technical interest	**(618)**	**361**
Other costs	**(120)**	**—**
Profit/loss before tax	**1,237**	**2,561**
Tax	(358)	(560)
Profit/loss for the year	**879**	**2,001**
Currency translation adjustment, foreign subsidiaries	**—**	(13)
Currency translation adjustment, foreign branches	278	(121)
Currency translation adjustment, foreign associated entities	—	(1)
Unrealised gain/loss operational hedge	(4)	3
Tax re operational hedge	1	(1)
Other comprehensive income	29	(16)
Other comprehensive income	**304**	**(149)**
Total comprehensive income	**1,183**	**1,852**
Ratios (%)		
Gross claims ratio	63.5	63.2
Net reinsurance ratio	0.1	0.1
Claims ratio, net of ceded business	63.6	63.2
Gross expense ratio	15.6	14.7
Combined ratio	**79.2**	**78.0**
Operating ratio	79.9	78.0

Gross Premiums Written

Trygg-Hansa and Codan Norway's gross premiums written decreased by DKK 195 million, or 1.9%, to DKK 9,846 million in 2020 from DKK 10,041 million in 2019. The decrease was primarily related to the effect on gross written premiums of a DKK 180 million write-off of Swedish debtor balance in 2020 owing to improper recording of gross premiums written by legacy policy IT systems. Commercial Lines recorded strong growth during the period offsetting the less than desired growth within Personal Lines.

Personal Lines gross premium income decreased by DKK 180 million, or 2.7%, to DKK 6,497 million in 2020 from DKK 6,677 million in 2019. Excluding the effects on gross premiums written of the write-off of Swedish debtors, gross premiums written were stable compared to the prior year.

The Commercial segment reported an increase in gross premium income by DKK 40 million or 1.2%, compared to DKK 3,349 million in 2020 from DKK 3,309 million in 2019. The increase was primarily related to customer acceptance of rate increases and high retention in Commercial Norway as well as customer acceptance of rate increases and new business growth relating to the Swedish Property business.

Premium income, Net of Reinsurance

Trygg-Hansa and Codan Norway's premium income, net of reinsurance, decreased by DKK 139 million, or 1.4%, to DKK 9,619 million in 2020 from DKK 9,758 million in 2019. The decrease was primarily related to the write-off of Swedish debtors in 2020," which was partially offset by underlying growth from the Swedish personal accident and commercial property lines of business.

Insurance technical Interest, Net of Reinsurance

Trygg-Hansa and Codan Norway's insurance technical interest, net of reinsurance, remained unchanged at a loss of DKK 12 million in each of 2020 and 2019. Technical interest equals the income Trygg-Hansa and Codan Norway earns on its average technical reserves less the accretion of the discounting of its premium and claims reserves.

Claims, Net of Reinsurance

Trygg-Hansa and Codan Norway's claims, net of reinsurance, increased by DKK 7 million, or 0.1%, to DKK 6,106 million in 2020 from DKK 6,099 million in 2019. The increase in claims was mainly attributable to less favourable prior year run off gains in claims provisions, with current year claims performance improving year-on-year with decreases in underlying claims, weather claims and large claims.

Bonus and Premium Discounts

Trygg-Hansa and Codan Norway recorded bonus and premium discounts of DKK 3 million in each of 2020 and 2019. Bonus and premium discounts represent anticipated and refunded premiums to policyholders, where the amount refunded depends on the claims record, and for which the criteria for payment have been defined prior to the financial year or when the insurance was taken out.

Insurance Operating Costs, Net of Reinsurance

Trygg-Hansa and Codan Norway's insurance operating costs, net of reinsurance, increased by DKK 79 million, or 5.5%, to DKK 1,523 million in 2020 from DKK 1,444 million in 2019. This increase related largely to focused investments in growth. Insurance operating costs, net of reinsurance was adversely affected by a DKK 86 million bad debt expense relating to the write-off of Swedish debtors for 2020.

Technical Result

Trygg-Hansa and Codan Norway's technical result decreased by DKK 225 million, or 10.2%, to DKK 1,975 million in 2020 from DKK 2,200 million in 2019. The decrease was mainly attributable to a lower level of prior year run-off gains in 2020 compared to 2019 which were partially offset by current year performance improvements. Current year performance improvements were mainly attributable to benefits from reduced claims frequencies relating to COVID-19 and the COVID Measures, benign weather and a lower number and amount of large claims.

Total Investment Return

Trygg-Hansa and Codan Norway's total investment return decreased by DKK 1,042 million to a loss of DKK 111 million in 2020 compared to an investment return of DKK 931 million in 2019. The total investment return for 2020 was primarily related to a DKK 451 million decrease in the value of equity investments, primarily REITs. Trygg-Hansa and Codan Norway also recorded a decrease of DKK 52 million in interest income and dividends due to reinvesting at lower bond yields and a reduction in income from its REIT portfolio. Losses in the bond portfolio were primarily due to foreign exchange movements and were partially offset by gains on foreign exchange hedges. See "*Key Factors Affecting Results of Operations—Investment-Related Factors*" above for additional information regarding factors impacting Trygg-Hansa and Codan Norway's 2020 investment return.

Total Investment Return after Insurance Technical Interest

Trygg-Hansa and Codan Norway's total investment return after insurance technical interest decreased to a loss of DKK 618 million in 2020 from an investment return of DKK 361 million in 2019. This decrease related primarily to the factors described above in "*—Key factors affecting results of operations—Investment-related factors*".

Profit before Tax

Trygg-Hansa and Codan Norway's profit before tax decreased by DKK 1,324 million, or 51.7%, to DKK 1,237 million in 2020 from DKK 2,561 million in 2019. This decrease resulted from the factors described above, as well as a DKK 116 million reduction in goodwill associated with Codan Norway in 2020. For purposes of the preparation of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements, the income statement effects of the impairment of intangible assets such as goodwill are included in "other costs." In 2020, Trygg-Hansa and Codan Norway recorded other costs in the amount of DKK 120 million related to impairment of the residual value of Codan Norway as performance of the business did not support its value on the balance sheet. There was an impairment of Codan Norway affecting other costs in 2018 in the amount of DKK 58 million for similar reasons.

Tax

Trygg-Hansa and Codan Norway's tax decreased by DKK 202 million, or 36.1%, to DKK 358 million in 2020 from DKK 560 million in 2019. This decrease related primarily to a decrease in the taxable value of Trygg-Hansa and Codan Norway's investment assets. Trygg-Hansa and Codan Norway's effective tax rate was 28.9% in 2020 compared to 22% in 2019.

Profit/Loss for the Year

Trygg-Hansa and Codan Norway's profit for the year decreased by DKK 1,122 million, or 56.1%, to DKK 879 million in 2020 from DKK 2,001 million in 2019. This decrease resulted primarily from the factors described above.

Gross Claims Ratio

Trygg-Hansa and Codan Norway's gross claims ratio increased slightly to 63.5% in 2020 from 63.2% in 2019. The slight increase in gross claims ratio was mainly attributable to a

decrease in prior year run-off gains in 2020 relating to claims provisions in Swedish Personal Lines, while current year claims performance improved compared to the previous year.

The Personal Lines segment reported an increase in gross claims ratio of 2.8% compared to 2019. The increase was mainly driven by a lower level of prior year run-off gains in Sweden, offset by improvements in underlying business performance, especially in the motor line of business.

The Commercial Lines segment reported a decrease in gross claims ratio of 4.7% compared to 2019. This decrease related primarily to improvement in the Swedish property portfolio and favourable prior year run-off gains as well as improvements in the underlying claim ratio of the Norwegian motor line of business.

Gross Expense Ratio

Trygg-Hansa and Codan Norway's gross expense ratio increased by 0.9% to 15.6% in 2020 from 14.7% in 2019. The increase in gross expense ratio was primarily related to increases in administration expenses and acquisition costs.

Combined Ratio

Trygg-Hansa and Codan Norway's combined ratio increased to 79.2% in 2020 from 78.0% in 2019. The increase was mainly attributable to a decrease in prior year run-off gains in Sweden Personal Lines. Performance in Sweden Personal Lines and in Norway improved in 2020 relative to 2019, with favourable development as regards underlying current year claims performance and weather claims.

15.8 Operating segments

Trygg-Hansa and Codan Norway's main operating segments are its Personal Lines and Commercial Lines segments which contributed 67% (2019: 67%), and 33% (2019: 33%), respectively, to Trygg-Hansa and Codan Norway's gross premium income as of 31 December 2020.

Trygg-Hansa and Codan Norway are managed via a country-based organisational model with some support functions and services provided at the regional and head office level. Trygg-Hansa consists of six functions: Personal Lines; Commercial Lines; Brand & Marketing; Underwriting; Operations & Process; and Claims. Codan Norway is organised similarly and consists of Personal Lines; Commercial Lines; Sales & Marketing; Underwriting; Claims & Business Support; and Digital Customer Solutions functions. The RSA Scandinavia support functions are comprised of: IT; Finance; COO; Nordic Underwriting; HR; Risk & Compliance; Legal; and CEO Office. While there is some level of shared resources relating to RSA Scandinavia Finance and IT support functions, a part of the Finance function is independent among the three country organisations of RSA Scandinavia and front-end IT systems are specific to each country. The Scandinavian support functions are split across Copenhagen and Stockholm, in addition to an IT Hub located in Malmo, Sweden. Certain processes of these functions have been outsourced to third parties. Trygg-Hansa and Codan Norway receives additional support for its operations from the RSA Group, including risk and claims management, investment management, underwriting services, actuarial services, balance sheet reconciliations, IT and loss control services. Certain of these support services, including IT and actuarial services, are provided by the RSA Group subsidiaries that are incorporated in India and operate primarily from offices in India.

15.8.1 Personal lines

The following table sets forth the results of Trygg-Hansa and Codan Norway's general insurance activities for the years ended 31 December 2020 and 2019 for its Personal Lines operating segment.

	Year Ended 31 December	
	2020	2019
	(DKK millions)	
General Insurance Activities		
Gross premium income	6,497	6,677
Gross claims	(4,042)	(3,970)
Gross operating expenses	(926)	(817)
Profit/loss on gross business	1,529	1,890
Profit/loss on ceded business	2	(17)
Insurance technical interest, net of reinsurance	(8)	(9)
Technical result	**1,523**	**1,864**
Ratios (%)		
Gross claims ratio	62.2	59.5
Net reinsurance ratio	0.0	0.3
Claims ratio, net of ceded business	62.2	59.7
Gross expense ratio	14.3	12.2
Combined ratio	76.4	71.9

Gross Premium Income

Gross premium income for Personal Lines decreased by DKK 180 million, or 2.7%, to DKK 6,497 million from DKK 6,677 million in 2019. The decrease was mainly attributable to the effects of foreign exchange movements and of the DKK 180 million write-off of Swedish debtors in 2020.

Technical Result

The technical result for Personal Lines decreased by DKK 343 million, or 18.4%, to DKK 1,523 million in 2020 from DKK 1,864 million in 2019. The decrease was mainly attributable to the write-off relating to Swedish debtors described above in "*—Gross premium income*," which was partly offset by strong year-on-year improvement in the motor line of business in Norway.

Gross Claims Ratio

The gross claims ratio for Personal Lines increased by 2.7% to 62.2% in 2020 from 59.5% in 2019. The increase was mainly attributable to a lower level of prior year run-off gains in Sweden, while Norway's claims ratio improved, especially in the motor line of business. Personal Lines recorded improvements in current year claims performance, which were primarily related to benefits from reduced claims frequencies relating to COVID-19 and the COVID Measures in motor and household lines of business.

Gross Expense Ratio

The gross expense ratio for Personal Lines increased by 2.1% to 14.3% in 2020 from 12.2% in 2019. The increase was primarily attributable to Swedish Personal Lines, where targeted investments were conducted during 2020. In addition, the gross expense ratio for Sweden was also impacted by the DKK 86 million write-off relating to prior year customer debt in 2020. These increases were partially offset by improvements in the gross expense ratio of Norwegian Personal Lines in 2020.

Combined Ratio

The combined ratio for Personal Lines increased 4.5% to 76.4% in 2020 from 71.9% in 2019. The increase was mainly attributable to motor and personal accident lines of business in Sweden due to a decrease in prior year run-off gains in 2020 compared to

2019, which was also the case for Personal Lines in Norway. Current year claims ratios performed well across the board with strong year-on-year improvements compared to 2019.

15.8.2 Commercial lines

The following table sets forth the results of Trygg-Hansa and Codan Norway's general insurance activities for the years ended 31 December 2020 and 2019 for its Commercial Lines operating segment.

	Year Ended 31 December	
	2020	2019
	(DKK millions)	
General Insurance Activities		
Gross premium income	3,346	3,310
Gross claims	(2,206)	(2,338)
Gross operating expenses	(608)	(650)
Profit/loss on gross business	532	323
Profit/loss on ceded business	(75)	16
Insurance technical interest, net of reinsurance	(4)	(4)
Technical result	**452**	**336**
Ratios (%)		
Gross claims ratio	65.9	70.6
Net reinsurance ratio	2.2	(0.5)
Claims ratio, net of ceded business	68.2	70.1
Gross expense ratio	18.2	19.6
Combined ratio	86.3	89.8

Gross Premium Income

Gross premium income for Commercial Lines increased by 1.2% to DKK 3,346 million in 2020 from DKK 3,310 million in 2019. Growth was mainly attributable to property lines of business in both Sweden and Norway, which was primarily related to good inflow of new business to those lines of business; Commercial motor also recorded increases in gross premium income relating to successful penetration within the rental segment.

Technical Result

The technical result for Commercial Lines increased by DKK 119 million, or 35.7%, to DKK 452 million in 2020 from DKK 336 million in 2019. The increase was mainly attributable to property and motor lines of business in Sweden as well as property lines of business in Norway, all of which recorded improved gross claims ratios and gross expense ratios compared to the prior year.

Gross Claims Ratio

The gross claims ratio for Commercial Lines decreased by 4.7% to 65.9% in 2020 from 70.6% in 2019. The decrease was mainly attributable to strong underlying improvements in Commercial property lines of business as well as an increase in prior year run-off gains relating to the Swedish business. The gross claims ratio for the commercial motor line of business also benefitted from reduced claims frequencies in 2020 compared to 2019 due to the outbreak of the COVID-19 pandemic and related COVID-19 Measures.

Gross Expense Ratio

The gross expense ratio for Commercial Lines decreased by 1.4% to 18.2% in 2020 from 19.6% in 2019. The decrease in the ratio was mainly attributable to strategic investments which were partially offset by staff optimisation measures as well as decreased travel expenses.

Combined Ratio

The combined ratio for Commercial Lines decreased by 3.5% to 86.3% in 2020 from 89.8% in 2019. Improvement was mainly attributable to property and motor in Sweden as well as property and motor lines of business in Norway, and related to decreases in weather claims as well as incremental improvements to underlying losses partly driven by reduced claims frequencies.

15.8.3 Consolidated results of operations for the year ended 31 December 2019 compared to the year ended 31 December 2018

The table below presents Trygg-Hansa and Codan Norway's results of operations for the years ended 31 December 2019 and 2018 and has been extracted from the Trygg-Hansa and Codan Norway Audited Combined Financial Statements.

	Year Ended 31 December	
	2019	2018
	(DKK millions)	
General Insurance		
Gross premiums written	10,041	10,051
Ceded insurance premiums	(228)	(249)
Change in premium provisions	(51)	(10)
Change in reinsurer's share of premium provision	(4)	10
Premium income, net of reinsurance	**9,758**	**9,802**
Insurance technical interest, net of reinsurance	**(12)**	**(10)**
Claims paid	(6,789)	(6,608)
Reinsurance cover received	196	139
Change in claims provisions	482	269
Change in the reinsurers' share of claims provision	12	(109)
Claims, net of reinsurance	**(6,099)**	**(6,309)**
Bonus and premium discounts	**(3)**	**(4)**
Acquisition costs	(1,062)	(1,111)
Administration expenses	(405)	(389)
Acquisition costs and administration expenses	(1,467)	(1,500)
Reinsurance commissions and profit participation from reinsurers	23	21
Insurance operating costs, net of reinsurance	**(1,444)**	**(1,479)**
Technical result	**2,200**	**2,000**
Investment activities		
Income from associates	19	5
Interest income and dividends	648	713
Value adjustments	471	(492)
Interest expenses	(176)	(182)
Investment management expenses	(31)	(38)
Total Investment return	**931**	**6**
Return on insurance provisions	(570)	(351)
Total investment return after insurance technical interest	**361**	**(345)**
Other costs	**—**	**(58)**
Profit/loss before tax	**2,561**	**1,597**
Tax	(560)	(546)
Profit/loss for the year	**2,001**	**1,051**
Currency translation adjustment, foreign subsidiaries	(13)	(5)
Currency translation adjustment, foreign branches	(121)	(93)
Currency translation adjustment, foreign associated entities	(1)	(1)
Unrealised gain/loss operational hedge	3	1
Tax re operational hedge	(1)	—
Other comprehensive income	(16)	(3)
Other comprehensive income	**(149)**	**(95)**
Total comprehensive income	**1,852**	**956**
Ratios (%)		
Gross claims ratio	63.2	63.2
Net reinsurance ratio	0.1	0.1

	Year Ended 31 December	
	2019	2018
	(DKK millions)	
Claims ratio, net of ceded business	63.2	63.3
Gross expense ratio	14.7	14.9
Combined ratio	**78.0**	**78.2**
Operating ratio	78.0	80.0

Gross Premiums Written

Trygg-Hansa and Codan Norway's gross premiums written decreased by DKK 10 million, or 0.1%, to DKK 10,041 million in 2019 from DKK 10,051 million in 2018. The decrease was mainly attributable to the weakening of the Swedish krona and Norwegian kroner compared to the Danish kroner during the period. Premium growth in local currency was recorded in both Sweden and Norway.

Trygg-Hansa and Codan Norway's Personal Lines segment reported a decrease in gross premium income of 0.3% to DKK 6,677 million in 2019 from DKK 6,696 million in 2018, which was mainly attributable to the weakening of the Swedish krona and Norwegian kroner compared to the Danish kroner during the period. Growth was recorded in local currency, mainly attributable to positive developments for Swedish motor lines of business but offset in part by a decrease in gross premiums written relating to home & content lines of business in Norway.

Trygg-Hansa and Codan Norway's Commercial Lines segment reported a decrease in gross premium income of 1% to DKK 3,309 million in 2019 from DKK 3,342 million in 2018. The reported decrease was due to foreign exchange movements between reporting periods in both Sweden and Norway. Premiums grew in constant currency terms, which was mainly attributable to strong performance of motor lines of business in Norway as well as to a lesser extent, motor lines of business in Sweden.

Premium Income, Net of Reinsurance

Trygg-Hansa and Codan Norway's premium income, net of reinsurance, decreased by DKK 44 million to DKK 9,758 million in 2019 from DKK 9,802 million in 2018. The decrease was mainly attributable to adverse foreign exchange movements in both Sweden and Norway. Premiums grew in local currency terms in both Sweden and Norway, driven by positive developments in Swedish personal motor, Swedish personal accident and Norwegian commercial motor lines of business.

Insurance Technical Interest, Net of Reinsurance

Trygg-Hansa and Codan Norway's insurance technical interest, net of reinsurance, decreased to a loss of DKK 12 million in 2019 from a loss of DKK 10 million in 2018. Technical interest equals the income Trygg-Hansa and Codan Norway earns on its average technical reserves less the accretion of the discounting of its premium and claims reserves.

Claims, Net of Reinsurance

Trygg-Hansa and Codan Norway's claims, net of reinsurance, decreased by DKK 210 million, or 3.3%, to DKK 6,099 million in 2019 from DKK 6,309 million in 2018. The decrease was primarily due to foreign exchange movements in both Sweden and Norway. Claims increased in local currency terms, mainly attributable to personal and commercial motor lines of business in Sweden as well as commercial motor lines of business in Norway.

Bonus and Premium Discounts

Trygg-Hansa and Codan Norway's bonus and premium remained stable, with bonus and premium discounts of DKK 3 million in 2019 and DKK 4 million in 2018. Bonus and premium discounts represent anticipated and refunded premiums to policyholders, where

the amount refunded depends on the claims record, and for which the criteria for payment have been defined prior to the financial year or when the insurance was taken out.

Insurance Operating Costs, Net of Reinsurance

Trygg-Hansa and Codan Norway's insurance operating costs, net of reinsurance, decreased by DKK 35 million, or 2.4%, to DKK 1,444 million in 2019 from DKK 1,479 million in 2018. The decrease was primarily related to changes in foreign exchange between reporting periods. Costs were largely flat year on year in local currency terms. There were more redundancy releases in 2018 than in 2019.

Technical Result

Trygg-Hansa and Codan Norway's technical result increased by DKK 200 million, or 10.0%, to DKK 2,200 million in 2019 from DKK 2,000 million in 2018. Growth was mainly attributable to positive developments in Swedish and Norwegian property lines of business.

Total Investment Return

Trygg-Hansa and Codan Norway's total investment return increased by DKK 925 million to an investment return of DKK 931 million in 2019 compared to an investment return of DKK 6 million in 2018. This increase related primarily to significant positive value adjustments on fixed income instruments and positive equity market developments in 2019 compared to 2018.

Total Investment Return after Insurance Technical Interest

Trygg-Hansa and Codan Norway's total investment return after insurance technical interest increased by DKK 706 million to DKK 361 million in 2019 from a loss of DKK 345 million in 2018. This increase related primarily to the factors described above.

Profit before Tax

Trygg-Hansa and Codan Norway's profit before tax increased by DKK 964 million, or 60.4%, to DKK 2,561 million in 2019 from DKK 1,597 million in 2018. This increase resulted from the factors described above. In addition, Trygg-Hansa and Codan Norway recorded a DKK 58 million reduction in goodwill associated with Codan Norway in 2018, relating to impairment of the residual value of Codan Norway as performance of the business did not support its value on the balance sheet. Such impairment was reflected in the other costs line item in the 2018 income statement.

Tax

Trygg-Hansa and Codan Norway's tax increased by DKK 14 million, or 2.5%, to DKK 560 million in 2019 from DKK 546 million in 2018. This increase related primarily to the increase in Trygg-Hansa and Codan Norway's profit before tax. Trygg-Hansa and Codan Norway's effective tax rate in 2019 and 2018 represented 22% and 34%, respectively, of profit before tax for the respective periods.

Profit for the Year

Trygg-Hansa and Codan Norway's profit for the year increased by DKK 950 million, or 90.4%, to DKK 2,001 million in 2019 from DKK 1,051 million in 2018. This increase resulted primarily from the factors described above.

Gross Claims Ratio

Trygg-Hansa and Codan Norway's gross claims ratio was unchanged at 63.2% in 2019 and 63.2% in 2018.

The gross claims ratio for Personal Lines decreased to 59.5% in 2019 from 61.9% in 2018. The decrease was primarily related to improvements in home & contents lines of

business in both Sweden and Norway, with Norway recording incremental improvements to its gross claims ratio as a result of its ongoing profitability initiatives.

The gross claims ratio for Commercial Lines increased to 70.6% in 2019 from 65.7% in 2018. The increase was primarily related to foreign exchange movements in both Sweden and Norway. The claims ratio improved in local currency terms, mainly from improvements in property lines of business in both Sweden and Norway.

Gross Expense Ratio

Trygg-Hansa and Codan Norway's gross expense ratio decreased to 14.7% in 2019 from 14.9% in 2018. The decrease related primarily to Trygg-Hansa and Codan Norway's initiatives to lower distribution costs and other cost-reduction programmes. This was the case notwithstanding the fact that 2018 included higher releases from provisions for redundancy reserves from earlier-year restructuring programmes.

Combined ratio

Trygg-Hansa and Codan Norway's combined ratio improved to 78.0% in 2019 from 78.2% in 2018, driven by the factors described above. Improvement was mainly driven by property lines of business in both Sweden and Norway, with continued improvements in the larger Swedish business as well as significant favourable development for Norway in current year claims performance.

15.9 Operating segments

15.9.1 Personal lines

The following table sets forth the results of Trygg-Hansa and Codan Norway's general insurance activities for the years ended 31 December 2019 and 2018 for its Personal Lines operating segment.

	Year Ended 31 December	
	2019	2018
	(DKK millions)	
General Insurance Activities		
Gross premium income	6,677	6,696
Gross claims	(3,970)	(4,145)
Gross operating expenses	(817)	(898)
Profit/loss on gross business	1,890	1,653
Profit/loss from reinsurance	(17)	(11)
Insurance technical interest, net of reinsurance	(9)	(8)
Technical result	**1,864**	**1,634**
Ratios (%)		
Gross claims ratio	59.5	61.9
Net reinsurance ratio	0.3	0.2
Claims ratio, net of ceded business	59.7	62.1
Gross expense ratio	12.2	13.4
Combined Ratio	71.9	75.5

Gross Premium Income

Gross premium income for Personal Lines decreased by DKK 19 million, or 0.3%, to DKK 6,677 million in 2019 from DKK 6,696 million in 2018. The decrease was primarily attributable to foreign exchange movements in both Sweden and Norway. Growth was recorded in constant local currency terms, driven mainly by Swedish motor and personal accident lines of business and partially offset by a decrease in premium income related to the home & contents line of business in Norway.

Technical Result

The technical result for Personal Lines increased by DKK 230 million, or 14.1%, to DKK 1,864 million in 2019 from DKK 1,634 million in 2018. Growth was primarily

attributable to positive developments in Swedish home & contents, Swedish personal accident, and Norwegian home & contents lines of business.

Gross Claims Ratio

The gross claims ratio for Personal Lines decreased to 59.5% in 2019 from 61.9% in 2018. Swedish and Norwegian home & contents lines of business contributed to the decrease in gross claims ratio due to price increases and reduced claims frequencies.

Gross Expense Ratio

The gross expense ratio for Personal Lines decreased to 12.2% in 2019 from 13.4% in 2018. The improvement in the gross expense ratio was primarily attributable to Trygg-Hansa's cost and efficiency initiatives, in particular cost and efficiency initiatives related to outsourcing, digitisation and automation, as well as office consolidation.

Combined ratio

The combined ratio for Personal Lines decreased to 71.9% in 2019 from 75.5% in 2018. This decrease resulted from the factors described above and favourable developments in Swedish and Norwegian home & contents lines of business.

15.9.2 Commercial lines

The following table sets forth the results of Trygg-Hansa and Codan Norway's general insurance activities for the years ended 31 December 2019 and 2018 for its Commercial Lines operating segment.

	Year Ended 31 December	
	2019	2018
	(DKK millions)	
General Insurance Activities		
Gross premium income	3,310	3,341
Gross claims	(2,337)	(2,194)
Gross operating expenses	(650)	(602)
Profit/loss on gross business	323	545
Profit/loss on ceded business	16	(177)
Insurance technical interest, net of reinsurance	(4)	(2)
Technical result	336	366
Ratios (%)		
Gross claims ratio	70.6	65.7
Net reinsurance ratio	(0.5)	5.3
Claims ratio, net of ceded business	70.1	71.0
Gross expense ratio	19.6	18.0
Combined ratio	89.8	89.0

Gross Premium Income

Gross premium income for Commercial Lines decreased by DKK 31 million, or 0.9%, to DKK 3,310 million in 2019 from DKK 3,341 million in 2018. The decrease was primarily attributable to currency movements in both Sweden and Norway. Growth was recorded in local currency terms and mainly driven by premium growth in Commercial motor and property lines of business in Sweden as well as the Commercial property line of business in Norway. This was partly offset by the decrease in premiums attributable to the Norwegian liability line of business in 2019 compared to 2018.

Technical Result

The technical result for Commercial Lines decreased by DKK 30 million, or 8.9%, to DKK 336 million in 2019 from DKK 366 million in 2018. This decrease related primarily to the increase in a decrease in prior year run-off gains, which offset the impact of current year performance improvements in both Sweden and Norway; large losses impacted the

2019 technical result to a lesser degree due to a decrease in large claims compared to 2018.

Gross Claims Ratio

The gross claims ratio for Commercial Lines increased to 70.6% in 2019 from 65.7% in 2018. The increase was primarily related to foreign exchange movements. The claims ratio in constant currency terms decreased mainly from improvements in property lines of business in both Sweden and Norway, with a decrease in large losses. Such improvement was, however, partially offset by a decrease in prior year run-off gains in 2019 compared to 2018.

Gross Expense Ratio

The gross expense ratio for Commercial Lines increased to 19.6% in 2019 from 18.0% in 2018. The increase was primarily attributable to a decrease in redundancy releases in 2019 compared to 2018. Such 2018 redundancy releases were related to the business process outsourcing programme conducted by Trygg-Hansa and Codan Norway in 2017.

Combined ratio

The combined ratio for Commercial Lines increased to 89.8% in 2019 from 89.0% in 2018. This increase related primarily to the factors described above, as well as improvements to property lines of business in both Sweden and Norway.

15.10 Liquidity and capital resources

The principal sources of funds for the operations of Trygg-Hansa and Codan Norway are insurance premiums and investment returns. The legal entities comprising Trygg-Hansa and Codan Norway have also entered into related party and third party debt arrangements to obtain funds for general corporate purposes as well as for specific transaction financing as further detailed in Note 23 (Total payables), Note 24 (Contractual obligations, collateral and contingent liabilities) and Note 27 (Related parties) to the Trygg-Hansa and Codan Norway Audited Combined Financial Statements. Such debt arrangements, including terms and amounts of related party debt, for periods beyond the completion of the Demerger will be determined as part of the work-streams relating to the Separation. Such debt arrangements in the Trygg-Hansa and Codan Norway Audited Combined Financial Statements accordingly may not be representative of Trygg-Hansa and Codan Norway's debt profile after the Demerger as part of the Enlarged Group. The principal uses of the funds that Trygg-Hansa and Codan Norway generate are to pay claims, benefits and related expenses, other operating costs, dividends to shareholders, and principal and interest on debt obligations.

Codan A/S received dividends from the Danish subsidiary Codan Forsikring A/S and paid dividends to Royal International Insurance Holding Limited amounting to DKK 200 million in 2020, DKK 1,200 million in 2019 and DKK 1,650 million in 2018 for the financial year 2017. Codan A/S and its subsidiaries, including Codan Forsikring, are subject to legal restrictions on the amount of dividends that can be paid to shareholders due to minimum capital and solvency requirements imposed by insurance and other regulators in the countries in which Codan A/S and its subsidiaries operate.

The short-term liquidity of Trygg-Hansa and Codan Norway is monitored through ongoing cash management. Long-term cash management is managed and reviewed on an ongoing basis in connection with Asset Liability Management reporting to the management. For more information related to Trygg-Hansa and Codan Norway's investment return, see *"—Investment return*", "*—Market risk*", "*—Key factors affecting results of operations—Investment-related factors*" and "*Risk Factors—Market risk may materially adversely affect the value of the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's investments in their equity portfolios, adversely impact their financial position and results of operations, and result in volatility in their results*."

15.10.1 Cash flows

Trygg-Hansa and Codan Norway generate substantial cash flow from operations. In the insurance industry, "liquidity" generally refers to the ability of a business to generate adequate amounts of cash from its normal operations, including its investment portfolio, in order to meet its financial commitments, which are principally obligations under its insurance policies. The liquidity of Trygg-Hansa and Codan Norway's insurance operations may be affected by (i) funding risks, being the risk that the business may be unable to liquidate assets, secure funding and/or contingency funding arrangements; (ii) foreign currency risks, being the risk that actual and/or potential outflows in a particular currency cannot be met from the available inflows of cash in that currency; and (iii) intra-day risk, being the risk that liquidity requirements may increase during the course of a business day due to delays in settlement proceeds being received and/or problems with banking or other settlement systems. Future catastrophic events, the timing and effect of which are inherently unpredictable, may also create increased liquidity requirements for its general insurance operations.

Operations generate cash flow as a result of the receipt of premiums in advance of the time when claim payments are required. The liquidity requirements of insurance operations are met on both short-term and long-term bases by funds provided by insurance premiums collected, income from investment assets and collected reinsurance receivables, and from the sale and maturity of investments.

Trygg-Hansa and Codan Norway use derivative financial instruments as a risk management tool and to enhance the efficiency of its portfolio management. Derivative financial instruments are reported from the trading date and are measured in the statement of financial position at fair value. Derivative fair values are generally based upon quoted market prices. Positive fair values of derivatives are recognised as assets under derivative financial instruments. Negative fair values of derivatives are recognised as liabilities under derivative financial instruments. Positive and negative values are only offset when Trygg-Hansa and Codan Norway is entitled or intends to make net settlement of more financial instruments.

Historical Cash Flow

The table below has been extracted from the Trygg-Hansa and Codan Norway Audited Combined Financial Statements and shows Trygg-Hansa and Codan Norway's cash flows for the years ended 31 December 2020, 2019 and 2018. Trygg-Hansa and Codan Norway have not constituted a stand-alone group of legal entities during the periods under review or as of the date of this Prospectus. The Trygg-Hansa and Codan Norway Audited Combined Financial Statements have been prepared for illustrative purposes only and address a hypothetical situation; they therefore do not necessarily reflect the actual cash flows of Trygg-Hansa and Codan Norway that would have been realised had Trygg-Hansa and Codan Norway been a separate entity during the periods under review nor the future results of Trygg-Hansa and Codan Norway as it will exist upon completion of the Demerger.

Codan Forsikring A/S uses a centralised approach to cash management and financing its operations. Cash balances have been allocated to Trygg-Hansa and Codan Norway applying management's judgements based on geography.

	Year Ended 31 December		
	2020	2019	2018
	(DKK millions)		
Cash from operating activities			
Premiums	9,842	10,038	10,048
Change in insurance debtors	249	78	(378)
Claims	(6,598)	(6,789)	(6,608)
Change in insurance payables	(100)	15	5
Ceded business	(92)	(32)	(109)
Change in reinsurance receivables/payables	(18)	19	(51)
Costs	(1,559)	(1,475)	(1,517)
Depreciation and amortisation	122	128	40
Change in other payables and other amounts receivable	161	(181)	128
Change in amounts owed to/from Group entities	842	245	462
Cash flow from insurance activities	**2,849**	**2,046**	**2,020**
Interest income	603	668	718
Interest expense	(204)	(176)	(182)
Dividend received	550	50	400
Taxes	(453)	(272)	(465)
Total cash flow from operating activities	**3,345**	**2,316**	**2,491**
Investment			
Purchase and refurbishment of property	(8)	(5)	—
Purchase/sale of equity investments and unit trust	(188)	(2)	(100)
Purchase/sale of bonds	(433)	(1,396)	(191)
Other loans and other investment assets	(127)	(539)	31
Purchase/sale of operating equipment	(5)	(3)	(1)
Acquisition of intangible assets	(131)	(134)	(86)
Total investments	**(891)**	**(2,078)**	**(347)**
Financing			
Dividend paid	(200)	(1,392)	(1,650)
Lease payments	(75)	(77)	—
Changes in loans from Group Companies	(1,500)	—	—
Change in amounts owed to credit institutions	(481)	889	(748)
Total financing	**(2,256)**	**(580)**	**(2,398)**
Change in cash and cash equivalents, net	**197**	**(343)**	**(254)**
Exchange rate adjustments	—	—	—
Change in cash and cash equivalents, gross	**197**	**(342)**	**(255)**
Cash and cash equivalents at 1 January	332	675	929
Cash and cash equivalents at 31 December	**529**	**332**	**675**

Total Cash Flow from Operating Activities

Total cash flow from operating activities consists primarily of receipts in the form of premiums and interest income and payments in the form of claim settlement costs, purchase of reinsurance, administrative expenses and taxes.

Total cash flow from operating activities was DKK 3,345 million in 2020 compared to DKK 2,316 million in 2019 and DKK 2,491 million in 2018. The decrease in total cash outflow from financing activities from 2019 to 2020 was primarily attributable to settlement of intercompany balances with Codan Forsikring and the increase in the receipt of dividends from Codan Forsikring Denmark in 2020 compared to 2019. In 2020, premium payments decreased by DKK 196 million compared to 2019 while claims decreased by DKK 191 million compared to 2019

The decrease from 2018 to 2019 was primarily attributable to a DKK 350 million decrease in dividends owed to/from Group entities. Taxes decreased by DKK 193 million in 2019 resulting from a refund from the prior year.

Total Investments

Total investments consist mainly of payments and disbursements in connection with Trygg-Hansa and Codan Norway's bond and equity portfolio and the investment in intangible assets.

Trygg-Hansa and Codan Norway recorded cash outflows from total investments of DKK 891 million in 2020 compared to cash outflows of DKK 2,078 million in 2019 and cash outflows of DKK 347 million in 2018. Total cash outflow from investment activities in 2020 were primarily comprised of purchases and sales of bond and equities and investments in IT systems. In 2019, total cash outflow from investment activities were primarily comprised of investments in bonds. Total cash outflow from investment activities in 2018 were primarily relating to purchases and sales of bond and equities.

Total financing

Total financing consists mainly of dividend payments, repayment of loans to group companies, lease payments and disbursements related to external debt financing, including repurchase transactions. Total cash outflow from financing activities was DKK 2,256 million in 2020 compared to DKK 580 million in 2019 and DKK 2,398 million in 2018. The increase in total cash outflow from financing activities from 2019 to 2020 was driven by a negative repurchase position compared to 2019 and settlement of intercompany loans as part of the continued capital optimisation process following the United Kingdom’s exit from the European Union notwithstanding the increase in the receipt of dividends from Codan Forsikring Denmark in 2020 compared to 2019. Trygg-Hansa and Codan Norway recorded changes in amounts owed to credit institutions of positive DKK 889 million and negative DKK 748 million for 2019 and 2018 respectively, also reflecting changes to its repurchase position.

15.10.2 Capital expenditure

Trygg-Hansa and Codan Norway incurred capital expenditures during the periods under review, primarily relating to IT development projects, including upgrades and improvements in data infrastructure and digital services. The amounts of such expenditures are set out under the columns "Additions" in Notes 11 (Intangible Assets) and 12 (Property, Plant and Equipment) of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements. Trygg-Hansa and Codan Norway expect continued similar expenditures in these areas in relation to its ongoing implementation of the profitability and efficiency initiatives described elsewhere in this Operating and Financial Review under the heading "*Key Factors Affecting Results of Operations—Profitability and Efficiency Initiatives"*.

15.10.3 Capital resources

Regulatory solvency requirements are generally only applicable to groups or stand-alone legal entities and not business units. During the period under review, and as of the date of this Prospectus, Trygg-Hansa and Codan Norway were not a stand-alone group of legal entities and as such did not and do not have a specific solvency requirement applying to them. Codan A/S and its subsidiaries were and are subject to such solvency requirements and the discussion below relates to these legal entities.

As part of the Separation planning, it is anticipated that Trygg-Hansa and Codan Norway will not be a stand-alone group of legal entities and will be merged into the Tryg Group's overall organisational structure. Hence it is envisaged that there will be no specific solvency requirement applying to Trygg-Hansa and Codan Norway, but they will be subject to the overall solvency requirements applying to the Tryg Group and its insurance subsidiaries. See "*Operating and Financial Review of the Tryg Group—Liquidity and capital resources—Solvency*" for a discussion of the Tryg Group's solvency requirements.

The maintenance of a strong capital position is critical to an insurance company's ability to conduct business. The objective during the periods under review has been to maintain sufficient capital, which is achieved by optimising the balance between return and risk, whilst maintaining both regulatory and economic capital in accordance with risk appetite.

Capital management's role and responsibility is to govern, monitor and oversee capital resources ensuring that these are within the relevant risk appetite and meet appropriate regulatory/accounting rules and guidelines. This includes the calculation, estimation and forecasting of capital resources and SCRs such as available and eligible own funds. Capital and solvency are managed through a governance framework including methodology validation, monitoring and reporting processes. The assessments of how much risk to assume and how much capital to hold are inextricably linked.

Solvency

Regulatory solvency requirements are generally only applicable to groups or solo legal entities and not individual business units. During the period under review, Trygg-Hansa and Codan Norway were not a stand-alone group of legal entities and as such were not subject to solvency requirements. Codan A/S and its subsidiaries were subject to such solvency requirements and the discussion below relates to these legal entities.

Codan A/S is subject to the rules governing intermediate insurance holding companies and bases its capital management approach on these rules. The rules stipulate that as of 1 January 2016 when Solvency II became effective, SCRs and own funds do not apply for intermediate insurance holding companies when the ultimate parent is based in the European Union. As of 1 January 2021, following the end of the Brexit transitional arrangements, RSA Insurance Group plc was replaced by Codan A/S as the ultimate parent undertaking for the RSA Scandinavia legal entities in the EU.

To ensure entities within RSA Scandinavia are adequately capitalised, the boards of directors of Codan A/S and its subsidiaries have defined capital measures which are regularly monitored. Under Solvency II, a regulated entity may apply for approval to use an internal model to calculate its regulatory SCR provided that independent validation processes are established and used to ensure that the internal model is fit for purpose and achieves its objectives as defined by the business. The RSA Group's internal model was approved by the UK PRA in December 2015 and covers the Codan Forsikring and Privatsikring businesses.

In June 2019, the RSA Group, in collaboration with Codan Forsikring, made an application to the College of Supervisors to implement major model changes to its Internal Model. This application was approved in December 2019. A similar application was made in June 2020 and approval for the 2020 major model changes was provided in December 2020. In preparation for Brexit, an application was made to the DFSA for approval to use the RSA Group Internal Model as a separate Codan Forsikring A/S Internal Model. This approval was provided in November 2019. In 2020, the DFSA, following further application, approved the Codan Forsikring Internal Model to also cover the calculation of the Codan A/S Group SCR and incorporate the RSA Group 2019 and 2020 major model changes into these local models.

For capital management purposes, the Internal Model is used to assess and calculate SCRs and scenarios. The Internal Model is used to calculate the SCR and for performance review purposes capital allocations are derived from the model. The Internal Model is further used for assessing impact of major strategic decisions and updates to the operational plan. The Internal Model is tailored to Codan Forsikring and its subsidiaries and is continuously developed, which includes an annual re-parameterization. The Internal Model is a cash flow-based stochastic model, which models underwriting risk, reserving risk, catastrophe risk, counterparty risk, investment risk and operational risk. As well as being used to calculate the SCR, the Internal Model is also used to allocate capital to individual lines of business, help assess reinsurance purchases and evaluate the impact of strategic decisions.

Codan A/S and its subsidiaries have been adequately capitalised during the periods under review.

Codan Forsikring's solvency coverage (eligible own funds divided by SCR) was 171% during the 2020 reporting period. The key driver of the increase in the coverage ratio was the increase in own funds due to profit for the year partly offset by a dividend payment. The SCR increased from DKK 4,473 million at year-end 2018 to DKK 4,871 million at

year-end 2019 to DKK 5,233 million at year-end 2020.The main driver of this change is a strengthening of the calibration of underwriting and reserving risk. In addition, there has been a slight increase in market risk following the inclusion of spread risk between asset and liabilities.

As of 1 January 2016, there is no regulatory required SCR at a Codan level since Codan A/S is an intermediate insurance holding company. As of 1 January 2021, following the end of the Brexit transitional arrangements, the pro forma SCR for the Codan Group was 158%.

Codan Forsikring annually conducts an ORSA based on Solvency II principles. The ORSA requires that Codan Forsikring assesses all material risks that it is or may be exposed to and assess whether the SCR is reasonable and reflects and its actual risk profile. The ORSA consists of a range of specific activities and decisions carried out at different times of the year as part of an annual cycle, supplemented as necessary by ad hoc assessments of the impact of external events and developments and of internal business proposals. The information contained in those papers and the associated decisions taken are summarised in an annual ORSA report. In addition, outputs of the internal model are used by the ORSA Committee as an integral part of its decision making, to setting the risk appetite, adjusting investment exposure and hedges, reinsurance strategy, insurance portfolio risk assessment, and key strategic decisions such as disposals.

Solvency II SCR

The SCR is the amount of funds that insurance and reinsurance companies are required to hold under the Solvency II regulation in order to have a 99.5% confidence they could survive the most extreme expected losses over the course of a year. Within the Internal Model adopted by Codan A/S and Codan Forsikring, with run-off on existing obligations and new business for one year, the SCR is calculated as the capital required to withstand a worst-case scenario, defined as a once in every 200-year occurrence.

Codan A/S and its insurance subsidiaries calculate and monitor solvency across a variety of measures. Capital measures include accounting equity, own funds, and SCRs as set out in the DFSA's regulation and the Solvency II regulation. The SCR is calculated using the Internal Model for the Danish insurance subsidiaries, and are validated by, for example, sensitivity testing and stress & scenario testing. For the Swedish insurance subsidiary, Holmia Livförsäkring AB, the SCR is calculated using the standard formula. Privatsikring has also calculated its SCR using the standard formula since January 2021.

Own Risk and Solvency Assessment

Codan Forsikring annually conducts an ORSA based on Solvency II principles. The ORSA requires that Codan Forsikring assesses all material risks that it is or may be exposed to and assess whether the SCR is reasonable and reflects its actual risk profile. The ORSA consists of a range of specific activities and decisions carried out at different times of the year as part of an annual cycle, supplemented as necessary by ad hoc assessments of the impact of internal business proposals, external events and developments. Such information and the associated decisions taken are summarised in an annual ORSA report. In addition, outputs of the internal model are used by the ORSA Committee and the Supervisory Board as an integral part of its decision making, including in relation to setting Codan Forsikring's risk appetite, adjusting investment exposure and hedges, reinsurance strategy, insurance portfolio risk assessment, and key strategic decisions such as disposals.

15.11 Investment return

Trygg-Hansa and Codan Norway's investments consist of financial assets, primarily bonds, as well as equity investments in associates. Trygg-Hansa and Codan Norway use an investment strategy in order to minimise interest rate risk between assets and technical reserves. The shares of government or government-secured and mortgage bonds are therefore relatively high and account for 27% and 57%, respectively of the bond portfolio as of 31 December 2020. Trygg-Hansa and Codan Norway receive investment interest income and dividends. With the exception of equity investments in real estate investment

trusts (REITs), most of its foreign currency investments are hedged to their functional currency. Foreign exchange movements regarding investment assets had a negative impact on the investment result amounting to DKK 113 million in 2020.

Trygg-Hansa and Codan Norway's investment return decreased to negative DKK 111 million for 2020 from an investment return of DKK 931 million for 2019. The total investment return for 2020 was primarily related to a DKK 451 million decrease in the value of equity investments, in particular REITs. Trygg-Hansa and Codan Norway also recorded a decrease of DKK 52 million in interest income and dividends due to lower bond yields and a reduction in income from the REIT portfolio. Losses in the bond portfolio were primarily due to foreign exchange movements and increases in yields and were partially offset by gains on foreign exchange hedges.

The table below presents the Trygg-Hansa and Codan Norway's financial asset allocation as of 31 December 2020, 2019 and 2018.

	31 December					
	2020		2019		2018	
	(DKK millions)	(%)	(DKK millions)	(%)	((DKK millions)	(%)
Equity investments[1]	1,329	5.1	1,684	7.0	1,449	6.4
Unit trust	701	2.7	540	2.2	471	2.1
Bonds	22,941	88.7	21,396	88.6	20,724	91.0
Other lending	576	2.2	504	2.1	0.0	0.0
Derivative financial instruments	268	1.0	11	0.1	91	0.4
Total other financial investment assets	**25,815**	**99.9**	**24,135**	**99.9**	**22,735**	**99.9**
Total investment assets	**25,851**	**100**	**24,162**	**100**	**22,761**	**100**

(1) Trygg-Hansa and Codan Norway's equity position is largely comprised real estate investment trusts ("**REITs**")

Equity investments and unit trust

Trygg-Hansa and Codan Norway's equity investments and unit trust amounted to DKK 2,030 million at 31 December 2020 (2019: DKK 2,224 million), equal to 7.8% (2019: 9.2%) of its total investment portfolio. Trygg-Hansa and Codan Norway's equity position is largely comprised of REITs. In addition, Trygg-Hansa and Codan Norway has limited partner investments in unit trust investing in commercial real estate debt and private loans to middle-market companies in Europe. Trygg-Hansa and Codan Norway's equity investments and unit trust generated a negative return of DKK 462 million in 2020 (2019: positive return of DKK 363 million).

Bonds

Trygg-Hansa and Codan Norway's bond portfolio amounted to DKK 22,941 million at 31 December 2020 (2019: DKK 21,396 million), with average duration of approximately 6.7 years (2019: 5.6 years). As of 31 December 2020, Trygg-Hansa and Codan Norway's bond portfolio represented 88.7% (2019: 88.6%) of its total investment portfolio and consisted primarily of AAA-rated government and mortgage bonds. See "*Qualitative and quantitative disclosure about principal risks—Market risk—Credit risk"* for further detail on Trygg-Hansa and Codan Norway's bond portfolio based on S&P ratings.

15.12 Contractual Obligations and Commercial Commitments

All of Trygg-Hansa and Codan Norway's contractual obligations fall due within five years, and substantially all such obligations are due within three years. See "*—Qualitative and quantitative disclosure about principal risks—Market risks"* for additional information regarding Trygg-Hansa and Codan Norway's exposure with respect to fixed income assets and various liabilities and the effect such obligations and commitments are expected to have on liquidity and cash flow in future periods, as of 31 December 2020.

15.13 Off-balance sheet arrangements

Trygg-Hansa and Codan Norway has no off-balance sheet arrangements, other than those described above under "*—Contractual obligations and commercial commitments*".

15.14 Pensions

Trygg-Hansa and Codan Norway provide pension schemes for their employees according to applicable collective agreements (for Trygg-Hansa the FTP1 (defined contribution) and FTP2 (defined benefit) pension plans). Under the defined contribution schemes, Trygg-Hansa and Codan Norway pay fixed contributions into a fund/insurance and will have no legal or constructive obligation to pay further contributions. Separate individual defined contribution pension benefits are offered to some of the Trygg-Hansa executive management team members. No supplementary pensions are operated for the members of the administrative or supervisory body and other Key Governance Function holders.

Trygg-Hansa and Codan Norway's obligations in respect of defined benefit plans relate partly to pension schemes that have been closed to new entrants and constitute obligations towards employees in the Swedish and Norwegian branches. The Swedish branch is part of the collective FTP plan, a multi-employer pension plan along with other financial institutions in Sweden. The FTP2 plan is a defined benefit plan and is insured with FPK. As it is not possible to determine the assets and liabilities in respect of any one employer under the FTP plan, it is included in the accounts of Trygg-Hansa and Codan Norway as a defined contribution plan. At 31 December 2020, the total pension obligation for defined contribution plans amounted to DKK 1 million (2019: DKK 8 million) which represented 0.003% of the value of Trygg-Hansa and Codan Norway's total balance sheet (2019: 0.03%).

For more information on Trygg-Hansa and Codan Norway's pensions and similar obligations, see Note 19 to the Trygg-Hansa and Codan Norway Audited Combined Financial Statements.

15.15 Qualitative and quantitative disclosure about principal risks

Trygg-Hansa and Codan Norway's risk management involves the assessment of a large number of risks affecting its activities, including market risk, investment risk, credit risk and operation risk, details of which are discussed below.

15.15.1 Insurance risk

Insurance Risk is the risk relating to unexpected or unplanned losses entering into contracts of insurance. To facilitate identification and control, Insurance Risk is divided into Underwriting Risk, Reserving Risk, Catastrophe Risk and Reinsurance Risk.

- **Underwriting Risk** covers the (non-catastrophe) risks of unexpected or unplanned losses arising from acceptance of risk that deviates from target risk mix or portfolio strategy, inaccurate pricing or inadequate control over risk accumulation.
- **Catastrophe Risk** covers the risk of unexpected or unplanned losses arising from natural catastrophe events this can arise from bad experiences, ineffective exposure control, poor risk selection or failure to underwrite or handle claims effectively due to management inefficiencies or process deficiencies.
- **Reserving Risk** covers the risks that claims provisions at the valuation date are not enough to cover claims which occur prior to the evaluation date. This can arise from adverse experience, third party interventions, unanticipated market conditions, failure to handle claims effectively due to management information or process deficiencies and ineffective technical reserving.
- **Reinsurance Risk** covers the risk of unexpected or unplanned losses arising from the reinsurance protection that deviates from the reinsurance strategy.

The underwriting policy applicable to Trygg-Hansa and Codan Norway's businesses determines the risk pursuant to guidelines that clearly describe the risk appetite per insurance class and specify the maximum acceptable limits allocated to the various risks that have been evaluated, priced and accepted by underwriters. Trygg-Hansa and Codan Norway's businesses build on underwriting capability as one of the key drivers of sustainable, profitable performance. To support the sound implementation of the underwriting policy, an underwriting framework outlines the classes and nature of the insurance risks which the business is willing to underwrite, how these are to be priced and the levels of capital that are acceptable to put at risk. The focus of the underwriting function is to ensure that premiums charged are sufficient to cover the cost of claims and expenses and provide a suitable margin for delivering a sustainable return for shareholders.

Trygg-Hansa and Codan Norway place major focus on risk selection and risk quality and take a disciplined approach to pricing in order to meet these objectives. A majority of the customers are offered a premium which is set according to tariffs and risk factors calculated by pricing actuaries. For major commercial customers, premiums are based on the respective operations and performance history. The authority exercised by the respective underwriters is controlled by a personal underwriting licence based on underwriter's capabilities.

Trygg-Hansa and Codan Norway place great emphasis on portfolio management to provide overview to their front-line underwriting activities and ensure that a clear strategy is defined for each class of business and at an aggregate level across the portfolio. Each portfolio manager/product director reviews and communicates an annual Portfolio Strategy Statement. It outlines the direction of the portfolio, establishes a clear underwriting risk appetite and sets clear financial targets for the coming year. As part of Trygg-Hansa and Codan Norway's Risk Management Framework, the portfolio manager/product director makes assessments against a standard set of key performance indicators on a quarterly basis. These are reported by the underwriting function in an effort to monitor portfolio performance, identify areas of interest and plan risk mitigation actions.

The businesses' ability to underwrite a diversified portfolio of business is another key control in relation to insurance risk. An annual operational business plan is adopted by each business. This plan lays out the operating targets for each line of business, insurance classes within which insurance may be underwritten and in which geographical areas and sectors Trygg-Hansa and Codan Norway are willing to underwrite insurance risks. The plan also stipulates quantitative maximum limits of exposure in various risk areas. The business plan is implemented in the organisation via Portfolio Strategy Statements and underwriting guidelines issued to underwriters.

15.15.1.1 Insurance risk concentrations

Risk limitation is also conducted through reinsurance. The insurance business is by nature exposed to major fluctuations. By ceding business to reinsurers, the consequences of very large claims can be limited, and the size of exposures can thus be managed and Trygg-Hansa and Codan Norway's equity protected. The costs of Trygg-Hansa and Codan Norway's subsidiaries per claim event, their net retention and the upper limit to which the reinsurance protection covers costs per claim event vary from product to product. The amount of net retention is decided by management and is reviewed annually to ensure that it is acceptable.

The insurance risks of Trygg-Hansa and Codan Norway are geographically located in Sweden and Norway where the majority of the premium income is derived. A structured reinsurance programme is in place to mitigate the subsidiaries' exposure to underwriting risk and protect the subsidiaries against large losses on individual risks as well as catastrophe events such as weather-related events. Trygg-Hansa and Codan Norway's subsidiaries are included in the overall reinsurance programme.

15.15.2 Market risk

Market Risk is the risk that volatility of financial markets, including fluctuations in interest rates, equity markets and currency exchange rates and/or macroeconomic factors impact its results of operations and financial condition. Trygg-Hansa and Codan Norway apply a Market Risk Policy and a Liquidity Risk Policy that set out the minimum requirements for the identification, measurement, monitoring and reporting of Market and Liquidity Risk for its investment portfolio. A set of key risk indicators in the form of an Investment Limits framework has been developed alongside the investment policy—the policy refers to this for investment risk management and reporting purposes.

Interest rate risk

Interest rate risk arises primarily from investments in long-term debt and fixed income securities and their movement relative to the value placed on insurance liabilities. This impacts both the fair value and amount of variable returns on existing assets as well as the cost of acquiring new fixed maturity investments.

Currency risk

Currency risk may arise as a result of a mismatch in the value of assets and liabilities in the same foreign currency. If currency exposure is outside certain defined limits, it is minimised through currency derivatives. Trygg-Hansa and Codan Norway is exposed to currency risk through foreign branches which it mitigates through the use of foreign exchange forward contracts.

The table below shows the sensitivity of financial assets and liabilities to different external market events, as at 31 December 2020, 2019 and 2018.

Sensitivity analysis

	Increase/(Decrease)		
	2020	2019	2018
	(DKK millions)		
Interest rate markets—Effect of 1% increase in interest curve			
Impact on of interest-bearing securities	(1,470)	(1,380)	(1,291)
Higher discounting of claims provisions	1,294	1,240	1,249
Net effect of interest rate rise	(176)	(140)	(42)
Equity markets			
15% decline in equity markets	199	268	221
Impact of derivatives and related thereto	—	—	—
Real estate markets			
Currency markets			
Equity:			
15% decline in exposed currencies (exclusive of EUR) relative to Danish DKK	46	157	139
Impact of derivatives	—	64	55
Net impact of exchange rate decline	—	93	84
Technical Result per year:			
Impact of 15% change in NOK and SEK exchange rates relative to DKK	774	664	628

Liquidity risk

Liquidity risk refers to the risk of loss to Trygg-Hansa and Codan Norway as a result of assets not being available in a form that can immediately be converted into cash, and therefore the consequence of not being able to pay its obligations when due. Trygg-Hansa and Codan Norway's short-term liquidity is monitored through ongoing cash management. Long-term cash management is handled through Asset Liability Management (ALM).

The table below shows Trygg-Hansa and Codan Norway's exposure with respect to fixed income assets and various liabilities.

DKK millions	<1yr	1 – 5yrs	5 – 10yrs	10 – 20yrs	>20yrs	Total
2020						
Bonds	2,475	8,025	5,644	6,333	464	22,941
Institutions, call deposits etc	529	—	279	297	—	1,105
Other	50	—	39	179	—	268
Receivables from Group entities	502	—	—	—	—	502
Financial assets	**3,556**	**8,025**	**5,962**	**6,809**	**464**	**24,816**
Amounts owed to Group entities	5,126	—	—	—	—	5,126
Debt to credit institutions	408	—	—	—	—	408
Lease payables	70	149	2	—	—	221
Financial liabilities	**5,604**	149	2	—	—	**5,755**
2019						
Bonds	4,785	6,738	4,597	4,818	458	21,396
Institutions, call deposits etc	332	—	280	224	—	836
Other	2	2	(1)	—	8	11
Receivables from Group entities	1,431	—	—	—	—	1,431
Financial assets	**6,550**	**6,740**	**4,876**	**5,042**	**466**	**23,674**
Amounts owed to Group entities	6,712	—	—	—	—	6,712
Debt to credit institutions	889	—	—	—	—	889
Lease payables	72	190	10	—	—	272
Financial liabilities	**7,673**	**190**	10	—	—	**7,873**
2018						
Bonds	1,887	9,518	3,721	4,247	1,352	20,725
Deposits with credit institutions, call deposits etc	675	—	—	—	—	675
Other	—	1	37	18	35	91
Receivables from Group entities	1,339	—	—	—	—	1,339
Financial assets	**3,901**	**9,519**	**3,758**	**4,265**	**1,387**	**22,830**
Amounts owed to Group entities	6,376	—	—	—	—	6,376
Debt to credit institutions	—	—	—	—	—	—
Lease payables	—	—	—	—	—	—
Financial liabilities	**6,376**	—	—	—	—	**6,376**

15.15.3 Credit risk

Credit risk is the risk that a counterparty fails to live up to financial obligations towards Trygg-Hansa and Codan Norway. Trygg-Hansa and Codan Norway is exposed to credit risk in respect of its reinsurance contracts; insurance operations (where counterparties include brokers, policy holders and suppliers); and investments (where counterparties include governments and corporate bond issuers).

Trygg-Hansa and Codan Norway's investment portfolio primarily consists of AAA-rated government and mortgage bonds. The credit quality of Trygg-Hansa and Codan Norway's bond portfolio based on S&P ratings is shown in the following table:

DKK millions	Year Ended 31 December 2020	2019	2018
		DKK millions	
Rating			
AAA	17,994	18,209	17,701
AA	3,240	2,417	2,289
A	1,093	536	442
BBB	614	235	293
	22,941	**21,397**	**20,725**

The table below provides the maximum exposure to credit risk associated with Trygg-Hansa and Codan Norway's investments.

DKK millions	Year Ended 31 December 2020	2019	2018
Maximum credit risk			
Bonds	22,941	21,396	20,724
Deposits with credit Iinstitutions, call deposits etc	1,105	836	675
Other	268	11	91
Deposits with ceding undertakings	1	1	1
Reinsurers' share of provision for claims	320	321	307
Receivables from policyholders	206	436	393
Receivables from brokers	4	22	143
Receivables from insurance companies	50	52	74
Receivables from Group entities	502	1,431	1,339
Other receivables	94	107	56
Current tax assets	171	12	260
Accrued interest and rent	276	273	298
Maximum credit risk	**25,938**	**24,898**	**24,361**

15.15.4 Operational risk

Operational Risk is the risk of failures in internal procedures, IT systems, process errors, internal and external fraud, and other risks affiliated with operations that are not covered by the financial risks and strategic risks. Operational risk exists in almost every aspect of business within Trygg-Hansa and Codan Norway, and the effective management of operational risk plays a significant role in enabling the business to meet its strategic objectives. The risk management policy documents both the policy requirements for the identification, measurement, management, monitoring and reporting of operational risk, as well as setting out the processes and procedures for the effective operation of the risk management system. The Risk Management System sets out Trygg-Hansa and Codan Norway's approach to minimising and/or preventing the risk of material loss, reputational damage or liability arising from the failure to comply with risk requirements with a particular focus on operational risk.

For more information on risk management and other risk areas, see "*Risk Management*" and Note 2 of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements as at and for the years ended 31 December 2020, 2019 and 2018 included elsewhere in this Prospectus.

15.16 Related party transactions

See "*Related Party Transactions of RSA Scandinavia*" for information regarding related party transactions entered into by Trygg-Hansa and Codan Norway during the financial years ended 31 December 2020, 2019 and 2018 and during the period from 31 December 2020 up to the date of this Prospectus. See also Note 27 of the Trygg-Hansa and Codan Norway Audited Combined Financial Statements for additional information regarding Trygg-Hansa and Codan Norway's related party transactions, including, principally, remuneration and loans from group companies.

16. UNAUDITED PRO FORMA FINANCIAL INFORMATION

16.1 Introduction

The Unaudited Pro Forma Financial Information comprises an unaudited pro forma consolidated statement of income for the financial year ended 31 December 2020 and an unaudited pro forma consolidated statement of financial position as at 31 December 2020 to give effect to the Transaction as if the Acquisition and the Separation had both been carried out as at 1 January 2020 in respect of the unaudited pro forma consolidated statement of income and as at 31 December 2020 in respect of the unaudited pro forma consolidated statement of financial position. The Unaudited Pro Forma Financial Information is unaudited and prepared on the basis of the stated criteria and in accordance with the accounting policies as described in the Tryg Group's audited consolidated financial statements prepared in accordance with IFRS for the financial year ended 31 December 2020.

The Unaudited Pro Forma Financial Information in this Prospectus is presented for illustrative purposes only and is not necessarily indicative of what the Enlarged Group's actual financial position or results of operations would have been had the Transaction been completed on the dates indicated above.

The Unaudited Pro Forma Financial Information has not been compiled in accordance with Article 11 of Regulation S-X under the U.S. Securities Act or the guidelines established by the American Institute of Certified Public Accountants.

16.2 Overview of the Transaction

As further described in "*Details of the Proposed Transaction*", on 18 November 2020, Tryg announced that it had agreed to the terms of a proposed transaction with Intact, Intact Bidco (a wholly-owned subsidiary of Intact) and RSA pursuant to which the intention is for:

- Intact Bidco to acquire the entire issued and to be issued share capital of RSA in accordance with the UK Takeover Code (the Acquisition);
- RSA Scandinavia to be separated from the RSA Group (the Scandinavia Carve-Out) upon completion of the Acquisition; and
- following Completion and the Scandinavia Carve-Out, a full demerger of Codan Forsikring A/S to take place pursuant to which the Swedish and Norwegian businesses of RSA Scandinavia (being Trygg-Hansa and Codan Norway) would be demerged into Tryg Forsikring A/S, and the Danish business of RSA Scandinavia (being Codan Denmark) would be demerged into Chopin NewCo A/S (a Danish wholly-owned limited liability subsidiary of ScandiJVCo) (NewCo) resulting in the Danish business of RSA Scandinavia (being Codan Denmark) being co-owned by Intact and Tryg on a 50/50 economic basis.

The Acquisition and the Scandinavia Carve-Out are expected to complete during the second quarter of 2021 with the Demerger expected to be finalised during the first quarter of 2022. Completion of the Transaction is subject to the conditions more fully described in "*Details of the Proposed Transaction*", including the receipt of relevant regulatory and competition approvals.

The entering into of the agreements related to the Transaction, as further described in "*Details of the Proposed Transaction*" and "*Material Contracts—Material contracts in connection with the Transaction*", constitutes a significant financial commitment (as that term is defined in the Delegated Prospectus Regulation) for Tryg. Therefore, in this Prospectus Tryg also presents unaudited condensed combined pro forma financial information to give effect to the Transaction as if the Acquisition and the Separation had both been carried out as at 1 January 2020 in respect of the unaudited pro forma consolidated statement of income and as at 31 December 2020 in respect of the unaudited pro forma consolidated statement of financial position.

16.3 Statement by the Supervisory Board and the Executive Board of Tryg on the Unaudited Pro Forma Financial Information

In sections "*Unaudited Pro Forma Financial Information—Unaudited pro forma income statement relating to the Enlarged Group for the financial year ended 31 December 2020*" and "*Unaudited Pro Forma Financial Information—Unaudited pro forma balance sheet relating to the Enlarged Group for the financial year ended 31 December 2020*", the Supervisory Board and the Executive Board presents the unaudited pro forma condensed combined financial information prepared on the basis of the below adjustments and assumptions to illustrate the impact of the Transaction set out in "*Details of the Proposed Transaction*" on the Tryg Group's consolidated statement of income for the financial year ended 31 December 2020 and on its consolidated statement of financial position as at 31 December 2020 as if the Transaction had taken place at 1 January 2020 and 31 December 2020, respectively. The Unaudited Pro Forma Financial Information presented in this Prospectus is unaudited and has been prepared solely for use in this Prospectus in accordance with the Delegated Prospectus Regulation and is not to be used for any other purposes.

The Unaudited Pro Forma Financial Information was prepared on the basis of the stated criteria described in section "*Unaudited pro forma financial information—Basis of preparation*" and in accordance with the accounting policies as described in Tryg's audited consolidated financial statements prepared in accordance with IFRS for the financial year ended on 31 December 2020 as incorporated by reference herein. See "*Additional Information—Information incorporated by reference*".

The Supervisory Board and the Executive Board believe that the Unaudited Pro Forma Financial Information presented in this Prospectus has been properly compiled and that it has been presented in all material respects on the basis of the stated criteria and in accordance with accounting policies as described in Tryg's annual report for the financial year ended on 31 December 2020.

It should be noted that the Unaudited Pro Forma Financial Information solely reflects an illustrative calculation of the matters set out. Actual future financial statements may differ materially from this information.

Ballerup, 1 March 2021

Supervisory Board

Jukka Pekka Pertola *Chairman*	Torben Henning Nielsen *Deputy Chairman*	Gunnar Elias Bakk *Board member*
Charlotte Dietzer *Board member*	Ida Sofie Jensen *Board member*	Lene Skole-Sørensen *Board member*
Mari Thjømøe *Board member*	Claus Wistoft *Board member*	Karen Bladt *Board member*
Gert Ove Mikkelsen *Board member*	Tina Snejbjerg *Board member*	Carl-Viggo Johannes Östlund *Board member*

Executive Board

Morten Marc Hübbe *Group CEO*	Barbara Plucnar Jensen *Group CFO*	Lars Ulrik Bonde *Group COO*

Johan Kirstein Brammer
Group CCO

16.4 Independent auditor's report on the compilation of pro forma financial information included in the prospectus

To the shareholders and potential investors

We have been assigned to report on whether the pro forma financial information for the Enlarged Group presented in "*Unaudited Pro Forma Financial Information*" in this Prospectus has been properly compiled on the basis of the applicable criteria and in accordance with the accounting policies as described in Tryg Group's audited consolidated financial statements for the financial year ended 31 December 2020. The applicable criteria to be applied in the compilation is set out in the Delegated Prospectus Regulation, Annex 1, "Registration Document for Equity Securities" Section 18.4 "Pro forma financial information" and Annex 20, "Pro forma information" (the "**Pro Forma Regulation**").

The pro forma financial information is set out in the "*Unaudited Pro Forma Financial Information*" section of this Prospectus. The applicable criteria on the basis of which Tryg has compiled the pro forma financial information are described in "*Unaudited Pro Forma Financial Information—Basis of presentation*".

The pro forma financial information has been compiled by the management of Tryg to illustrate the impact of the Transaction set out in "*Details of the Proposed Transaction*" on the Tryg Group's consolidated statement of income for the financial year ended 31 December 2020 and on its consolidated statement of financial position as at 31 December 2020 as if the Transaction had taken place at 1 January 2020 and 31 December 2020, respectively. We express reasonable assurance in our conclusion.

In this engagement to report on the pro forma financial information, the term "properly compiled" means that the pro forma financial adjustments have been collected, classified and summarised as well as presented appropriately on the basis of the applicable criteria described in "*Unaudited Pro Forma Financial Information—Basis of preparation*".

In this engagement to report on the pro forma financial information the term "in accordance with the accounting policies of the Tryg Group" means that the pro forma financial adjustments where relevant and to the extent possible in respect of recognition and measurement (including necessary adjustments) have been prepared consistently with the accounting policies described in the Tryg Group's audited consolidated financial statements for the financial year ended 31 December 2020.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on historical unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 1 January 2020 and 31 December 2020, respectively, would have been as presented. As part of this process, information about the Tryg Group's financial performance and financial position has been extracted by the management of Tryg from the audited consolidated financial statements of the Tryg Group for the financial year ended 31 December 2020 prepared in

accordance with IFRS, information about Trygg-Hansa and Codan Norway's financial performance and financial position has been extracted by the management of Tryg from the audited combined carve-out financial statements of Trygg-Hansa and Codan Norway for the financial year ended 31 December 2020 prepared in accordance with the basis of preparation described in Note 1 to the combined carve-out financial statements. The consolidated financial statements of the Tryg Group, were audited by us, and the audited combined carve-out financial statements of Trygg-Hansa and Codan Norway were audited by KPMG.

The pro forma financial information and our accompanying report has been prepared solely for the purpose of this Prospectus which have been prepared in accordance with the Delegated Prospectus Regulation and is not to be used for any other purposes.

Management's responsibility

The Supervisory Board and the Executive Management are responsible for the proper compilation of the pro forma financial information on the basis stated and that this basis is consistent with the Tryg Group's accounting policies, and that the pro forma financial information complies with the criteria set out in the Pro Forma Regulation.

Auditors' responsibility

Our responsibility is, in accordance with Annex 20 of the Delegated Prospectus Regulation, Section 3, to express an opinion about whether the pro forma financial information has been properly compiled on the basis of the applicable criteria and in accordance with the accounting policies as described in the Tryg Group's audited consolidated financial statements for the financial year ended 31 December 2020.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

We conducted our examinations in accordance with (ISAE) 3420, "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", and additional requirements under Danish audit regulation.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside Denmark, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1, and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by FSR—Danish Auditors (Code of Ethics for Professional Accountants), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

As part of our examinations, we have evaluated whether the disclosed basis for the pro forma adjustments provides a reasonable basis for presenting the significant effects directly attributable to the Transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the historical unadjusted financial information.

The procedures selected depend on the auditors' judgment, having regard to the auditors' understanding of the nature of the Tryg Group, the Transaction in respect of which the pro

forma financial information has been compiled, and other relevant engagement circumstances.

In addition, we have evaluated the overall presentation of the pro forma financial information.

Conclusion

This conclusion is based upon the understanding of "properly compiled" and "in accordance with the accounting policies of the Tryg Group", as disclosed in the introductory paragraphs of the report.

In our opinion, the pro forma financial information has been properly compiled on the basis of the applicable criteria and in accordance with the accounting policies as described in the Tryg Group's audited consolidated financial statements for the financial year ended 31 December 2020.

Copenhagen, 1 March 2021

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No 33 96 35 56

Jens Ringbæk
State-Authorised Public Accountant
Identification No (MNE) mne27735

Kasper Bruhn Udam
State-Authorised Public Accountant
Identification No (MNE) mne29421

16.5 Basis of preparation

For the purpose of the proforma financial information it is assumed that the Demerger has been carried out as at 1 January 2020 in respect of the unaudited pro forma consolidated statement of income and as at 31 December 2020 in respect of the unaudited pro forma consolidated statement of financial position, thus, the acquisition of Trygg-Hansa and Codan Norway will be accounted for as a business combination at consolidation using the acquisition method of accounting under the provisions of IFRS 3, Business Combinations with Tryg determined as the acquirer of Trygg-Hansa and Codan Norway whereas the acquisition of 50% interest in Codan Denmark will be accounted for under the equity method. The acquisition method of accounting applies the fair value concepts defined in IFRS 13, Fair Value Measurement, and requires, among other things, that the identifiable assets acquired and liabilities assumed in a business combination are recognised at their fair values as of the acquisition date, with any excess of the purchase consideration over the fair value of identifiable net assets acquired recognised as goodwill. The purchase price allocation presented herein has been made solely for the purpose of preparing this Unaudited Pro Forma Financial Information. The Unaudited Pro Forma Financial Information has been prepared in accordance with the Annex 20 to the Delegated Prospectus Regulation and on a basis consistent with the accounting principles applied by the Tryg Group in its audited consolidated financial statements prepared in accordance with IFRS for the financial year ended 31 December 2020. The Unaudited Pro Forma Financial Information has not been compiled in accordance with Article 11 of Regulation S-X under the U.S. Securities Act or the guidelines established by the American Institute of Certified Public Accountants.

The Unaudited Pro Forma Financial Information is derived from (i) the audited consolidated financial statements of the Tryg Group for the financial year ended 31 December 2020; (ii) the audited combined financial statements of Trygg-Hansa and Codan Norway for the financial year ended 31 December 2020; and (iii) comprise adjustments to reflect the equity method investment arising as a result of the Tryg Group's 50% interest in Codan Denmark following completion of the Transaction, the above-

mentioned purchase price allocation related to the acquisition of Trygg-Hansa and Codan Norway, the costs related to the Transaction and the proceeds from the Offering.

The Unaudited Pro Forma Financial Information reflects adjustments to historical financial information to give pro forma effect to events that are directly attributable to the Transaction and which are factually supportable. The Unaudited Pro Forma Financial Information and explanatory notes present how the Tryg Group's consolidated statement of income for the financial year ended 31 December 2020 and consolidated statement of financial position as at 31 December 2020 would have appeared had the businesses actually been combined and had Tryg Group's capital structure reflected the Transaction as at 1 January 2020 and as at 31 December 2020, respectively. The unaudited Pro Forma Financial Information does not include issuance of the New RT1 Notes of SEK 1,000 million on 26 February 2021 by Tryg Forsikring A/S, see "*Capitalisation and Indebtness—Material changes to the Tryg Group's capitalization and indebtness*", or planned issue of other subordinated loan capital during 2021.

Tryg has performed a preliminary alignment of Trygg-Hansa and Codan Norway's and Codan Denmark's accounting policies to ensure comparability in the Unaudited Pro Forma Financial Information with the accounting policies of the Tryg Group. Based on the information available as at the date of this Prospectus, Tryg is not aware of any accounting policy differences that could have a material impact on the Unaudited Pro Forma Financial Information. Upon the completion of the Transaction, Tryg will conduct a detailed review of Trygg-Hansa and Codan Norway's and Codan Denmark's accounting policies and estimates applied. As a result of that review, Tryg may identify additional accounting policy differences between the Tryg Group and Trygg-Hansa and Codan Norway and Codan Denmark that, when conformed, could have further impact on the Enlarged Group's financial information. Also, the accounting policies to be applied by the Enlarged Group in the future may differ from the accounting policies applied in the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information reflects the application of pro forma adjustments that are preliminary, and which are based upon available information and certain assumptions, described in the accompanying notes to the Unaudited Pro Forma Financial Information below and, that the management of Tryg believes are reasonable under the circumstances. Actual results of the Transaction may materially differ from the assumptions used in the Unaudited Pro Forma Financial Information. The Unaudited Pro Forma Financial Information has been prepared by the management of Tryg for illustrative purposes only and, because of its nature, it addresses a hypothetical situation, and therefore does not represent the actual financial position or results of the Tryg Group's operations that would have been realised had the Transaction occurred as of the dates indicated, nor is it meant to be indicative of any anticipated financial position or future results of operations that the Tryg Group may experience going forward. In addition, the accompanying unaudited pro forma consolidated statement of income do not reflect any expected cost savings, synergy benefits or future integration costs that are expected to be generated or may be incurred as a result of the Transaction.

The consolidated financial statements of the Tryg Group and of Trygg-Hansa and Codan Norway and the Unaudited Pro Forma Financial Information have been presented in DKK.

The Unaudited Pro Forma Financial Information set forth herein has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total amount given for that column or row.

16.6 Unaudited pro forma income statement relating to the Enlarged Group for the financial year ended 31 December 2020

		Adjustments				
	Tryg	Trygg-Hansa and Codan Norway	Codan Denmark	Cost of hedge of purchase price	Acquisition Adjustments	Pro Forma
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6
	DKK millions					
General insurance						
Gross premiums written	23,652	9,846	—	—	—	33,498
Ceded insurance premiums	(1,552)	(226)	—	—	—	(1,778)
Change in premium provisions	(187)	—	—	—	—	(187)
Change in reinsurers' share of premium provisions	85	(1)	—	—	—	84
Premium income, net of reinsurance	21,998	9,619	—	—	—	31,617
Insurance technical interest, net of reinsurance	(20)	(12)	—	—	—	(32)
Claims paid	(15,542)	(6,598)	—	—	—	(22,140)
Reinsurance cover received	987	135	—	—	—	1,122
Change in claims provisions	105	350	—	—	—	455
Change in the reinsurers' share of claims provisions	(187)	7	—	—	—	(180)
Claims, net of reinsurance	(14,637)	(6,106)	—	—	—	(20,743)
Bonus and premium discounts	(812)	(3)	—	—	—	(815)
Acquisition costs	(2,532)	(1,008)	—	—	—	(3,540)
Administration expenses	(669)	(526)	—	—	—	(1,195)
Acquisition costs and administration expenses	(3,202)	(1,534)	—	—	—	(4,736)
Reinsurance commissions and profit participation from reinsurers	170	11	—	—	—	181
Insurance operating costs, net of reinsurance	(3,032)	(1,523)	—	—	—	(4,555)
Technical results	3,495	1,975	—	—	—	5,470
Investment activities						
Income from associates	(47)	7	114	—		74
Income from investment property	49	—	—	—	—	49
Interest income and dividends	506	596	—	—	—	1,102
Value adjustments	110	(474)	—	(1,300)	—	(1,664)
Interest expenses	(126)	(204)	—	—	161	(169)
Administration expenses in connection with investment activities	(145)	(36)	—	—	—	(181)
Total investment return	348	(111)	114	(1,300)	161	(788)
Return on insurance provisions	(37)	(507)	—	—	—	(544)
Total investment return after insurance technical interest	311	(618)	114	(1,300)	161	(1,332)
Other income	88	—	—	—	—	88
Other costs	(354)	(120)	—	—	(818)	(1,292)
Profit/loss before tax	3,541	1,237	114	(1,300)	(657)	2,935
Tax	(768)	(358)	—	—	171	(955)
Profit/loss for the year	2,773	879	114	(1,300)	(486)	1,980

Note 1: The results for Tryg have been extracted without adjustment from the audited consolidated financial statements of Tryg for the year ended 31 December 2020 incorporated by reference into this document.

Note 2: The results of Trygg-Hansa and Codan Norway have been extracted without adjustment from the Trygg-Hansa and Codan Norway Audited Combined Financial Statements as presented in "*Presentation of Financial Information—Presentation of financial information for Trygg-Hansa and Codan Norway*" and included in this Prospectus.

Note 3: This adjustment includes 50% or DKK 114 million of the profit for 2020 of Codan Denmark to reflect the results of the 50% interest in Codan Denmark, as if it had been acquired at the beginning of the year. The preliminary purchase price allocation does not include an assessment of the fair value of the investment in Codan Denmark, thus, no purchase price allocation has been carried out on assets and liabilities within Codan Denmark for the purpose of equity accounting. Any excess of the fair value of the 50% interest in Codan Denmark, to be determined, over the 50% of the carrying amount of the net assets according to the combined financial information for Codan Denmark as at 31 December 2020 is currently allocated as goodwill of the entire acquisition. Hence, the pro forma income statement does not include extra amortisation of intangible assets or other adjustments that could have been a consequence of a purchase price allocation.

Note 4: In order to eliminate the foreign currency exposure related to the Acquisition, Tryg enters into derivatives to buy GBP and sell DKK that mirrors the possibility of non-occurrence of the Acquisition, i.e. the derivatives have a knock-out option that is automatically triggered if the acquisition does not occur. Such derivatives are often referred to as deal contingent forwards (DCF). If the Acquisition is not concluded, the DCFs will lapse without any payments. The DCF contracts have a notional value of £4.2 billion and will be settled upon completion of the Acquisition. The cost of the contracts being DKK 1.3 billion is built into the contracts as additional forward points compared to marked based forward rates and will be expensed upon completion of the Acquisition. For the purpose of the pro forma income statement it is assumed that there are no changes in the underlying exchange rates resulting in changes in the fair value of the derivatives to be recognised in the income statement. This is not meant to indicate that there are no such changes, however, for the hypothetical scenario of the Acquisition being carried out as of 1 January 2020 reliable assumptions and estimates cannot be made. This adjustment is of a non-recurring nature.

Note 5: These adjustments reflect amortisation of intangible assets with finite useful lives that has been identified and recognised as result of the preliminary purchase price allocation exercise on the Trygg-Hansa and Codan Norway acquisition as if the transaction had occurred at the beginning of the year and reversal of interest expenses related to the capital allocation within the RSA Group after the Demerger as mentioned in note 6 to the unaudited pro forma balance sheet. This adjustment includes also the associated impact on tax.

Note 6: The pro forma income statement does not take into account trading of Tryg, Trygg-Hansa and Codan Norway or Codan Denmark subsequent to 31 December 2020 or the impact of any expected cost savings, synergies related to the Transaction referred to in "*Business of the Tryg Group—Strategy*", or restructuring cost post completion of the Transaction.

16.7 Unaudited pro forma balance sheet relating to the Enlarged Group for the financial year ended 31 December 2020

		Adjustments					
	Tryg	Trygg-Hansa and Codan Norway	Codan Denmark	Net proceeds from the Offering	Cost of hedge of purchase price	Acquisition Adjustments	Pro Forma
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7
				DKK millions			
Assets							
Intangible assets	7,124	1,321	—	—	—	31,753	40,198
Operating equipment	147	46	—	—	—	—	193
Owner-occupied property	630	197	—	—	—	—	827
Total property, plant and equipment	777	243	—	—	—	—	1,020
Investment property	1,117	—	—	—	—	—	1,117
Equity investments in associates	16	35	1,523	—	—	—	1,574
Total investments in associates	16	35	1,523	—	—	—	1,574
Equity investments	2,611	1,329	—	—	—	—	3,940
Unit trust units	6,878	701	—	—	—	—	7,579
Bonds	34,339	22,941	—	—	—	—	57,280
Other lending	80	576	—	—	—	—	656
Derivative financial instruments	1,840	268	—	—	—	—	2,108
Total other financial investments	45,748	25,815	—	—	—	—	71,563
Deposits with ceding undertakings	—	1	—	—	—	—	1
Total investment assets	46,881	25,851	1,523	—	—	—	74,255
Reinsurers' share of premium provisions	291	53	—	—	—	—	344
Reinsurers' share of claims provisions	1,087	320	—	—	—	—	1,407
Total reinsurers' share of provisions for insurance contracts	1,377	373	—	—	—	—	1,750
Receivables from policyholders	1,674	206	—	—	—	—	1,880
Receivables from brokers	—	4	—	—	—	—	4
Total receivables in connection with direct insurance contracts	1,674	210	—	—	—	—	1,884
Receivables from insurance enterprises	270	50	—	—	—	—	320
Receivables from Group undertakings	—	502					502
Other receivables	685	94	—	—	—	(323)	456
Total receivables	2,628	856	—	—	—	(323)	3,161
Current tax assets	51	171	—	—	—	—	222
Deferred tax assets	—	16	—	—	—	—	16
Cash and bank and in hand	1,390	529	(1,523)	36,463	(1,300)	(33,486)	2,073
Other	1	2	—	—	—	—	3
Total other assets	1,442	718	(1,523)	36,463	(1,300)	(33,486)	2,314
Interest and rent receivable	131	197	—	—	—	—	328
Other prepayments and accrued income	555	79	—	—	—	—	634
Total prepayments and accrued income	686	276	—	—	—	—	962
Total assets	60,916	29,638	—	36,463	(1,300)	(2,055)	123,662
Liabilities							
Equity	12,264	1,984	—	36,463	(1,300)	(1,984)	47,427
Subordinate loan capital	2,801	—	—	—	—	—	2,801
Premium provisions	6,036	2,006	—	—	—	—	8,042
Claims provisions	24,957	17,892	—	—	—	—	42,849
Provisions for bonuses and premium discounts	1,495	—	—	—	—	—	1,495
Total provisions for insurance contracts	32,488	19,898	—	—	—	—	52,386
Pensions and similar obligations	130	1	—	—	—	—	131
Deferred tax liability	851	896	—	—	—	2,429	4,176
Other provisions	57	23	—	—	—	—	80
Total provisions	1,038	920	—	—	—	2,429	4,387
Debt relating to direct insurance	516	42	—	—	—	—	558
Debt relating to reinsurance	56	1	—	—	—	—	57
Amounts owed to credit institutions	1,191	408	—	—	—	—	1,599
Debt relating to unsettled funds transactions and repos	3,259	—	—	—	—	—	3,259
Derivative financial instruments	897	—	—	—	—	—	897
Debt to related parties	—	5,126	—	—	—	(2,500)	2,626
Current tax liabilities	357	—	—	—	—	—	357
Other debt	5,979	1,110	—	—	—	—	7,089
Total debt	12,255	6,687	—	—	—	(2,500)	16,442
Accruals and deferred income	69	149	—	—	—	—	218
Total liabilities	48,651	27,654	—	—	—	(71)	76,234
Total equity and liabilities	60,916	29,638	—	36,463	(1,300)	(2,055)	123,662

Note 1: The assets and liabilities for Tryg have been extracted without adjustment from the audited consolidated financial statements of Tryg as at 31 December 2020 incorporated by reference into this document.

Note 2: The assets and liabilities of Trygg-Hansa and Codan Norway have been extracted without adjustment from Trygg-Hansa and Codan Norway Audited Combined Financial Statements as presented in "*Presentation of Financial Information—Presentation of financial information for Trygg-Hansa and Codan Norway*" and included in this Prospectus.

Note 3: As a consequence of the Transaction, as further described in "*Details of the Proposed Transaction*", Tryg will acquire a 50% interest in Codan Denmark, which is accounted for on an equity accounting basis in accordance with IAS 28 Investments in Associates and Joint Ventures. An adjustment to reflect the equity method investment arising as a result of the 50% interest in Codan Denmark as at 31 December 2020 that at initial recognition is measured at cost, i.e. fair value allocated to this investment in the purchase price allocation exercise. For the purpose of the pro forma balance sheet the fair value of the net assets of Codan Denmark is assumed equal to the carrying amount presented in the combined statement of financial position as at 31 December 2020 for Codan Denmark. The preliminary purchase price allocation does not include an assessment of the fair value of the investment in Codan Denmark, thus, no purchase price allocation has been carried out on assets and liabilities within the Codan Denmark for the purpose of equity accounting.

Note 4: This adjustment reflects the net proceeds from the Offering.

Note 5: In order to eliminate the foreign currency exposure related to the Acquisition, Tryg enters into derivatives to buy GBP and sell DKK that mirrors the possibility of non-occurrence of the Acquisition, i.e. the derivatives have a knock-out option that is automatically triggered if the acquisition does not occur. Such derivatives are often referred to as deal contingent forwards (DCF). If the Acquisition is not concluded, the DCFs will lapse without any payments. The DCF contracts have a notional value of £4.2 billion and the costs of the contracts being DKK 1.3 billion is built into the contracts as additional forward points compared to marked based forward rates and paid upon completion of the Acquisition. The adjustment reflects this settlement. Settlement of movement in the fair value of the DCFs related to changes in the underlying exchange rates will be included in the transaction price under the provision for hedge accounting from the date the Acquisition is deemed highly probable whereas the impact changes in the underlying exchange rates until this point in time will be recognised in the income statement. For the purpose of the pro forma balance sheet it is assumed that there are no changes in the underlying exchange rates. This is not meant to indicate that there are no such changes, however, for the hypothetical scenario of the Acquisition being carried out as of 31 December 2020 reliable assumptions and estimates cannot be made.

Note 6: These adjustment reflects Tryg's part of the purchase price of the Acquisition including estimated transaction costs of DKK 1,265 million and a preliminary allocation of the purchase price based on the fair value of assets and liabilities acquired (including previously unrecognised intangibles) and goodwill recognised as a result of the transaction. The costs of transaction are added to the purchase prices unlike costs in a regular business combinations because the investment in Trygg-Hansa and Codan Norway is accounted for under the equity method in an intervening period until completion of the Demerger that for the purpose of the proforma balance sheet is assumed to be carried out as at 31 December 2020. For the purpose of the pro forma balance sheet the fair value of the majority of assets and liabilities acquired, including net assets of Codan Denmark, is assumed equal to the carrying amount in combined statement of financial position as at 31 December 2020 for Trygg-Hansa and Codan Norway and for Codan Denmark except for the fair value of certain intangible assets in Trygg-Hansa and Codan Norway that has been evaluated on a preliminary basis for the purpose of the pro forma financial information. The adjustments also include the associated impact on deferred tax. The carrying amount of the net assets according to the combined statement of financial position as at 31 December 2020 for Trygg-Hansa and Codan Norway has furthermore for the purpose of the pro forma balance sheet been adjusted to reflect agreed capital allocation within the RSA Group after the Demerger. The excess of the purchase price over the so calculated fair value of assets and liabilities acquired is recognised as goodwill.

		(DKK millions)
Costs of acquisition		
Purchase consideration to be paid by Tryg		35,066
Transaction costs		1,265
Total acquisition costs		36,331
Allocation of costs of acquisition for Trygg-Hansa and Codan Norway		
Carrying value of net assets of Trygg-Hansa and Codan Norway	1,984	
Capital allocation within the RSA Group after the Demerger with impact on the net assets of Trygg-Hansa and Codan Norway	3,500	5,484
50% of the carrying value of net assets of Codan Denmark		1,523
Total carrying value of net assets acquired		**7,007**
Preliminary estimate of fair value of customer relationships and trade name		10,984
Deferred tax		(2,429)
Preliminary estimate of fair value of net assets		15,562
Goodwill		20,769
Purchase price of Trygg-Hansa and Codan Norway and Codan Denmark		**36,331**
Cash impact on Trygg-Hansa and Codan Norway from capital allocation within the RSA Group after the Demerger		(1,000)
Carrying value of net assets of Codan Denmark presented in the column "Codan Denmark"		(1,523)
Transactions costs paid in 2020		(323)
Pro forma adjustment on cash at bank and in hand		33,486

The agreement between Tryg and Intact includes principles for allocation of the net assets of RSA Scandinavia between Trygg-Hansa and Codan Norway on one side and Codan Denmark on the other side and allocation of capital within the RSA Group after the Demerger has taken place. If the actual location of the net assets at the time of the Demerger deviates from principles agreed a balancing adjustment shall be made in accordance with the agreement. For the purpose of the pro forma financial information such a balancing adjustment has been estimated and has together with the explicit allocations agreed between the parties been reflected in the pro forma balance sheet in the amount of approximately of DKK 3,500 million.

For the purpose of the pro forma balance sheet the fair value of the net assets of Codan Denmark is assumed equal to the carrying amount presented in the combined statement of financial position as at 31 December 2020 for Codan Denmark. The preliminary purchase price allocation does not include an assessment of the fair value of the investment in Codan Denmark, thus, no purchase price allocation has been carried out on assets and liabilities within the Codan Denmark for the purpose of equity accounting. Any excess of the fair value of the 50% interest in Codan Denmark, to be determined, over the 50% of the carrying amount of the net assets according to the combined financial information for Codan Denmark as at 31 December 2020 is currently allocated as goodwill of the entire acquisition.

The preliminary adjustment on intangible assets are specified as follows:

	(DKK millions)
Preliminary estimate of fair value of customer relationships and trade name	10,984
Goodwill	20,769
Adjustment to intangible assets	31,753

Note 7: The pro forma balance sheet does not take into account trading of Tryg, Trygg-Hansa and Codan Norway or Codan Denmark subsequent to 31 December 2020.

17. CONSOLIDATED PROSPECTIVE FINANCIAL INFORMATION

17.1 Statement by the Supervisory Board and the Executive Board of Tryg

The consolidated prospective financial information for the financial year ending 31 December 2021 has been prepared and presented for the purpose of this Prospectus. The consolidated prospective financial information includes the Tryg Group's Technical result, Investment income and Other income and costs for the financial year ending 31 December 2021 but does not include prospective financial information of the Enlarged Group, which is not yet prepared. The Tryg Group has prepared the consolidated prospective financial information and assumptions in accordance with the rules of the Prospectus Regulation but not in compliance with published guidelines of the Securities and Exchange Commission and the American Institute of Certified Public Accountants (the "**AICPA**"), which contain different requirements. The consolidated prospective financial information for 2021 is based on a number of factors, estimates and assumptions, many of which are outside of the Tryg Group's control or influence. The principal assumptions upon which the Supervisory Board and the Executive Board have based the consolidated prospective financial information are described further in "*Consolidated prospective financial information—Methodology and assumptions*".

The consolidated prospective financial information for the financial year ending 31 December 2021 represents the best estimates of the Supervisory Board and the Executive Board as at the date of this Prospectus. The Tryg Group's actual results of operations for the financial year ending 31 December 2021 may differ from the consolidated prospective financial information for 2021, since anticipated events may not occur as expected, or may materially differ from the assumptions on which the consolidated prospective financial information is prepared, and as noted above, do not include any prospective financial information of the Enlarged Group. The variation may be material. Shareholders and prospective investors should read the consolidated prospective financial information for 2021 in this section in conjunction with the sections under the headings "*Risk Factors*" and "*Important Notice and Expected Timetable of Principal Events—Special notice regarding forward-looking statements*".

The consolidated prospective financial information of the Tryg Group for the financial year ending 31 December 2021 has been compiled and prepared on a basis which is both comparable with historical financial information and consistent with the Tryg Group's accounting policies which are in accordance with IFRS as adopted by the EU.

Ballerup, 1 March 2021

Supervisory Board

Jukka Pekka Pertola *Chairman*	Torben Henning Nielsen *Deputy Chairman*	Gunnar Elias Bakk *Board member*
Charlotte Dietzer *Board member*	Ida Sofie Jensen *Board member*	Lene Skole-Sørensen *Board member*
Mari Thjømøe *Board member*	Claus Wistoft *Board member*	Karen Bladt *Board member*
Gert Ove Mikkelsen *Board member*	Tina Snejbjerg *Board member*	Carl-Viggo Johannes Östlund *Board member*

Executive Board

Morten Marc Hübbe	Barbara Plucnar Jensen	Lars Ulrik Bonde
Group CEO	*Group CFO*	*Group COO*

Johan Kirstein Brammer
Group CCO

17.2 Introduction

The consolidated prospective financial information of the Tryg Group for the financial year ending 31 December 2021 has been prepared on a basis which is both comparable with historical financial information and consistent with the Tryg Group's accounting policies. Such information is the responsibility of the Supervisory Board and the Executive Board.

The consolidated prospective financial information of the Tryg Group is necessarily based upon a number of assumptions and estimates that, while prepared with numerical specificity and considered reasonable, are inherently subject to significant business, operational, economic, political, legal and competitive uncertainties and contingencies, many of which are beyond the Tryg Group's influence, and upon assumptions with respect to future business decisions that are subject to change.

The expectations as to future developments set forth herein may deviate substantially from actual developments, and the actual results of operations are likely to deviate, and may deviate materially, from the consolidated prospective financial information for the financial year ending 31 December 2021, since anticipated events may not occur as expected, or may materially differ from the assumptions on which the consolidated prospective financial information is based. Accordingly, shareholders and prospective investors should treat this information with caution and not place undue reliance on the expectations set forth below.

The Tryg Group's management has prepared the consolidated prospective financial information for the purpose of this Prospectus which constitutes forward-looking information. The consolidated prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the AICPA with respect to prospective financial information, but, in the view of the Tryg Group's management, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Tryg Group. However, this information is not fact and should not be relied upon as being necessarily indicative of future results and readers of this Prospectus are cautioned not to place undue reliance on such prospective financial information.

Neither the Tryg Group's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the consolidated prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the consolidated prospective financial information.

17.3 Methodology and assumptions

The consolidated prospective financial information for the financial year ending 31 December 2021 reflects the Tryg Group's estimates and assumptions concerning

the Tryg Group's performance through 31 December 2021. The consolidated prospective financial information has been prepared on the basis of the Tryg Group's accounting policies, which are in accordance with IFRS as adopted by the EU and as set out in the notes to the audited consolidated financial statements of Tryg for the financial year as of 31 December 2020, see "*Presentation of Financial Information—Presentation of financial information for the Tryg Group*". The consolidated prospective financial information for the financial year ending 31 December 2021 has been prepared in conjunction with the Tryg Group's normal budgeting and forecasting procedures.

The consolidated prospective financial information for the financial year ending 31 December 2021 has been prepared on the basis of a large number of assumptions and estimates, which are subject to numerous and significant uncertainties. Certain of the assumptions, estimates, uncertainties and contingencies relating to the consolidated prospective financial information are wholly or partly within the Tryg Group's control, while others are outside of its control and/or influence, including those related to changes in market, legal, fiscal, political or economic conditions, changes in interest or currency exchange rates and actions by competitors and customers.

The key principal assumptions and estimates made in preparing the consolidated prospective financial information are presented below. However, the list is not exhaustive, and it is possible that one or more of the assumptions or estimates will fail to materialise or prove to be incorrect. The Tryg Group's results of operations could also deviate materially from the consolidated prospective financial information for the financial year ending 31 December 2021 as a result of other factors, including, but not limited to, those described further under the headings "*Risk Factors*" and "*Important Notice and Expected Timetable of Principal Events—Special notice regarding forward-looking statements*". For additional information regarding factors that have had and could have a substantial effect on the Tryg Group's results of operations, see "*Operating and Financial Review of the Tryg Group"*.

For the purpose of preparing the consolidated prospective financial information for the financial year ending 31 December 2021, the following principal assumptions have been applied:

General assumptions

- The consolidated prospective financial information for the financial year ending 31 December 2021 does not include effects for the Acquisition, including restructuring costs and the costs related to deal contingent derivatives (DCF) hedging the foreign currency exposure on the acquisition
- The consolidated prospective financial information for the year ending 31 December 2021 does not include effects related to COVID-19.
- There will be no significant changes in the existing political, legal, tax, market or economic conditions in Denmark, Norway, Sweden or any other country where the Tryg Group is currently doing business or otherwise impacting earnings (which is an assumption that is outside of the Tryg Group's control).
- There will be no change in legislation or regulations in Denmark, Norway, Sweden or any other country with which the Tryg Group has entered into arrangements or agreements that could have a materially adverse effect on the Tryg Group's business, with the exception of what is stated in this Prospectus (which is an assumption that is outside of the Tryg Group's control).
- There will be no material changes in the tax base or tax rates in the countries or geographical areas in which the Tryg Group operates (which is an assumption that is outside of the Tryg Group's control).
- There will be no significant change in interest rates or exchange rates compared to the financial year ending 31 December 2020 (which is an assumption that is outside of the Tryg Group's control).

- No material legal action will be brought against the Tryg Group and no litigation will affect the obligation to pay claims (which is an assumption that is outside of the Tryg Group's control). Financial effects from the case raised by the Danish Consumer Ombudsman relating to price adjustments in the period 2016-2020 (for further information, see "*Business of the Tryg Group—Legal proceedings—Danish Consumer Ombudsman*" and "*Risk Factors—Litigation and regulatory investigations and sanctions may have a material adverse effect on the Tryg Group's and RSA Scandinavia's and, following completion of the Acquisition, the Enlarged Group's business, financial condition, results of operations and prospects*") are not included in the consolidated prospective financial information for the year ending 31 December 2021.

Technical result

Gross Earned Premiums

The Tryg Group's estimate of gross earned premiums is based on the premium portfolio per product as of 31 October 2020, as well as a projection of changes in the portfolio based on the previous 12 months changed and corrected for expected deviations (which is an assumption that is partly within the Tryg Group's control). The estimated premium portfolio is adjusted for the general index price according to the policies as well as the known price adjustments that are expected to be implemented (which is an assumption that is partly within the Tryg Group's control).

Further, the following assumptions apply:

- Changes in premiums will be implemented in accordance with the Tryg Group's plans and the expected impact of the premium changes will be at the Tryg Group's discretion (which is an assumption that is partly within the Tryg Group's control).
- There are no material changes in the Tryg Group's premiums, customers or business as a result of the effect of competition in the Tryg Group's products or the expected effect of changes in competitive conditions in the insurance industry in Scandinavia (which is an assumption that is partly within the Tryg Group's control).
- The Tryg Group will be able to maintain its current competitive advantages (which is an assumption that is partly within the Tryg Group's control).

Claims

The Tryg Group's expected claims ratio for the various products is based on historical claim ratios and overall performance, taking into account specific circumstances such as abnormal claims frequencies and profitability measures (which is an assumption that is outside of the Tryg Group's control). Weather claims and large claims are assessed separately based on historical data, typically at least 10 years. Further, the expected claims ratios are adjusted for planned actions for each product (which is an assumption that is partly within the Tryg Group's control).

The actuarial assumptions used to determine the Tryg Group's reserves in the consolidated prospective financial information for 2021 are identical to those used in the Tryg Group's Annual Report for 2020 (which is an assumption that is partly within the Tryg Group's control).

Reinsurance

The expected impact of the Tryg Group's reinsurance program is based on actual contracts and recovery is based on a normalised large and weather claims level (which is an assumption that is partly within the Tryg Group's control).

Expenses

The Tryg Group's estimated expenses are based on realised expenses for the past 12 months projected with expectations for FTE development, price adjustments and other initiatives (which is an assumption that is within the Tryg Group's control).

Investment income

The composition of the Tryg Group's investment portfolio in the consolidated prospective financial information for 2021 is expected to be broadly similar to that in force as of 31 December 2020 in all material aspects (which is an assumption that is partly within the Tryg Group's control). The result from investments is based on normalised standard returns, such as 7% on equities, 6% on properties and a less than 1% overall return on the fixed income portfolio (which is an assumption that is partly within the Tryg Group's control).

Other income and costs

The Tryg Group's estimated other income and costs are based on realised other income and costs for the past 12 months projected with expectations for price adjustments and other initiatives (which is an assumption that is partly within the Tryg Group's control).

17.4 Prospective financial information for 2021

The Tryg Group expects a technical result of between DKK 3.3 billion and DKK 3.7 billion in 2021. The range is driven by the natural volatility of large claims and weather claims and the more challenging macroeconomic outlook (compared to past years), which could have a significant impact, especially on the Commercial and Corporate segments. The low end of the range would imply a significantly higher level of large claims and weather claims compared to a normalised guidance of large claims of DKK 550 million and weather claims of DKK 600 million a year. Run-off gains, *net reinsurance (APM)* are expected to be between 3% and 5%.

The Tryg Group expects a normalised investment income between DKK 0 and DKK 200 million.

Other income and costs in profit and loss are expected to be between DKK –150 million and DKK -250 million. The Tryg Group includes the depreciation from the Alka acquisition, some holding company costs not related to the insurance portfolio and the income and costs related to selling pension products for Danske Bank.

18. CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Tryg Group's consolidated capitalisation and indebtedness as at 31 December 2020. The Tryg Group's consolidated capitalisation and indebtedness is presented:

- on an actual historical basis reflecting the carrying amounts on the consolidated statement of financial position of the Tryg Group as at 31 December 2020;
- on a combined basis reflecting the carrying amounts on the combined statement of financial position of Trygg-Hansa and Codan Norway as at 31 December 2020; and
- on pro forma basis of the Enlarged Group as at 31 December 2020 to give effect to the Transaction and the Offering.

These tables should be read in conjunction with the following sections in this Prospectus: "*Details of the Proposed Transaction*", "*Operating and Financial Review of the Tryg Group*", "*Operating and Financial Review of Trygg-Hansa and Codan Norway*", "*Unaudited Pro Forma Financial Information*", "*Additional information—Information incorporated by reference*", "*Essential Information—Reasons for the Offering and use of proceeds*", the Tryg Audited Consolidated Financial Statements, the Trygg-Hansa and Codan Norway Audited Combined Financial Statements and the Codan Denmark Audited Combined Financial Statements.

Capitalisation and indebtedness tables

	As at 31 December 2020				
	Tryg Group actual[1]	Trygg-Hansa and Codan Norway[2]	Pro forma adjustments[3]	Effect of the Offering[4]	Pro forma for the Enlarged Group
	DKK millions				
Capitalisation					
Total current debt (including current portion of non-current debt)					
Guaranteed	—	—	—	—	—
Secured[5]	3,259	—	—	—	3,259
Unguaranteed / unsecured	1,420	6,493	(2,500)	—	5,413
Total non-current debt (excluding current portion of non-current debt)					
Guaranteed	—	—	—	—	—
Secured	—	—	—	—	—
Unguaranteed / unsecured	3,462	151	—	—	3,613
Shareholder's equity					
Share capital	1,511	—	—	1,763	3,274
Reserve for exchange rate adjustments	25	—	—	—	25
Other reserves	1,706	3,130	(3,130)	—	1,706
Retained earnings	8,492	(1,146)	(154)	34,700	41,892
Proposed dividend	529	—	—	—	529
Non-controlling interest	1	—	—	—	1
Total Equity	**12,264**	**1,984**	**(3,284)**	**36,463**	**47,427**
Total	**20,405**	**8,628**	**(5,784)**	**36,463**	**59,712**
Solvency ratio					
Total Equity	12,264	1,984	(3,284)	36,463	47,427
Capital adjustment	—	3,500	(3,500)	—	—
Codan DK equity	—	1,523	(1,523)	—	—
Proposed dividend	(529)	—	—	—	(529)
Intangible assets	(7,124)	(1,321)	(31,753)	—	(40,198)
Profit margin, solvency purpose	1,408	1,296	—	—	2,704
Taxes	201	(182)	2,429	—	2,448
Subordinate loan capital	2,663	—	2,000[6]	—	4,663
Solvency II—Own funds	**8,883**	**6,800**	**(35,631)**	**36,463**	**16,515**
Capital requirement	4,855	—	—	—	9,400
Solvency ratio	**183%**	**—**	**—**	**—**	**176%**

(1) This column shows selected historical financial information derived from the audited consolidated balance sheet of the Tryg Group as at 31 December 2020, included in this Prospectus by reference.

(2) This column shows selected historical financial information derived from the audited combined statement of financial position of Trygg-Hansa and Codan Norway as at 31 December 2020, included elsewhere in this Prospectus.

(3) This column shows the hypothetical effect of the Acquisition and cost of hedge of purchase price. For further information, see "*Unaudited Pro Forma Financial Information*".

(4) This column shows the effect of the Offering. Tryg assumes net proceeds from the Offering of approximately DKK 36,463 million (after deduction of commissions and estimated expenses payable by Tryg)

(5) RÉPO contracts secured by sold but not derecognised assets.

(6) The Pro Forma adjustments on Own funds include planned issue of new subordinated loan capital, of approximately DKK 2,000 million, that is not included in pro forma balance sheet

	As at 31 December 2020				
	Tryg Group actual[1]	Trygg-Hansa and Codan Norway[2]	Pro forma adjustments[3]	Effect of the Offering[4]	Pro forma for the Enlarged Group
			DKK millions		
Indebtedness					
Cash	1,390	529	(36,308)	36,463	2,075
Cash equivalents	—	—	—	—	—
Other current financial assets	—	—	—	—	—
Liquidity	**1,390**	**529**	**(36,308)**	**36,463**	**2,075**
Current financial debt (including debt instruments, but excluding current portion of noncurrent financial debt)[5]	3,393	959	—	—	4,352
Current portion of non-current financial debt	1,286	5,534	(2,500)	—	4,320
Current financial indebtedness	**4,679**	**6,493**	**(2,500)**	**—**	**8,672**
Net current financial indebtedness	**3,289**	**5,964**	**33,808**	**(36,463)**	**6,598**
Non-current financial debt (excluding current portion and debt instruments)	756	151	—	—	907
Debt instruments	2,706	—	—	—	2,706
Non-current trade and other payables	—	—	—	—	—
Non-current financial indebtedness	**3,462**	**151**	**—**	**—**	**3,613**
Total financial indebtedness	**6,751**	**6,115**	**33,808**	**(36,463)**	**10,211**

(1) This column shows selected historical financial information derived from the audited consolidated balance sheet of the Tryg Group as at 31 December 2020, included in this Prospectus by reference.

(2) This column shows selected historical financial information derived from the audited combined statement of financial position of Trygg-Hansa and Codan Norway as at 31 December 2020, included elsewhere in this Prospectus.

(3) This column shows the hypothetical effect of the Acquisition and cost of hedge of purchase price. For further information, see "*Unaudited Pro Forma Financial Information*".

(4) This column shows the effect of the Offering and the related repayment of indebtedness as described elsewhere in this Prospectus. Tryg assumes net proceeds from the Offering of approximately DKK 36,463 million (after deduction of commissions and estimated expenses payable by Tryg)

(5) the amount consists of current lease liability and debt relating to repos.

The indebtedness table above excludes insurance assets and liabilities, investment contract assets and liabilities and other financial assets and liabilities that relate to the on-going insurance operations of the business.

The Tryg Group has no significant indirect and contingent indebtedness.

18.1 Material changes to the Tryg Group's capitalisation and indebtedness

Other than the issuance of the New RT1 Notes of SEK 1,000 million on 26 February 2021 by Tryg Forsikring A/S, there have been no material changes affecting the Tryg Group's consolidated capitalisation and indebtedness between 31 December 2020 and the date of this Prospectus. For further information on the New RT1 Notes, see "*Operating and Financial Review of the Tryg Group—Liquidity and capital resources—Capital resources*".

18.2 Working capital statement

The Offering is fully underwritten and upon settlement of the Offering, the working capital will increase by the net proceeds from the Offering. Thus, in the opinion of the Tryg, the working capital available to the Enlarged Group is, at the date of completion of the Offering, sufficient for the Enlarged Group's present requirements for at least the next 12 months following the date of this Prospectus, including the consideration payable by Tryg under the Tryg SPA for the Tryg Consideration Shares at completion of the Acquisition.

19. SUPERVISORY BOARD AND EXECUTIVE BOARD

19.1 Overview

Tryg has a two-tier governance structure consisting of the Supervisory Board and the Executive Board. The two management bodies are separate and have no overlapping members. No information concerning specific key employees for the Tryg or Tryg Group is included in this Prospectus.

19.2 Supervisory Board

The Supervisory Board is responsible for Tryg's and the Tryg Group's overall and strategic management and financial control. The Supervisory Board supervises Tryg's activities, management and organisation. The Supervisory Board appoints and dismisses the members of the Executive Board, who are responsible for the day-to-day operations of Tryg and the Tryg Group.

In accordance with article 19 of the Articles of Association, the general meeting of Shareholders ("**General Meeting**") shall elect between six and nine members to serve on the Supervisory Board. The members of the Supervisory Board elected by the General Meeting are elected for a term of one year and may be re-elected. However, a board member must resign when he or she has been a board member for 12 years. If the 12 year tenure does not expire at an ordinary annual General Meeting, the board member must resign from the Supervisory Board by no later than the next ordinary annual General Meeting after expiry.

At least half of the members of the Supervisory Board must be appointed from candidates, who are neither (i) a member of the Board of Representatives, the supervisory board of TryghedsGruppen or the executive management of TryghedsGruppen, (ii) nor have a commercial or any other kind of professional relation to TryghedsGruppen, or (iii) have family ties to the aforementioned persons. The Supervisory Board determines whether a board member, or a board member candidate, fulfils the membership conditions.

In addition, the employees of the Tryg Group have the right to appoint four members to serve on the Supervisory Board. As at the date of this Prospectus, Tryg has four employee representatives on the Supervisory Board. Tryg has agreed with the Tryg Group's employee organisations that employee representatives are elected across the Scandinavian region as follows: two members shall be elected from Denmark; one member shall be elected from Norway and; one member shall be elected from one of Sweden, Finland, Netherland, Germany or Austria.

The Supervisory Board elects its chairman (the "**Chairman**") and deputy chairman (the "**Deputy Chairman**"). The Chairman shall be selected among the members of the Supervisory Board appointed by the General Meeting.

Tryg believes that the members of the Supervisory Board possess the professional skills and experience required to serve as members of the Supervisory Board and to supervise and manage a company with shares admitted to trading and official listing on Nasdaq Copenhagen.

The following table sets forth an overview of the members of the Supervisory Board as at the date of this Prospectus:

Name	Position	Independence assessment[1]	Year of first appointment	Expiration of term
Jukka Pekka Pertola	Chairman	Independent	2017	2021
Torben Henning Nielsen	Deputy Chairman	Independent	2011	2021
Gunnar Elias Bakk[2]	Board member	Not independent	2017	2024
Charlotte Dietzer[2]	Board member	Not independent	2020	2024
Ida Sofie Jensen[3]	Board member	Not independent	2013	2021
Lene Skole-Sørensen	Board member	Independent	2010	2021
Mari Thjømøe	Board member	Independent	2012	2021
Claus Wistoft[3]	Board member	Not independent	2019	2021
Karen Bladt[3]	Board member	Not independent	2019	2021
Gert Ove Mikkelsen[2]	Board member	Not independent	2020	2024
Tina Snejbjerg[2]	Board member	Not independent	2010	2024
Carl-Viggo Johannes Östlund	Board member	Independent	2015	2021

(1) The assessment of independence is conducted by the Supervisory Board based on the criteria set out in the Corporate Governance Recommendations (as defined herein). It is expected that the result of the Supervisory Board's assessment of independence based on the criteria set out in the new corporate governance recommendations issued by the Danish Committee on Corporate Governance in December 2020 will be similar as set out in the chart above.

(2) Gunnar Elias Bakk, Gert Ove Mikkelsen, Charlotte Dietzer and Tina Snejbjerg are employee representatives. Employee representatives are elected for a four-year period and re-appointed each year until the expiration of the four-year term.

(3) Ida Sofie Jensen, Claus Wistoft and Karen Bladt are considered non-independent due to their relation to, and their positions as members of the supervisory board of Tryg's majority shareholder, TryghedsGruppen.

As at the date of this Prospectus, Tryg has 12 Supervisory Board members, seven of which, Ida Sofie Jensen, Claus Wistoft, Karen Bladt, Gunnar Elias Bakk, Charlotte Dietzer, Gert Ove Mikkelsen and Tina Snejbjerg are not considered independent (three of which are elected by the General Meeting and four of which are employee representatives) and five Supervisory Board members, Jukka Pekka Pertola, Torben Henning Nielsen, Lene Skole-Sørensen, Mari Thjømøe and Carl-Viggo Johannes Östlund, who have been assessed by Tryg to be independent.

In the published notice to convene the annual General Meeting of Tryg which is scheduled to be held on 26 March 2021, the Supervisory Board has, in addition to the re-election of Jukka Pekka Pertola, Torben Henning Nielsen, Lene Skole-Sørensen, Mari Thjømøe and Carl-Viggo Johannes Östlund, proposed the election of an additional candidate for the Supervisory Board, Lone Møller Olsen. Lone Møller Olsen has been assessed by the Supervisory Board to be independent based on the criteria set out in the Corporate Governance Recommendations and it is expected that the result of the Supervisory Board's assessment of independence based on the criteria set out in the new corporate governance recommendations issued by the Danish Committee on Corporate Governance in December 2020 will be similar. In addition to the above-mentioned candidates, TryghedsGruppen will propose three candidates for election. The names of TryghedsGruppen's candidates will be announced on Tryg's website, www.tryg.com, as soon as they are known. The information on Tryg's website does not form part of this Prospectus and is not incorporated by reference into this Prospectus, unless specifically stated in "*Additional Information—Information incorporated by reference*".

19.2.1 Biographies

Other than as presented below, none of the members of the Supervisory Board have been a member of the administrative, management or supervisory bodies of a company or a partnership or been a partner in a partnership outside the Tryg Group within the past five years.

19.2.1.1 Biographies (existing Supervisory Board members)

Jukka Pekka Pertola (born 1960, Finnish nationality) has been Chairman of the Supervisory Board and the supervisory board of Tryg Forsikring A/S since March 2018 (having been Deputy Chairman of the Supervisory Board and the supervisory board of Tryg Forsikring A/S until March 2018). Jukka Pekka Pertola is currently chairman of the supervisory board of Asetek A/S (listed on Oslo Stock Exchange), Monsenso A/S (listed on Nasdaq First North Growth Market Denmark) and Siemens Gamesa Renewable Energy A/S and deputy chairman of the supervisory board of Gomspace A/S (deputy chairman of the supervisory board from April 2016 until August 2016 and chairman of the supervisory board from August 2016 until December 2020), Gomspace Group AB (publ.) (deputy chairman of the supervisory board from April 2016 until August 2016 and chairman of the supervisory board from August 2016 until December 2020) (listed on Nasdaq First North Growth Market Sweden), GN Store Nord A/S (listed on Nasdaq Copenhagen), GN Hearing A/S, GN Audio A/S and COWI Holding A/S (member of the supervisory board until March 2018). In the past five years, Jukka Pekka Pertola has previously been CEO of Siemens A/S, president and chairman of the supervisory board of the Danish Academy of Technical Sciences (member of the supervisory board until April 2017), chairman of the supervisory board of IOT Denmark A/S, IOT Solution A/S, IIOTD A/S and Leo Pharma A/S, deputy chairman of the supervisory board of DELTA, Dansk Elektronik, Lys & Akustik (subsequently consolidated with Force Technology Asia Holding A/S), and member of the supervisory board of Industriens Pensionsforsikring A/S, Fonden Baltic Development Forum, Siemens A/S, Industrial Employers Association Copenhagen and The Confederation of Danish Industry (Dansk Industri). Jukka Pekka Pertola holds a Master of Science in Electrical Engineering, with studies in Telecommunications and International Marketing from Helsinki University of Technology, Finland, and has taken Siemens General Management Program from Duke University, The Fuqua School of Business, USA, Siemens Top Management Program at Siemens AG, Germany, Executive Healthcare Innovation Management Program from the Technical University of Denmark, Denmark and Stanford University, USA, and supervisory board education from Aalborg University/Finansforbundet (Financial Services Union Denmark), Denmark, and Forsikringsakademiet, Denmark.

Torben Henning Nielsen (born 1947, Danish nationality) has been Deputy Chairman of the Supervisory Board and of the supervisory board of Tryg Forsikring A/S since April 2011. Torben Henning Nielsen is currently serving as member of the management of Sømandsstiftelsen Bombebøssen. In addition, Torben Henning Nielsen is currently chairman of the supervisory board of Tryg Invest A/S, Kapitalforeningen Tryg Invest Funds, Ny Holmegaard Fonden, Vordingborg Borg Fond, Investeringsforeningen Sparinvest and Museum Sydøstdanmark and member of the supervisory board of Sampension Administrationsselskab A/S and Sampension Livsforsikring A/S. In the past five years, Torben Henning Nielsen has previously been external lecturer at Copenhagen Business School, founder of NKB Private Equity DK IV ApS (dissolved by voluntary liquidation), chairman of the supervisory board of Sydbank A/S (listed on Nasdaq Copenhagen), EIK banki p/f (now Betri Banki P/F), Capital Market Partners A/S and Investeringsforeningen Sparinvest Sicav and member of the supervisory board of DLR Kredit A/S. Torben Henning Nielsen holds a Savings Bank Education from Sjællandske Bondestands Sparekasse, a Graduate Diploma in Organization and Sociology (HD) and in Credit and Finance (HD), both from Copenhagen Business School, Denmark, Management courses from Wharton School, USA and from INSEAD Business School, Switzerland and is Adjunct Professor at Copenhagen Business School, Denmark.

Gunnar Elias Bakk (born 1975, Danish nationality) has been a member of the Supervisory Board and supervisory board of Tryg Forsikring A/S since March 2017 as an employee representative. Gunnar Elias Bakk is currently Business Coordinator at Moderna Försäkringar, branch of Tryg Forsikring A/S Danmark. In addition, Gunnar Elias Bakk is currently chairman of the supervisory board of Forena Moderna (the local section of the Swedish union for insurance professionals) and member of the supervisory board of Brf Skålen. In the past five years, Gunnar Elias Bakk has previously been group leader and project leader in Moderna Försäkringar, a branch of Tryg Forsikring A/S Danmark. Gunnar Elias Bakk holds Insurance Economy Education from Företagsekonomiska

Institutet Stockholm (FEI), Sweden, independent courses in *inter alia* History of Religion, Sociology and Musicology from Stockholm Universitet, Sweden, as well as Education for new members of the board in the insurance and pension industry from The Insurance Academy, Denmark, and internal and external training in insurance and leadership from Moderna Försäkringar.

Charlotte Dietzer (born 1974, Danish nationality) has been member of the Supervisory Board and member of the supervisory board of Tryg Forsikring A/S since March 2020 as an employee representative. Charlotte Dietzer is currently serving as Manager Advisor at Tryg, part time teacher and examiner at the Insurance Academy and member of the supervisory board of the Insurance Association. In the past five years, Charlotte Dietzer has previously been CEO of TI 12 ApS, Ryesgade 6 ApS, bc2m ejendomme CPH ApS, Bc2m Invest ApS, Strandvejen 274 I/S, Kf 16 ApS, Blokken 69 I/S and Boosteruniverse ApS. Charlotte Dietzer holds a Business Diploma in Organisation and Strategy & Employment Law, Level 3-5 Education and Exam from the Insurance Academy, Denmark, Courses in Specialised Law of Torts and Insurance Law from the University of Copenhagen, Denmark, a Course in Damage and Handling of Contingency from the Insurance Association, Denmark, Social Media Manager Education from International Business College (IBC), Denmark , various courses in communication and leadership from Copenhagen Business Academy, Denmark, a course in writing efficiently and better from Denmark's Media and Journalism School (DMJX), Denmark, and a board course from the Insurance Academy, Denmark.

Ida Sofie Jensen (born 1958, Danish nationality) has been a member of the Supervisory Board and a member of the supervisory board of Tryg Forsikring A/S since April 2013 and chairman of the supervisory board of TryghedsGruppen since March 2019 (deputy chairman of the supervisory board until March 2019). Ida Sofie Jensen is currently CEO of DLI Market Intelligence ApS, The Danish Association of the Pharmaceutical Industry, LIF and DLI—Dansk Lægemiddel Information A/S, member of the executive management of Dansk Medicin Verifikation Organisation ApS and Etisk Nævn for Lægemiddelindustrien ApS and member of the supervisory board of the Statistics Denmark. In the past five years, Ida Sofie Jensen has previously been deputy chairman of the supervisory board of Den Erhvervsdrivende Fond Hans Knudsen Instituttet and member of the supervisory board of Arator A/S and Medicon Valley Alliance F.M.B.A. Ida Sofie Jensen holds a Master of Science in Political Science from Aarhus University, Denmark, a Diploma in Business Excellence, World Class Leadership, Innovation and Business Development, Strategy in a Turbulent World from Columbia University, Columbia Business School, USA, and has taken an Executive Management Programme in Innovation, Strategy and Leadership, Executive Board Programme and European Health Leadership Programme, all from INSEAD Business School, and Executive Program from Singularity University.

Lene Skole-Sørensen (born 1959, Danish nationality) has been member of the Supervisory Board and member of the supervisory board of Tryg Forsikring A/S since April 2010. Lene Skole-Sørensen is currently serving as CEO of Lundbeckfonden, Lundbeckfond Invest A/S and is a fully liable partner at I/S Ågård, chairman of the supervisory board of LFI Equity A/S and deputy chairman of the supervisory board of Falck A/S, Alk-Abelló A/S (listed on Nasdaq Copenhagen), H. Lundbeck A/S (listed on Nasdaq Copenhagen) and Ørsted A/S (listed on Nasdaq Copenhagen). In the past five years, Lene Skole-Sørensen has previously been deputy chairman of the supervisory board of TDC A/S. Lene Skole-Sørensen holds a Bachelor of Commerce in Finance (HD) from Copenhagen Business School, Denmark, the A.P. Møller Group International Shipping Education from the A.P. Møller Group, Accelerated Development Programme from London Business School, United Kingdom, Managing Corporate Resources from IMD Business School, Switzerland, and INSEAD's "Leading from the Chair" from INSEAD Business School.

Mari Thjømøe (born 1962, Norwegian nationality) has been a member of the Supervisory Board of and a member of the supervisory board of Tryg Forsikring A/S since April 2012. Mari Thjømøe is currently serving as managing director at ThjømøeKranen AS and as chairman of the supervisory board of Billington Process Technology AS, Seilsport Maritimt Forlag AS and member of the supervisory board of Norconsult AS, Norconsult Holding

AS, FCG Fonder AB, ICE Group ASA (listed on Oslo Axess), Hafslund E-CO AS, TF Bank AB (chairman of the supervisory board until 2019) (listed on Nasdaq Stockholm). In the past five years, Mari Thjømøe has previously been chairman of the supervisory board Færder Nasjonalparksenter IKS, deputy chairman of the supervisory board of E-CO Energi Holding AS (dissolved by merger) and E-CO Energi AS (now Hafslund E-CO Vannkraft AS) and member of the supervisory board of Magseis ASA (chairman of the supervisory board from May until September 2016) (listed on Oslo Stock Exchange), Scatec ASA (listed on Oslo Stock Exchange), Nordic Mining ASA (listed on Oslo Axess), SINTEF research institution, Teodin Acquico AS (later changed name to CTC Triangle (Norway) II AS) (deleted from registration), Teodin Holdco AS (now CTC Triangle (Norway) I AS), Sevan Marine ASA (listed on Oslo Stock Exchange), Avinor AS and Argentum Fondsinvesteringer AS. Mari Thjømøe holds a Master's Degrees in General Business, Finance, Business Administration and International Management from the Norwegian School of Management (BI), Norway, Master Classes in International Management and Finance from the American Graduate School of International Management, USA, Chartered Financial Analyst, Finance and Investment Management from Norges Handelshøyskole (NHH), Norway, MBA programme in Strategic Management from the Norwegian School of Management (BI), Norway, Senior Executive Programme from London Business School, United Kingdom, and Making Corporate Boards More Effective Program from Harvard Business School, USA.

Claus Wistoft (born 1959, Danish nationality) has been member of the Supervisory Board since March 2019 and a member of the supervisory board of Tryg Forsikring A/S and TryghedsGruppen since March 2019. Claus Wistoft is currently 1st Deputy Mayor of Syddjurs Municipality in Denmark, CEO of Demex Holding A/S, member of the executive management of the sole proprietorship Claus Wistoft and C.W. Holding ApS and deputy chairman of Økonomiudvalget (a committee in Syddjurs Municipality). In addition, Claus Wistoft is currently chairman of the supervisory board of Midttrafik I/S, member of the board of representatives of Velliv Foreningen F.M.B.A. and member of the supervisory board of Seidelmann Holding ApS, Houmarken A/S, Lyngfeldt Maskinudlejning ApS, Lyngfeldt A/S, Lyngfeldt Finansiering A/S, K/S Prinz Carl Anlage I, Den Erhvervsdrivende Fond Syddjurs Udviklingspark, Komplementarselskabet Prinz Carl Anlage I ApS and member of a supervisory board advising on the management of Rosenfeldt Gods and fully liable partner of I/S Torntoft and has the sole proprietorship Claus Wistoft. In the past five years, Claus Wistoft has previously been Mayor of Syddjurs Municipality in Denmark, co-founder of Komplementarselskabet Bondön 11 og 12 ApS (compulsorily dissolved), deputy chairman of the supervisory board of Fonden for Destination Djursland (dissolved by merger) and member of the supervisory board of Selskabet af 1. Juli 2004 A/S under konkurs (currently undergoing bankruptcy proceedings), Grenaa Havn A/S, K/S Bondön 11 og 12 and Aarhus Airport A/S. Claus Wistoft holds a Farmer Education from Bygholm Landbrugsskole, Denmark, and Board Work Education from Copenhagen Business School, Denmark.

Karen Bladt (born 1967, Danish nationality) has been member of the Supervisory Board and member of the supervisory board of Tryg Forsikring A/S since March 2019 and a member of the supervisory board of TryghedsGruppen since March 2018. Karen Bladt is currently serving as director at HASLE Refractories A/S. In addition, Karen Bladt is currently chairman of the supervisory board of Business Center Bornholm, deputy chairman of the supervisory board of Erhvervshus Hovedstaden—Bornholm and member of the supervisory board of Bornholmstrafikken Holding A/S and HASLE Refractories A/S. In the past five years, Karen Bladt has previously been member of the supervisory board of Danske Færger A/S (dissolved by merger). Karen Bladt holds a Master of Science in Engineering in Business Systems from Aalborg University, Denmark, and Board Work Education in Financial Companies, Pensions and Insurance from Copenhagen Business School (CBS Executive), Denmark.

Gert Ove Mikkelsen (born 1979, Norwegian nationality) has been member of the Supervisory Board and a member of the supervisory board of Tryg Forsikring A/S as an employee representative since March 2020. Gert Ove Mikkelsen is currently Senior Investigator in Tryg and Tryg Forsikring AS, Norwegian branch and substitute member of the supervisory board of Tannlege Terje Mikkelsen AS. Gert Ove Mikkelsen holds a

Master of Justice, Organized Crime and Intelligence from Queensland University of Technology, Australia, a Bachelor's Degree of Police from Politihøgskolen (PHS), Norway, and Education in Business Economics and Accounting Analysis of Norges Handelshøyskole (NHH), Norway.

Tina Snejbjerg (born 1962, Danish nationality) has been member of the Supervisory Board as an employee representative and of the supervisory board of Tryg Forsikring A/S as an employee representative since April 2010. In addition, Tina Snejbjerg is currently chairman of the staff association of Tryg and member of the central board of Forsikringsforbundet. Tina Snejbjerg has taken various courses in the Higher Preparatory Examination (HF) from HF Enkeltfag Nattergalevej, Denmark, and internal insurance courses.

Carl-Viggo Johannes Östlund (born 1955, Swedish nationality) has been member of the Supervisory Board and a member of the supervisory board of Tryg Forsikring A/S since March 2015. Carl-Viggo Johannes Östlund is currently owner of Havsgaard AB and Wonderbox AB and co-owner of Allert Östlund AB, Delimport Ltd. UK and Nedvi Fastigheter AB. In addition, Carl-Viggo Johannes Östlund is currently chairman of the supervisory board and co-founder of Ywonn Media Group Sweden AB and Ponture AB and is currently chairman of the supervisory board of Gladsheim Fastigheter AB, FCG Fonder AB, Picsmart AB, Juvinum Food & Beverage AB, and Fondo Solutions AB, a member of the supervisory board of DBT Capital AB and alternate of Irisande Care Group AB. In the past five years, Carl-Viggo Johannes Östlund has previously been co-owner of SweBan International Ltd., adviser to Daniel Wellington AB and chairman of the supervisory board of Hypoteket Bolån Sverige AB, Insiderfonder AB, Papilly AB (listed on First North Growth Market Sweden), Creador AB, Beyond Clean Water AB, The Pause Foundation and Investmentaktiebolaget QV (dissolved due to bankruptcy (Carl-Viggo Johannes Östlund was chairman of the supervisory board until April 2018 and bankruptcy proceedings were not initiated until October 2019, which was 18 months after Carl-Viggo Johannes Östlund had left his position with the company)). Carl-Viggo Johannes Östlund holds a Bachelor of Science with Major in International Business, Finance and Accounting from Stockholm School of Economics, Sweden.

19.2.1.2 Biography of Lone Møller Olsen

Lone Møller Olsen (born 1958, Danish nationality) has been nominated as a candidate for election as a member of the Supervisory Board at the annual General Meeting of Tryg to be held on 26 March 2021. If elected to the Supervisory Board, it is expected that Lone Møller Olsen will also be appointed as a member of the supervisory board of Tryg Forsikring A/S. Lone Møller Olsen is currently member of the executive management of LMO 5265 ApS. In addition, Lone Møller Olsen is currently member of the supervisory board of KNI A/S, Jetpak Top Holding AB (publ.) (listed on Nasdaq First North Premier Growth Market), Karnov Group AB (publ.) (listed on Nasdaq Stockholm), Investeringsforeningen BI, Investeringsforeningen BankInvest Engros, Kapitalforeningen BankInvest Select, Investeringsforeningen Bankinvest, Kapitalforeningen Bankinvest Vælger and Kapitalforeningen BI Private Equity. In the past five years, Lone Møller Olsen has previously been partner at Deloitte Statsautoriseret Revisionspartnerselskab (during her time at Deloitte, Lone Møller Olsen was one of the auditors signing the independent auditors' reports included in the Tryg Group's audited consolidated financial statements until and including the financial year ended 31 December 2015) and member of the supervisory board of Kapitalforeningen Pensiondanmark EMD, Topdanmark A/S (until April 2019) (listed on Nasdaq Copenhagen), Topdanmark Forsikring A/S (until April 2019) and Kapitalforeningen Bankinvest. Lone Møller Olsen holds a Bachelor's degree in Economics and Business Administration and a Master's degree in Economics and Business Administration, both from Copenhagen Business School, a degree as State Authorized Public Accountant from the Ministry of Industry, Business and Financial Affairs, Board Leadership and Board Work Masterclass from Copenhagen Business School and Strategy and Management from IMD, Lausanne.

19.2.2 Board practices and committees

The Supervisory Board convenes at least seven meetings annually in accordance with a pre-determined meeting and work schedule and, besides that, whenever deemed necessary by the Chairman or required by a member of the Supervisory Board, a member of the Executive Board, the auditor appointed by the General Meeting, the controlling actuary or the internal auditor. Furthermore, the Supervisory Board holds an annual strategy seminar.

The Supervisory Board carries out an annual evaluation procedure for assessing the work and results of the Supervisory Board, the Chairman and other individual members as well as the composition of the Supervisory Board as well as an annual evaluation of the work and results of the Executive Board and of the co-operation between the Supervisory Board and the Executive Board. In addition to the annual self-evaluation, an assessment is facilitated with external assistance as a minimum every three years to ensure objectivity in the evaluation process.

The Supervisory Board forms a quorum when more than half of the members, including the Chairman or the Deputy Chairman, are present. All resolutions of the Supervisory Board are passed by simple voting majority. In case of equality of votes, the proposal shall be repealed.

The Supervisory Board has established an Audit Committee (as defined below), a Nomination Committee (as defined below), a Risk Committee (as defined below), a Remuneration Committee (as defined below), and an IT-Data Committee (as defined below). Each committee has a charter setting forth its purpose and responsibilities. All of the committees report to and make recommendations for decisions to be made by the to the Supervisory Board.

19.2.2.1 Audit Committee

Tryg's audit committee (the "**Audit Committee**") assists and supports the Supervisory Board in its work with the oversight of the financial reporting process, the statutory audit of Tryg's financial report, internal control and risk management systems, monitors the effectiveness of the internal control system and internal audit, including Tryg's whistleblowing procedures and complaints, the supervision of the external auditor's independence and the procedure for the election of the external auditor. Furthermore, the Audit Committee monitors other issues, which the Audit Committee, subject to its own assessment, may find necessary as well as other tasks which the Supervisory Board may instruct it to.

Tryg has decided that the chairman of the Audit Committee must be independent (as this term is defined in the Recommendations on Corporate Governance of the Danish Committee on Corporate Governance issued in November 2017 (the "**Corporate Governance Recommendations**")). The chairman of the Audit Committee may not be the Chairman or the chairman of the supervisory board of Tryg Forsikring A/S. Further, no member of the Audit Committee may be part of the Executive Board or the executive management of Tryg Forsikring A/S. Finally, at least one member shall be independent (as this term is defined in the Corporate Governance Recommendations) in addition to having expertise within accounting or audit.

The Audit Committee must possess such expertise and experience that it has updated insight into and experience within financial markets as well as accounting and audit matters in companies with shares admitted to trading and official listing on a regulated market. Once a year, the Audit Committee assesses whether the expertise and competences of the members of the Audit Committee need to be updated.

The Audit Committee shall consist of no less than three and no more than five members appointed by and among the supervisory boards of Tryg and Tryg Forsikring A/S. As at the date of this Prospectus, the Audit Committee consists of Torben Henning Nielsen (independent) as chairman, Lene Skole-Sørensen (independent) and Mari Thjømøe (independent). All of the members of the Audit Committee meet the independence

requirement set out in the Corporate Governance Recommendations. The Audit Committee shall meet no less than four times a year.

Representatives of external and internal audit as well as the Executive Board shall participate in Audit Committee meetings subject to decision by the Audit Committee. At least once a year, the Audit Committee shall attend meetings with both the external and internal auditor without the presence of the Executive Board.

19.2.2.2 Nomination Committee

Tryg's nomination committee (the "**Nomination Committee**") shall assist the Supervisory Board with ensuring the proper composition and size of the Supervisory Board and the Executive Board. The Nomination Committee shall, inter alia, define the competencies required of the governing bodies, review and recommend the competency policy for the approval of the Supervisory Board and provide inputs for the completion of the Supervisory Board's self-evaluation. This includes making recommendations for candidates for the Supervisory Board and the Executive Board.

The Chairman shall always have a seat in the Nomination Committee and be chairman of the Nomination Committee. Further, the chairman of TryghedsGruppen shall always have a seat in the Nomination Committee. As at the date of this Prospectus, the Nomination Committee consists of Jukka Pekka Pertola (independent) as chairman, Torben Henning Nielsen (independent) and Ida Sofie Jensen (chairman of the supervisory board of TryghedsGruppen). The majority of the members in the Nomination Committee therefore meet the independence requirement set out in the Corporate Governance Recommendations. The Nomination Committee shall meet no less than twice a year, and must ensure, to the relevant extent, coordination with TryghedsGruppen's processes for recommendation of candidates for the Supervisory Board. In addition to the members of the Nomination Committee, representatives from Tryg's management, including Executive Board, shall attend Nomination Committee meetings subject to the Nomination Committee's decisions.

19.2.2.3 Risk Committee

Tryg's risk committee (the "**Risk Committee**") shall assist the Supervisory Board in its work concerning risk management and supervision of capital management. This includes monitoring that the risk management and compliance-environment is adequate and effective, that the necessary risk policies and guidelines are established, and that sufficient resources are available. Further, the Risk Committee shall cooperate with the Audit Committee in regard to risks in connection with financial reporting.

The Risk Committee shall consist of no less than three and no more than five members appointed by and among the supervisory boards of Tryg and Tryg Forsikring A/S. The chairman of the Risk Committee is appointed by the supervisory boards of Tryg and Tryg Forsikring A/S. The chairman of the Risk Committee shall be independent (as this term is defined in the Corporate Governance Recommendations) and may not be the Chairman or the chairman of the supervisory board of Tryg Forsikring A/S. As at the date of this Prospectus, the Risk Committee consists of Torben Henning Nielsen (independent) as chairman, Lene Skole-Sørensen (independent), Mari Thjømøe (independent) and Tina Snejbjerg (employee representative). The majority of the members of the Risk Committee meet the independence requirement set out in the Corporate Governance Recommendations. The Risk Committee shall meet no less than four times a year. Members of the Executive Board and other members of the management of the Tryg Group shall participate in Risk Committee meetings where deemed necessary by the Risk Committee.

19.2.2.4 Remuneration Committee

Tryg's remuneration committee (the "**Remuneration Committee**") shall prepare the Supervisory Board's decisions regarding remuneration, including remuneration policy, and other decisions hereon that could influence Tryg's risk management. This includes assisting with the preparations for the annual remuneration report, ensuring compliance

with the remuneration policy, and preparing recommendations as to which employees are to be considered as risk takers.

The Remuneration Committee shall consist of no less than four and no more than five members appointed by and among the Supervisory Board. The chairman of the Remuneration Committee is the Chairman. The Remuneration Committee shall include at least one member who is both a member of the Supervisory Board as well as the supervisory board of TryghedsGruppen, at least one member who is not affiliated with TryghedsGruppen, and at least one member who has been elected as an employee representative in the Supervisory Board. The composition of the Remuneration Committee shall ensure that the Remuneration Committee possesses the necessary knowledge, qualifications and competences to understand and monitor the remuneration policy, practice, risk management and controlling activities of Tryg. As at the date of this Prospectus, the Remuneration Committee consists of Jukka Pekka Pertola (independent) as chairman, Torben Nielsen (independent), Carl-Viggo Johannes Östlund (independent), Ida Sofie Jensen (chairman of the supervisory board of TryghedsGruppen) and Tina Snejbjerg (employee representative). The majority of the members of the Remuneration Committee therefore meet the independence requirement set out in the Corporate Governance Recommendations. The Remuneration Committee has three or four scheduled meetings a year. Other members of Tryg's management, including the Executive Board may attend Remuneration Committee meetings subject to the Risk Committee's decisions. Other participants, including external experts, may be requested to attend, if necessary.

19.2.2.5 IT-Data Committee

Tryg's IT-data committee (the "**IT-Data Committee**") shall assist the Supervisory Board with matters related to IT and data, including monitoring and reviewing the current situation and level of IT, IT security and data, the state of and regulatory requirements for IT and IT security, the IT and data risk strategy, the IT and data investment-level and the customer experience from an IT and data perspective.

The IT-Data Committee shall consist of no less than three and no more than four members appointed by and among the supervisory boards of Tryg and Tryg Forsikring A/S. The chairman of the IT-Data Committee is appointed by the supervisory boards of Tryg and Tryg Forsikring A/S. As at the date of this Prospectus, the IT-Data Committee consists of Carl-Viggo Johannes Östlund (independent) as chairman, Jukka Pekka Pertola (independent), Gunnar Elias Bakk and Ida Sofie Jensen. The composition of the members of the IT-Data Committee do not comply with the independence requirements set out in the Corporate Governance Recommendations. The IT-Data Committee shall convene no less than three times a year. Representatives of Tryg's management, including the Executive Board, shall participate in IT-Data Committee meetings subject to the IT-Data Committee's decisions.

19.2.3 Compensation of the Supervisory Board

Members of the Supervisory Board receive fixed annual fees. The Chairman receives three times the annual fee and the Deputy Chairman receives two times the annual fee for their additional duties. Members of the Supervisory Board receive additional fees for their work in committees, such as the Audit Committee, the Remuneration Committee and Nomination Committee or other committees established by the Supervisory Board. The committee chairmen receive a fee that is one and a half times higher than the other committee members. The annual General Meeting approves the remuneration for the Supervisory Board for the current financial year. Members of the Supervisory Board may retain additional one-off remuneration for work carried out above the expected work activities of the Supervisory Board, for example participation in special committee work. Out-of-pocket and travelling expenses incurred in connection with the Supervisory Board members' performance of their duties as Supervisory Board members will be paid by Tryg. In addition, Tryg pays social contributions, if any, and other similar taxes and duties to foreign authorities collected on Supervisory Board member fees. The members of the Supervisory Board are not covered by any form of incentive scheme.

The following table presents an overview of the compensation paid by Tryg to the Supervisory Board in respect of the financial year ended 31 December 2020 (all figures presented in DKK):

Name/DKK	Basic fee	Audit Committee	Risk Committee	Remuneration Committee	IT-Data Committee	Nomination Committee	Social contributions (NO/SE)[5]	Total
Jukka Pekka Pertola	1,170,000			165,000	140,000	150,000		1,625,000
Torben Henning Nielsen[1]	780,000	240,000	240,000	82,500		100,000		1,442,500
Lene Skole-Sørensen	390,000	160,000	160,000					710,000
Mari Thjømøe	390,000	160,000	160,000				135,610	845,610
Carl-Viggo Johannes Östlund	390,000			110,000	210,000		140,580	850,580
Ida Sofie Jensen	390,000			110,000	140,000	100,000		740,000
Tina Snejbjerg[2]	390,000		160,000	82,500				632,500
Gunnar Elias Bakk[4]	390,000				105,000		98,010	593,010
Karen Bladt	390,000							390,000
Claus Wistoft	390,000							390,000
Gert Ove Mikkelsen[5]	292,500						55,868	348,368
Charlotte Dietzer[5]	292,500							292,500
Total								**8,860,068**

(1) Joined the Remuneration Committee as additional member in March 2020; In 2020 Torben Henning Nielsen also received a fee as chairman of the supervisory board of the subsidiaries Tryg Invest A/S (DKK 125,000) and Kapitalforeningen Tryg Invest Funds (DKK 200,000).

(2) Joined as a member of the Remuneration Committee in March 2020.

(3) Joined as a member of the IT-Data Committee in March 2020.

(4) Joined the Supervisory Board in March 2020.

(5) Employer contributions to social security relating to board members from Sweden and Norway.

Neither Tryg nor any company within the Tryg Group has granted any loans, issued any guarantees or undertaken any other similar obligations to or on behalf of the Supervisory Board or any of its members. No member of the Supervisory Board is entitled to any kind of compensation upon resignation as a member of the Supervisory Board. Neither Tryg nor any company within the Tryg Group has allocated funds or made provisions for any pension benefits, severance scheme or the like for the Supervisory Board and have no obligation to do so.

The members of the Supervisory Board that are employee representatives are: Gunnar Elias Bakk, Gert Ove Mikkelsen, Charlotte Dietzer and Tina Snejbjerg. These members of the Supervisory Board also receive additional compensation and are subject to specific terms of employment in their capacity as employees of the Tryg Group.

19.3 Executive Board

Pursuant to article 20 of the Articles of Association, the Supervisory Board appoints the members of the Executive Board consisting of two to six members and appoints a chief executive officer. The Executive Board is responsible for the day-to-day management of the Tryg Group's business and reports to the Supervisory Board on strategies and action plans, market developments and the Tryg Group's performance, funding issues, capital resources and special risks. The Supervisory Board has established rules of procedure for the Executive Board.

Name	Position	Year of first employment with the Tryg Group	Year of appointment to current position(s) within the Tryg Group
Morten Marc Hübbe	Group CEO	2002	2011
Barbara Plucnar Jensen	Group CFO	2019	2019
Lars Ulrik Bonde	Group COO	1998	2011
Johan Kirstein Brammer	Group CCO	2016	2018

Tryg believes that each current member of the Executive Board has the professional skills and experience required for the position in Tryg and to manage a company with shares admitted to trading and official listing on Nasdaq Copenhagen.

19.3.1 Biographies

Other than as presented below, none of the members of the Executive Board have been members of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Tryg Group within the past five years.

Morten Marc Hübbe (born 1972, Danish nationality) has been Group CEO of Tryg and CEO of Tryg Forsikring A/S since February 2011. Morten Marc Hübbe is currently chairman of the supervisory board of Conscia Denmark A/S, SiteImprove A/S, deputy chairman of the supervisory board of SIMCORP A/S (member of the supervisory board until March 2019) (listed on Nasdaq Copenhagen), Kapitalforeningen Tryg Invest Funds (chairman of the supervisory board until June 2018) and member of the supervisory board of KBC Insurance Group NV and KBC Bank & Verzekering. In the past five years, Morten Marc Hübbe has previously been member of the executive management and member of the supervisory board of Al Keyemde 2 ApS, Al Keyemde 3 ApS and KMD Holding ApS, chairman of the supervisory board of Forsikrings-Aktieselskabet Alka (dissolved by merger) and member of the supervisory board of KMD A/S and KMD Holdco 4 A/S. Morten Marc Hübbe holds a Master of Science in Finance and Accounting and a Bachelor of Science in International Business Administration and Modern Languages, both from Copenhagen Business School, Denmark and a management programme from Wharton School, USA.

Barbara Plucnar Jensen (born 1971, Danish nationality) has been Group CFO of Tryg and CFO of Tryg Forsikring A/S since March 2019. Barbara Plucnar Jensen is currently member of the supervisory board of Lauritzen Kosan A/S, Lauritzen Bulkers A/S, Kapitalforeningen Tryg Invest Funds, Nordsøenheden, ScandiJVCo and ScandiJVCo2. In the past five years, Barbara Plucnar Jensen has previously been Group CFO of ISS UK Holding Limited and ISS Ireland Holding Limited, CEO of ISS Lending A/S, senior vice president and head of Group Treasury & Risk of ISS A/S (listed on Nasdaq Copenhagen), member of the executive management of ISS Global A/S, ISS World Services A/S and ISS Holding France A/S, member of the supervisory board of ISS Global A/S, ISS World Services A/S, ISS Holding France A/S, ISS Lending A/S and ISS Global Management A/S. Barbara Plucnar Jensen holds a Master of Science in Economics.

Lars Ulrik Bonde (born 1965, Danish nationality) has been Group COO of Tryg since February 2011 and COO of Tryg Forsikring A/S since November 2006. Lars Ulrik Bonde is currently serving as chairman of the Council for Sharing Economy, chairman of the supervisory board of Forsikringsakademiet A/S (member of the supervisory board until May 2020), Tryg Livsforsikring A/S, P/F Betri Trygging and member of the supervisory board of Finanssektorens Arbejdsgiverforening, Erhvervsakademiet Copenhagen Business Academy S/I, ScandiJVCo and ScandiJVCo2. In the past five years, Lars Ulrik Bonde has previously been deputy chairman of Forsikrings-Aktieselskabet Alka (dissolved by merger) and member of the supervisory board of Forsikring & Pension, Mad & Møder, Forsikring og Pension ApS and Forsikringsorganisationernes Fællessekretariat F.M.B.A. Lars Ulrik Bonde holds an LL.M from the University of Copenhagen, Denmark and Insurance education from Forsikringsakademiet A/S, Denmark.

Johan Kirstein Brammer (born 1976, Danish nationality) has been Group CCO of Tryg and CCO of Tryg Forsikring A/S since January 2018. Johan Kirstein Brammer is currently member of the supervisory board of Forsikring & Pension, Mad & Møder, Forsikring og Pension ApS and Forsikringsorganisationernes Fællessekretariat F.M.B.A. In the past five years, Johan Kirstein Brammer has previously been senior vice president and head of consumer, Denmark of Tryg, senior executive vice president, consumer chief executive officer and group chief marketing officer of TDC A/S and member of the supervisory board of Forsikrings-Aktieselskabet Alka (dissolved by merger). Johan Kirstein Brammer holds a Master of Law from the University of Copenhagen, Denmark, the Bar exam from the Qualification for the Danish Bar, Denmark, a Graduate Diploma in Business Administration and Finance (HD) from Copenhagen Business School, Denmark and a full-time MBA programme with focus on finance, strategy and M&A from the Australian Graduate School of Management, Australia and Chicago Business School, USA.

19.3.2 Compensation of the Executive Board

The members of the Executive Board in Tryg receive a fixed base salary, a company-paid pension contribution of 25% of the base salary and customary benefits in accordance with market standards. Moreover, the Supervisory Board may decide to supplement the base salary of the Executive Board with a variable payment of up to 50% of the base salary and pension contribution. For more information on the variable payment, see *"Supervisory Board and Executive Board—Incentive programmes".*

The Executive Board's remuneration is subject to Tryg's remuneration policy, see "*Supervisory Board and Executive Board—Remuneration policy and guidelines*".

The following table presents an overview of the compensation paid by Tryg to the Executive Board in respect of the financial year ended 31 December 2020 (all figures presented in DKK):

Name	Base salary	Pension	Car allowance	Other benefits	Total fixed salary	Conditional Shares[1]	Special allowance[2]	Total salary
Morten Marc Hübbe	11,783,200	2,945,800	255,000	27,000	15,011,000	4,603,373	1,200,000	20,814,373
Lars Bonde	5,600,458	1,400,115	255,000	27,000	7,282,573	2,233,322	1,200,000	10,715,895
Johan Kirstein Brammer	5,692,500	1,423,125	255,000	27,000	7,397,625	2,367,240	1,200,000	10,964,865
Barbara Plucnar Jensen	5,200,000	1,300,000	255,000	27,000	6,782,000	2,079,813	1,200,000	10,061,813

(1) The value of Conditional Shares at the time of allotment in January 2021 for the 2020 performance year.

(2) One-off award in Conditional Shares.

Tryg may dismiss any member of the Executive Board with 12 months' notice. Each member of the Executive Board may resign from their position with Tryg with six months' notice. If Tryg were to dismiss a member of the Executive Board (other than Morten Marc Hübbe) without breach of contract, such dismissed member would be entitled to a cash severance payment equal to 12 months' salary, including pension and value of taxed employee benefits. If Tryg were to dismiss, Morten Marc Hübbe without breach of contract, he would be entitled to a cash severance payment equal to 18 months' salary, including pension and value of taxed employee benefits. Any severance payment to which Morten Marc Hübbe or Lars Ulrik Bonde is entitled will be paid as a lump sum upon expiry of the employment. Any severance payment to which Barbara Plucnar Jensen or Johan Kirstein Brammer is entitled will be paid in instalments over a 12-month period following the expiry of the employment and all other income earned during the 12 month period following expiry of the employment can be set-off against any severance payment. Morten Marc Hübbe and Lars Bonde are each entitled, under certain circumstances, to severance payment amounting to 36 months' salary plus pension in the event of a change of control of Tryg. The Offering does not constitute a change of control of Tryg.

Under their employment contracts, each member of the Executive Board is subject to a non-competition clause. Morten Marc Hübbe is, pursuant to the non-competition clause, for a 12 months period, prohibited from employments with companies that directly or indirectly conduct insurance business and, for a six months period, prohibited from employments with companies that directly or indirectly conducts banking and mortgage credit business and Barbara Plucnar, Johan Kirsten Brammer and Lars Bonde are, pursuant to the non-competition clause in their employment contracts, prohibited from employments with companies that conduct business that wholly or partially competes with Tryg's business. While the non-competition restriction is in effect, Tryg is obliged to pay the relevant member of the Executive Board compensation equivalent to 75% of the relevant member's salary plus pension. Under Danish law, non-competition clauses cannot be enforced after expiry of the notice period if termination is initiated by Tryg without the member of the Executive Board having given reasonable cause for the dismissal.

Neither Tryg nor any company within the Tryg Group has granted any loans, issued any guarantees or undertaken any other similar obligations to or on behalf of the Executive Board or any of its members. Neither Tryg nor any company within the Tryg Group has

allocated funds or made provisions for any pension benefits, severance scheme or the like for the Executive Board and have no obligation to do so.

19.4 Remuneration policy and guidelines

As an insurance group, the Tryg Group is subject to specific rules and regulations concerning remuneration which are set out in the DFBA, the Danish Consolidated Act no. 763 of 23 July 2019 on limited liability companies (the "**Danish Companies Act**"), Solvency II and the Danish Executive Order no. 16 of 4 January 2019 on remuneration policy and remuneration in insurance companies and insurance holding companies, which sets out, among other things, certain restrictions on the variable remuneration payable to the members of the Supervisory Board, the members of the Executive Board and Risk Takers.

In accordance with such rules and regulations on remuneration, Tryg has adopted a remuneration policy applicable to Tryg and Tryg Forsikring A/S in general and which includes specific schemes for and the overall principles of and framework for the remuneration paid to the Supervisory Board, the Executive Board and other employees whose activities have a significant impact on the risk profile ("**Risk Takers**"). The Supervisory Board assesses and decides which employees are to be regarded as Risk Takers and has laid down guidelines for appointment of Risk Takers taking into account Tryg's size and organisation as well as the scope and complexity of Tryg's activities. The guidelines must be reviewed at least once a year. Separate remuneration policies are adopted for Tryg Invest A/S, Tryg Livsforsikring A/S and Forsikrings-Aktieselskabet Alka Liv II.

The overall objective of the remuneration policy is to strengthen attraction, retention and motivation of qualified members of the Supervisory Board, members of the Executive Board and employees at all other levels. The remuneration policy also aims to encourage strong individual performance as well as to ensure the maximisation of shareholder value by adding incentive components to the remuneration and thereby to promote and support value creation in both the short and long term and Tryg's business strategy.

The remuneration policy and incentive structure of Tryg:

- Are consistent with and promote sound and efficient risk management which does not encourage excessive risktaking;
- are in accordance with and contribute to Tryg's business and risk management strategy, risk profile, risk management practice, values and long-term goals and targets, including sustainability;
- help to ensure that Tryg is able at all times to attract, retain and motivate the most highly skilled employees within both classic and new professional disciplines;
- conform with principles for protection of customers, including Tryg's obligation to act in its customers' best interest, and investors in connection with the performance of Tryg's business activities;
- ensure that conflicts of interest are prevented;
- ensure that the total variable salary which Tryg undertakes to pay does not erode Tryg's possibility of strengthening its capital base; and
- take into consideration Tryg's organisation and the nature, scope and complexity of the risks associated with its business activities.

The remuneration policy has been approved by the General Meeting. At least every fourth year as well as upon any material amendments hereto, the remuneration policy will be presented to Tryg's shareholders for approval at a General Meeting.

In the published notice to convene the annual General Meeting of Tryg which is scheduled to be held on 26 March 2021, the Supervisory Board has proposed certain amendments to be made to Tryg's remuneration policy. Further details are set out in the published notice to convene the annual General Meeting of Tryg.

The Supervisory Board must ensure the compliance with the remuneration policy at least annually. The Supervisory Board has laid down guidelines on control of the remuneration policy, which includes the control procedures and outlines the responsible for performing and reporting the control results to the Supervisory Board.

Tryg's remuneration policy, the guidelines for the appointment of Risk Takers and the guidelines on control of the remuneration policy are available on Tryg's website.

19.5 Incentive programmes

19.5.1 Introduction

A number of incentive programmes have been established which are described in further detail below, including a general performance-based incentive programme (the "**INPs**"), one-off incentive remuneration, an employee bonus scheme, ad hoc bonus programmes and success fees. The allotment under the incentive programmes may comprise receipt of (i) Shares, (ii) matching shares (as set out below) ("**Matching Shares**"), (iii) conditional shares (as set out below) ("**Conditional Shares**"), (iv) cash or (v) a combination hereof.

19.5.1.1 Matching Shares

Matching Shares are allocated based on the recipient's acquisition of Shares (the "**Investment Share**") at market price for a defined sum in connection with the Matching Share programme.

The participant must acquire the Investment Shares in the open trading window following publication of the annual report for the previous financial year or first quarter results (depending on position). After the end of the Deferral Period of three or four years (the matching date), the participant receives a number of free Shares in Tryg (the "**Free Shares**"), corresponding to the number of Investment Shares, that the participant bought. The number of Free Shares may be reduced or lapse entirely on the basis of backtesting. One Matching Share comprising one Share if nominally DKK 5 is allocated per Investment Share. Non-exercised rights to acquire Investment Shares ceases upon expiry of the two weeks exercise period following publication of Tryg's annual report.

19.5.1.2 Conditional Shares

Conditional Shares are allocated to the participant (without a requirement for purchase of matching Investment Shares) based on a result and performance assessment of the participant's work in the performance year as a deferred equity settled incentive payment. After the end of the Deferral Period of three or four years (the transfer date), the participant receives a number of Free Shares in Tryg corresponding to the number of Conditional Shares allotted. The number of Free Shares may be reduced or the right to the shares may lapse entirely on the basis of backtesting.

19.5.2 General incentive programmes (INPs)

19.5.2.1 General

The INPs are result and performance-based incentive programmes available for members of the Executive Board, Risk Takers and Other Participants (as defined below). A performance assessment score of each participant's individual work and department score in the performance year (calculated and allotted the following year) based on specific weighted financial and non-financial targets is decided at the beginning of the performance year. For members of the Executive Board and Risk Takers, these targets must include at least one company target, one business area/department target, and one personal target.

The types of targets that the performance assessment may be based on include financial targets (such as e.g. technical result, portfolio growth, profitability measures, claims cost reductions/distribution efficiency, sales of new products, claims management) and non-financial targets (such as e.g. customer satisfaction, digitalisation/automation, manager and employee development, employee satisfaction, project efficiency, innovation and development activities, fulfilment of ESG/CSR and strategy execution).

The result and performance assessment score may throughout Tryg (which for the purpose of the incentive programmes shall also cover Tryg Forsikring A/S and Tryg Invest A/S (based on separate remuneration guidelines) be regulated with a factor of 0 to 1.4 based on a financial ratio (company target) such as, for example, the technical result of operation or combined ratio (the "**Tryg Factor**"). The INP programme of the Executive Board is not subject to the Tryg Factor.

Under specific circumstances, the targets set for the performance year may be changed or supplemented with other targets during the performance year. This may, for example, occur if collective agreement adjustments are made during the performance year which may significantly affect the targets, other priorities made during the performance year or the participant's change of position or assignments.

As of 31 December 2020, 316 employees and leaders of the Tryg Group participate in the INPs.

No incentive programmes are in place in Tryg Livsforsikring A/S and Forsikrings-Aktieselskabet Alka Liv II.

19.5.2.2 Members of the Executive Board

Members of the Executive Board are under the INPs entitled to receive variable salary of up to 50% of their fixed annual base salary, including pension, in the performance year (calculated and allotted the following year). The variable salary for the Executive Board is from the performance year 2020 allotted as Conditional Shares which are deferred for four years following the time of allotment (the "**Executive Board Deferral Period**"). For the performance year 2019, the Supervisory Board had applied a 35% cap and in connection with the transition from receiving Matching Shares to Conditional Shares, the Supervisory Board decided to apply a 32% cap for the 2020 performance year to neutralise the value of the programme.

Receipt of Free Shares (based on Matching Shares or Conditional Shares as the case may be) by the members of the Executive Board upon expiry of the Executive Board Deferral Period, is conditional upon the relevant member of the Executive Board's employment with Tryg not having been terminated (without such notice being due to breach of contract by Tryg). If, however, employment is terminated due to either the relevant member of the Executive Board's retirement or notice from Tryg (without such notice being due to breach of contract by the member of the Executive Board), the member of the Executive Board will retain the rights to all Matching Shares or Conditional Shares. For Morten Marc Hübbe, a separate agreement has been entered into to the effect that, if he resigns from his position he will retain his rights to previously allotted Matching Shares and Conditional Shares, and his position will be the same as if he had been given notice of dismissal by Tryg (without such notice being due to breach of contract by the member of the Executive Board).

The number of Free Shares may be reduced or the right to the Shares may lapse entirely on the basis of backtesting. The members of the Executive Board may for a period of six months following receipt of the Free Shares not sell these Shares.

If, during the Executive Board Deferral Period, Tryg decides to distribute dividend to its Shareholders, a number of additional Free Shares will (as of the performance year 2017 (allotted in 2018) be allotted to the member of the Executive Board on the date of the transfer of the Free Shares equal to the value (on the basis of the average price of Tryg's shares on Nasdaq Copenhagen on the distribution dates during the deferral period) of the dividend that the member of the Executive Board would have received if the Matching Shares or the Conditional Shares had been finally and unconditionally transferred on the time of allotment after the end of the performance period.

Up until, and including, the 2019 performance year (calculated and allotted in 2020), the variable salary for the Executive Board was allotted as Matching Shares. Receipt of Matching Shares is in addition to the employment condition as set out above conditional upon the member of the Executive Management not having sold the underlying Investment Shares.

In 2020, the Executive Board received variable salary under the INPs for the 2019 performance year which represents a value of DKK 11.2 million (comprising 52,015 Investment Shares).

19.5.2.3 Risk Takers

For the purpose of the INPs, Tryg employees whose activities have a significant impact on Tryg's risk profile, including key staff members (e.g. the heads of risk management, compliance, the actuarial function, internal audit, accounting, the insurance area and relevant managers of units under the insurance area, reinsurance, tax, HR, IT, investment area), the chief security officer and employees with a salary exceeding EUR 0.5 million and the 0.3% highest remunerated employees of Tryg, are deemed Risk Takers. As at 31 December 2020, there were 44 Risk Taker positions in Tryg and Tryg Forsikring A/S in addition to the four members of the Executive Board and six risk takers in Tryg Invest A/S, two in Tryg Livsforsikring A/S and three in Forsikrings-Aktieselskabet Alka Liv II (with overlap).

Risk Takers are under the INPs entitled to receive variable salary of up to 50% of their fixed annual base salary, including pension, based on the December salary in the performance year (calculated and allotted the following year). The variable salary for Risk Takers is allotted as a 50% cash payment upon allotment and 50% allotted as Conditional Shares, receipt of which are deferred for three years following the time of allotment. However, if the variable salary constitutes a significant amount (assessment hereof factors in the individual Risk Taker's salary and risk profile, but will typically be a variable payment in excess of DKK 750,000), 40% is disbursed as a cash payment upon allotment and 60% allotted as Conditional Shares, receipt of which are deferred for three years following the time of allotment (the "**Risk Taker Deferral Period**").

Receipt of Free Shares by a Risk Taker upon expiry of the Risk Taker Deferral Period is conditional upon the relevant Risk Taker's employment with Tryg not having been terminated (without such notice being due to breach of contract by Tryg). If, however, employment is terminated due to either the relevant Risk Taker's retirement or notice from Tryg (without such notice being due to breach of contract by the Risk Taker), the Risk Taker will retain the rights to all Conditional Shares.

The number of Free Shares may be reduced or the right to the shares may lapse entirely on the basis of backtesting. The Risk Taker may for a period of six months following receipt of Free Shares not sell these Shares.

If, during the Risk Taker Deferral Period, Tryg decides to distribute dividend to its shareholders, a number of additional Free Shares (as of the performance year 2018 (allotted in 2019) will be allotted to the Risk Taker on the date of the transfer of the Free Shares equal to the value (on the basis of the average price of Tryg's shares on Nasdaq Copenhagen on the distribution dates during the deferral period) of the dividend that the Risk Taker would have received if the Conditional Shares had been finally and unconditionally transferred on the time of allotment after the end of the performance period.

In 2020, the Risk Takers received variable salary under the INPs for the 2019 performance year represents a value of DKK 28.8 million (comprising DKK 12.2 million in cash and DKK 16.6 million in Conditional Shares).

19.5.2.4 Other Participants

Other participants at director, manager and team-leader level who are not Risk Takers or members of the Executive Board (the "**Other Participants**") are under the INPs entitled to receive variable salary of up to 100% of their fixed annual base salary, including pension, based on the December salary in the performance year (calculated and allotted the following year).

In practice the variable salary for the Other Participants is generally allotted as a cash payment of up to 4.9 months´ salary (after Tryg Factor) but may, depending on the INPs,

comprise an option to participate in the Matching Shares programme with an Investment Shares value of up to DKK 200,000.

Receipt of Matching Shares by Other Participants participating in the Matching Shares programme is deferred for three years from the purchase of the Investment Shares (the "**Other Participant Deferral Period**") and is conditional upon such Other Participant participating in the Matching Shares Programme (i) not having sold the relevant Investment Shares and (ii) such Other Participant's employment with Tryg not having been terminated (without such notice being due to breach of contract by Tryg). If, however, employment is terminated due to either the relevant Other Participant's retirement or notice from Tryg (without such notice being due to breach of contract by the Risk Taker), the Other Participant will retain the rights to all Matching Shares.

After the end of an Other Participant Deferral Period, the Other Participant shall upon fulfilment of conditions here fore receive Free Shares corresponding to the number of Matching Shares allotted for such relevant Other Participant Deferral Period.

If, during the Executive Board Deferral Period, Tryg decides to distribute dividend to its shareholders, a number of additional Free Shares (as of the performance year 2018 (allotted in 2019) will be allotted to the Other Participant on the date of the transfer of the Free Shares equal to the value (on the basis of the average price of Tryg's shares on Nasdaq Copenhagen on the distribution dates during the deferral period) of the dividend that the Other Participant would have received if the Matching Shares had been finally and unconditionally transferred on the time of allotment after the end of the performance period.

The payment structure for the INPs for Other Participants may be amended by the Executive Board in its sole discretion.

In 2020, the Other Participants received variable salary under the INPs for the 2019 performance year represents a value of DKK 47.5 million (comprising with DKK 40.3 million cash allotment and DKK 7.2 million in Investment Shares).

19.5.3 One-off remuneration and retention bonus

Tryg may allot discretionary one-off remunerations, including retention bonuses, to employees of Tryg, including members of the Executive Board, Risk Takers and Other Participants.

One-off remuneration may be allotted for particularly good results in areas in which targets have not already been set, for heavy workloads, long working hours or retention of employees. This may, for example, be in connection with (i) insourcing and outsourcing projects, (ii) acquisition or divestment of business areas, (iii) restructurings or special operational adjustments of business, (v) areas or staff functions, (vi) special development projects, (vii) special operational conditions, (viii) if a need to retain employees in connection with insourcing or outsourcing, acquisitions or divestments of business areas or companies, securing of especially critical deliveries and similar circumstances or (ix) in connection with unforeseen events or circumstances which have had a significant impact on agreed INP targets.

One-off remuneration is for the Executive Board allocated by the Supervisory Board and for Risk Takers and other recipients by the Executive Management.

For the Executive Board and Risk Takers, one-off remuneration may be allotted in the form of Conditional Shares or in accordance with the payment structure described above in "*—Incentive programmes—General incentive programmes (INPs)—Risk Takers*". The deferred part of the allotment may, however, also be distributed evenly across the whole deferral period, or with an increase at the end of the deferral period. A condition for continued employment during the deferral period may also be shortened or lapsed.

For members of the Executive Board, the total variable salary (INPs, one-off remuneration and retention bonus) cannot exceed a 50% of their fixed basic salary, including pension. For Risk Takers, the total variable salary (INPs, one-off remuneration and retention bonus) may, in connection with the payment of one-off remuneration and/or retention bonuses, be

increased to up to 100% of their fixed basic salary, including pension). In 2020 the Executive Board received one-off remunerations representing a value of DKK 4.8 million.

For other employees and Other Participants, the allotment may be made as an allotment of Shares, Conditional Shares, Matching Shares, as a cash allotment or as a combination hereof.

In 2020, 57 employees received one-off remunerations, representing a value of DKK 11.2 million (with DKK 5.0 million comprising cash allotment, DKK 6.2 million in Conditional Shares).

19.5.4 Other incentive programmes

19.5.4.1 Employee Bonus Scheme

Conditional upon being employed with the Tryg Group for more than six months, the Tryg Group employees participate in a general employee bonus scheme (the "**Employee Bonus Scheme**") to the extent that, in the year in question, the Supervisory Board has decided that a bonus scheme is to be established. In Sweden it is further required that the employees are employed by 31 December in the bonus year and in Norway there is a requirement to be employed when the annual results for the bonus year are announced. The bonus is allocated on the basis of the Tryg Group's overall technical result and customer satisfaction and not on individual employee criteria.

The employee bonuses are allotted in Shares. Each respective employee may elect to convert the employee bonus scheme payment into a cash payment equivalent to 80% of the value of the Shares to be received as part of the Employee Bonus Scheme.

In 2020, 4,270 employees participated in Employee Bonus Schemes for the performance year 2019, representing a value of DKK 25,097.73 per fulltime employee in total DKK 107.2 million (with DKK 9.0 million comprising cash allotment and DKK 98.2 million in Shares).

Members of the Executive Board and Risk Takers cannot receive an employee bonus.

19.5.4.2 Employees not covered by INPs

Employees of the Tryg Group not being a member of the Executive Board, a Risk Taker or an Other Participant, may individually or collectively on an ad hoc basis be offered to participate in incentive programmes (the "**Ad Hoc Programmes**") and receive up to 100% of their base salary, including pension. The allotment may be made as an allotment of Shares, Conditional Shares, Matching Shares, as a cash allotment or as a combination hereof.

In 2020, 698 employees participated in Ad Hoc Programmes for the performance year 2020, representing a value of DKK 14.9 million (with DKK 14.2 million comprising cash allotment, DKK 0.7 million in Conditional Shares).

19.5.4.3 Success fee

Each year, a pool of DKK 6 million is allocated for the payment of discretionary one-off remuneration of up to DKK 40,000 or NOK/SEK 50,000 or for use for team events. The purpose of the scheme is that the Tryg Group may reward employees or teams which deliver extraordinary results and/or show particularly positive behavior.

Members of the Executive Board and Risk Takers cannot receive a success fee in the form of one-off remuneration, but they may participate in team events.

In 2020, 307 employees received a discretionary success fee for the performance year 2020, representing a value of DKK 6.2 million.

19.5.5 Allotted and outstanding shares under the incentive programmes:

Below is an overview of allotted and outstanding Matching Shares and Conditional Shares as of 24 February 2021 (the most recent practicable date prior to the date of this

Prospectus) under the various incentive programmes, including the INPs, as set out in this section "*—Incentive programmes*".

Name	Matching Shares	Conditional Shares
Morten Marc Hübbe	73,064	9,231
Barbara Plucnar Jensen	7,922	6,834
Lars Ulrik Bonde	35,364	9,231
Johan Kirstein Brammer	33,799	6,834
Risk Takers (under the INPs)	—	165,923
Other Participants (under the INPs)	179,819	—
Non-INPs allocations	—	142,090
Total	**329,968**	**340,143**

The Conditional Shares and the Matching Shares are recognised at market value.

19.5.6 Miscellaneous

19.5.6.1 Delivery of shares

Shares for use in connection with incentive schemes may be acquired through share buybacks or through the use of the Tryg Group's holding of treasury shares. The Shares can also be acquired by exercising the authorisation set out in the Articles of Association for the Supervisory Board to increase the share capital by subscription for New Shares.

19.5.6.2 Backtesting and clawback

Variable salary components for the Executive Board and Risk Takers are conditional on (i) the Tryg Group meeting the applicable capital adequacy and solvency requirements at the allotment date and/or transfer date, (ii)the Tryg Group's financial situation not having deteriorated significantly as at the allotment date and/or transfer date in relation to the time at which the scheme was established or the allotment date, (iii) the criteria that have formed the basis for the establishment of the incentive scheme not having changed significantly on the allotment date, (iv) the criteria that have formed the basis for the calculation of the variable salary share still being met on the transfer date, (v) the member of the Executive Board or a Risk Taker not having participated in or been responsible for behaviour which has resulted in significant losses being incurred by the Tryg Group, or otherwise having failed to meet suitable requirements for fitness and propriety, and (vi) the member of the Executive Board or a Risk Taker not having been in material breach of the Tryg Group's internal rules and procedures as well as the Tryg Group's guidelines and routines applicable to customer relations.

On the basis of the circumstances above, the allocation of variable salary components or the disbursement/transfer of deferred variable salary components may lapse in full or in part, including the number of shares to be transferred after the end of the relevant deferral period.

For the Executive Board and Risk Takers, it is also a condition that the person receiving a variable salary must repay the variable salary in full or in part if the variable salary has been allocated on the basis incorrect information of which the recipient had knowledge.

19.5.6.3 Portfolio requirements

Each member of the Executive Board must hold a minimum portfolio of Shares corresponding to 150% of their annual fixed basic salary (i.e. exclusive of pension, benefits etc.). Allotments of Matching Shares or Conditional Shares subject to deferral and not yet delivered are included in the calculation of the portfolio requirement as from the allotment date.

Members of the Executive Board must build the required Share portfolio over a period of five years from their appointment.

19.6 Business address

The business address of the members of the Supervisory Board and the Executive Board is Klausdalsbrovej 601, DK-2750 Ballerup, Denmark.

19.7 Statement on past records

During the past five years, none of the members of Tryg's Supervisory Board or the Executive Board have been (i) convicted of fraudulent offenses, (ii) subject to any public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or (iii) disqualified by a court from acting as a member of administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Except as stated in *"—Supervisory Board—Biographies"* and *"—Executive Board—Biographies"*, none of the members of the Supervisory Board or the Executive Board have during the past five years been members of the administrative, management or supervisory bodies or senior managers or been founders or partners in companies which have entered into bankruptcy, receivership or liquidation or companies which have been put into administration.

19.8 Statement on conflict of interest

There are no family ties among the members of the Supervisory Board or the Executive Board.

Except for the Supervisory Board members Ida Sofie Jensen, Claus Wistoft and Karen Bladt who have been elected by the General Meeting following a nomination by Tryg's majority shareholder TryghedsGruppen, Tryg is not aware of any other member of the Supervisory Board or the Executive Board having been appointed to their current position pursuant to any arrangement or understanding with major shareholders, customers, suppliers or other parties. Ida Sofie Jensen is chairman of the supervisory board of TryghedsGruppen and Claus Wistoft and Karen Bladt are both members of the supervisory board of TryghedsGruppen.

None of the members of the Supervisory Board or the Executive Board have conflicts of interest with respect to their duties as members of the Supervisory Board or the Executive Board, except for the members of the Supervisory Board, Ida Sofie Jensen, Claus Wistoft and Karen Bladt, for the reasons set out in the paragraph above. In addition, none of the members of the Supervisory Board or the Executive Board have positions in other companies which could result in a conflict of interest vis-à-vis such companies, either because the Tryg Group has an equity interest in such company or because the Tryg Group and Tryg concerned have an ongoing business relationship, except for the members of the Supervisory Board, Ida Sofie Jensen, Claus Wistoft and Karen Bladt, for the reasons set out in the paragraph above. However, the Tryg Group may do business in the ordinary course with companies in which members of the Supervisory Board or the Executive Board hold positions as directors or officers.

19.9 Description of internal control and financial reporting procedures

The Supervisory Board, the Audit Committee and the Executive Board are ultimately responsible for the Tryg Group's risk management and internal controls in relation to its financial reporting and approve the Tryg Group's general policies in that regard. The Audit Committee assists the Supervisory Board in overseeing the reporting process and the most important risks involved in this respect. The Executive Board together with the delivery unit directors are responsible for the effectiveness of the internal controls and risk management and for the implementation of such controls aimed at mitigating the risk associated with the financial reporting.

The Tryg Group has internal control and financial reporting procedures aimed at enabling it to monitor its performance, operations, funding and risk. While the Tryg Group continues to improve its procedures and internal control, including documentation of the internal control systems, the Tryg Group believes that its reporting and internal control systems

enable it to be compliant with disclosure obligations applying to issuers of shares admitted to trading and official listing on Nasdaq Copenhagen. The Tryg Group's internal control and financial reporting procedures include, among other things:

- Consolidated monthly financial information packages, including key performance indicators per business area compared with latest forecast (done on a quarterly basis) and previous year's performance and explanations of any deviations. The monthly financials are reported to the Executive Board;
- Monthly highlight reports from business areas including key performance indicators on actual performance compared with latest forecast and previous year's performance and explanations of any deviations. The monthly financial highlights are reported to the Executive Board and discussed at ongoing review sessions with the management of the business areas;
- Monthly highlight reports from the investment function on investment return and key figures for the match portfolio and the free portfolio. The monthly financial highlights are also reported to the CFO;
- Liquidity management executed on a daily basis, with a view to securing the Tryg Group's required liquidity through appropriate cash management, and maintaining adequate liquidity reserves at any time through a combination of readily available cash, liquid investment portfolios and uncommitted as well as committed credit facilities; and
- Centralised planning processes including a centrally driven prognosis process with bottom-up input from all business areas, quarterly updated "full year estimates".

The Tryg Group has adopted a whistle-blower policy.

19.9.1 External auditors

Tryg's independent auditors are appointed for a term of one year by the shareholders at Tryg's annual General Meeting upon recommendation from the Supervisory Board. The Supervisory Board assesses the independence and competencies and other matters pertaining to the auditors. The framework for the auditors' compensation and duties, including audit and non-audit tasks, is agreed annually between the Supervisory Board and Tryg's auditors based on recommendation from the Audit Committee. The Audit Committee, the Executive Board and Tryg has regular dialogue and exchange of information with its auditors. Tryg's independent auditors attend the annual board meeting at which the annual report is presented. For further information on Tryg's external auditors, see "*Additional Information—Names and address of Tryg's statutory auditor*".

19.10 Corporate governance

Tryg is committed to exercising good corporate governance at all times and the Supervisory Board will regularly assess rules, policies and practices according to the Corporate Governance Recommendations. Nasdaq Copenhagen has incorporated the Corporate Governance Recommendations in the Nordic Main Market Rulebook for Issuers of Shares of 1 May 2020, as revised with effect from 1 February 2021 (the "**Nordic Main Market Rulebook**"). Accordingly, as a company with shares admitted to trading and official listing on Nasdaq Copenhagen, Tryg is required to comply with or explain deviations from the Corporate Governance Recommendations as also required pursuant to Section 107b of the Danish Consolidated Act no. 838 of 8 August 2019 the Financial Statements Act.

For the financial year ended 31 December 2020, Tryg has complied with the Corporate Governance Recommendations in all material respects, however with the following exceptions:

- 3.4.2. The Committee recommends that a majority of the members of a board committee be independent. In Tryg's IT-Data Committee, only two out of the four members of the IT-Data Committee, including the chairman of the committee, are independent.

Tryg's corporate governance practices are also accounted for in the statutory statement on corporate governance, which is available on Tryg's website, www.tryg.com. The information on Tryg's website does not form part of this Prospectus, is not incorporated by reference into this Prospectus, unless specifically stated in "*Additional Information—Information incorporated by reference*".

On 2 December 2020, an updated version of the Corporate Governance Recommendations was published. These recommendations have entered into force for the financial years starting 1 January 2021 or later. Thus, the new 2020 recommendations will apply for the first time at Tryg's annual General Meeting in the spring 2022, which will consider the annual report for the financial year ending 2021. Accordingly, in connection with the presentation of the annual report for 2021, Tryg must account for compliance with the updated recommendations. Tryg expects to comply with the new 2020 corporate governance recommendations in all material respects.

19.11 Indemnification of members of the Supervisory Board, the Executive Board and certain employees

Due to the scale and international reach of the Transaction and the Offering and the significantly increased risk exposure for the members of the Supervisory Board, members of the Executive Board and other relevant employees of the Tryg Group in connection with the Transaction and the Offering, it was resolved at Tryg's General Meeting held on 18 December 2020 to adopt a specific indemnification provision in the Articles of Association in relation to the Transaction and the Offering.

Accordingly, in accordance with article 20A in the Articles of Association, Tryg shall indemnify "Directors and Officers" (as this term is defined in article 20A in the Articles of Association), both current, future and former, of the Tryg Group for claims against these individuals in connection with their services to the Tryg Group in connection with Tryg Group's participation in the Transaction and the Offering, to the fullest extent permitted under applicable Danish laws for any third party liability incurred by such persons as part of his/her duties as a representative or an employee of the Tryg Group, provided that the aforementioned shall not apply in the event that the indemnified person in question has acted grossly negligent, wilfully or fraudulently and deducting any coverage available under directors' and officers' liability insurance or other insurance taken out by the Tryg Group. Such indemnity shall only apply to claims made against "Directors and Officers" (as this term is defined in article 20A in the Articles of Association) in relation to the Transaction and the Offering.

Pursuant to article 20A in the Articles of Association, a "Director or Officer" shall be understood to mean a member of the Supervisory Board, a member of the Executive Board and any Tryg Group employee who can incur personal managerial liability according to applicable law.

Tryg shall, for the avoidance of doubt, not indemnify current, future or former "Directors and Officers" for any personal managerial liability according to applicable law related to the Transaction or the Offering, if such liability is incurred for services performed for any other party than the Tryg Group. RSA and its affiliates shall be deemed a third party of the Tryg Group pursuant to article 20A of the Articles of Association.

The indemnity by Tryg shall also cover (i) fees incurred by such "Directors and/or Officers" in connection with investigating, preparing or defending against any claims and (ii) any adverse tax consequences for "Directors and Officers" arising from the fact that coverage is provided by way of the indemnity and not through directors' and officers' liability insurance.

20. SHAREHOLDERS

20.1 Major shareholders

Tryg has one share class and all shares carry the same voting rights.

As at the date of this Prospectus, Tryg has received notification that the shareholders holding 5% or more of Tryg's share capital and/or voting rights are:

Shareholder	Number of Shares before the Offering	Number of voting rights before the Offering[1]	Ownership interest before the Offering
			(percent)
TryghedsGruppen	160,138,436	80,069,218,000	53

(1) Each Share of nominal value DKK 5 carries 500 votes.

Other than as set out above, Tryg is not aware of any person who, directly or indirectly, owns an interest in Tryg's share capital or voting rights that is notifiable under Danish law.

Tryg does not have knowledge of any arrangements, the operations of which may result in a change of control of Tryg.

Tryg does not have any specific measures to ensure that the control of its majority shareholder, TryghedsGruppen, is not abused.

20.2 TryghedsGruppen

20.2.1 General

TryghedsGruppen is incorporated as a limited liability company under Danish law in the form of a "smba". As a "smba" (a "company with limited liability"), TryghedsGruppen does not have shareholders, but members (see criteria in section "*—Membership of TryghedsGruppen*" below) with certain rights in accordance with its articles of association (i.e. the 'smba' structure is broadly akin to a UK mutual or co-operative).

TryghedsGruppen's roots go back to the establishment of Denmark's first insurance company in 1731, and later the establishment of the Danish life insurance company called "Livsforsikringsselskabet Tryg A/S" in the first half of the 18th century. Since that time, the business has grown organically as well as through mergers with other companies.

TryghedsGruppen has been a shareholder in Tryg since 2002 when Tryg was formed in connection with TryghedsGruppen's acquisition of the general insurance activities of Nordea. Following the unwinding of relations with Nordea in 2002, TryghedsGruppen was the sole owner of Tryg until 2005 when 40% of its Shares in Tryg were sold in connection with Tryg's initial public offering and admission to trading and official listing on Nasdaq Copenhagen.

20.2.2 Regulatory oversight of TryghedsGruppen

TryghedsGruppen is registered with the Danish Business Authority, pursuant to the Danish Consolidated Act no. 659 of 1 July 2019 on certain undertakings carrying on business for profit, as amended and is, due to its status as a previous financial undertaking, subject to a regime under Danish law, pursuant to which the Danish Business Authority has certain supervisory powers including in relation to e.g. approval of amendments to TryghedsGruppen's articles of association and approval of certain significant transactions.

Following the Offering, TryghedsGruppen is expected to be reclassified from a Mixed-Activity Insurance Holding Company to an Insurance Holding Company and will therefore be subject to supervision by the DFSA and additional requirements under applicable law, which in addition to the DFSA's supervision of TryghedsGruppen's compliance with its solvency requirements also entail new requirements regarding fit & proper as well as different reporting and compliance requirements for TryghedsGruppen.

20.2.3 Shareholding in Tryg

At the date of this Prospectus, TryghedsGruppen is the largest shareholder in Tryg, owning approximately 53% of the shares in Tryg. TryghedsGruppen is also the only shareholder with a shareholding greater than 5% in Tryg.

The solvency requirements for TryghedsGruppen under Solvency II will impose limits on TryghedsGruppen's ability to debt finance its participation in the Offering. Given the revised regulatory treatment of TryghedsGruppen and the expected participation in the Offering (including through the proceeds of sale of Existing Shares and/or Preemptive Rights), TryghedsGruppen's ownership of Tryg is expected to reduce to between 40% and 50% (and with the current share price, an ownership interest of approximately 45% is expected). For further information, see "*Selling Securities Holders and Lock-up—Shareholders who have indicated that they expect to sell their Shares or Preemptive Rights*".

Following completion of the Offering, TryghedsGruppen intends to increase its ownership to above 50% in the medium term, provided among other conditions that a robust solvency ratio can be maintained.

TryghedsGruppen is treated as Tryg's parent company under Danish law, as well as a related party with the Danish entities in Tryg Group jointly taxed in Denmark (with TryghedsGruppen as the management company under the Danish joint taxation regime for all the entities within Tryg Group).

20.2.4 Other assets

According to TryghedsGruppen's 2020 annual report, which as at the date of this Prospectus has not yet been approved by the Board of Representatives but has been published on 26 February 2021, as per 31 December 2020 approximately 71% of TryghedsGruppen assets consisted of its 53% ownership of Tryg, whilst approximately 14% of TryghedsGruppen's assets was held in escrow for the purpose of supporting the present capital increase in Tryg. Furthermore, approximately 11% was tied to asset management and the remaining approximately 4% was placed in other direct investments (SATS, Falck Healthcare and Falck). In 2020, TryghedsGruppen's result (net of tax) was DKK 3,565 million of which the major part, DKK 2,604 million, stemmed from capital gains linked to the abovementioned sale of Tryg shares. Dividends received from Tryg amounted to DKK 1,559 million whilst the remaining income derives from investment returns and dividends from other direct investments.

Prior to the Offering, TryghedsGruppen has on 26 November 2020 sold 21,149,745 Existing Shares in Tryg, equivalent to 7% of the Existing Shares in Tryg, to institutional investors pursuant to an accelerated bookbuild offering. In addition, TryghedsGruppen has liquidated certain assets and liquid investments since the announcement of the Acquisition.

20.2.5 Purpose of TryghedsGruppen

The principal objectives of TryghedsGruppen are (i) to hold shares in companies that carry out insurance business, nationally or internationally, or own shares in other companies the activities of which can strengthen the insurance activities (the articles of association does not contain a specific minimum threshold for such ownership), (ii) to invest in other companies that are carrying out business within the "peace of mind" and safety related area, (iii) to invest as part of TryghedsGruppen's ordinary asset management, and (iv) to support business for the benefit of Danish policyholders and benevolent activities.

TryghedsGruppen make annual contributions to projects that increase peace of mind in Denmark within the core areas of safety, health and welfare. Annually, TryghedsGruppen contributes around DKK 650 million via TrygFonden towards this cause. TrygFonden is a registered secondary business name used by TryghedsGruppen when it supports benevolent activities.

20.2.6 Membership of TryghedsGruppen

The members of TryghedsGruppen are the Danish policyholders in Tryg Forsikring A/S, at any given time (excluding policyholders solely holding certain product insurance policies). Policyholders are considered Danish when the policyholder has its permanent residence or is domiciled in Denmark. Both natural and legal persons can be members of TryghedsGruppen. Membership of TryghedsGruppen is non-transferable.

As at the most recent practicable date prior to the date of this Prospectus, there are approximately 1.3 million members of TryghedsGruppen by virtue of being customers of Tryg.

At closing of the Acquisition, Tryg will acquire Trygg-Hansa and Codan Norway. Since only policyholders resident or domiciled in Denmark will be members of TryghedsGruppen, the Tryg Group's new Swedish and Norwegian policyholders will not become members of TryghedsGruppen as a result of completion of the Acquisition or the Demerger. Moreover, since Codan Denmark's policyholders will not be policyholders in Tryg Forsikring A/S, these will not become members of TryghedsGruppen even though Tryg will co-own Codan Denmark with effect from the time of closing of the Acquisition.

If a member ceases to be a member of TryghedsGruppen, such member is not entitled to any part of TryghedsGruppen's assets. In the event of a liquidation of TryghedsGruppen, its assets shall be distributed to the members of TryghedsGruppen according to principles to be decided by the TryghedsGruppen's Board of Representatives and to be approved by the Danish Business Authority.

20.2.7 Governance structure of TryghedsGruppen

TryghedsGruppen's governance structure consists of (a) the Board of Representatives (as defined below), (b) the supervisory board, and (c) an executive management.

20.2.7.1 Board of Representatives

TryghedsGruppen's supreme authority is the board of representatives ("**Board of Representatives**") consisting of 70 members and which has a similar function to that of a limited liability company's general meeting. The members of the Board of Representatives are elected according to an election system aimed at ensuring that representatives are elected from all parts of Denmark. The members of the Board of Representatives are elected in five electoral districts for a five-year term by and among the members of TryghedsGruppen. All members of TryghedsGruppen who are natural persons and who on 30 September the year before the election year have been a member of TryghedsGruppen and who have their residential address in an electoral district have voting rights in that specific electoral district. All members who are legal persons and who on 30 September the year prior to the election year have been a member of TryghedsGruppen and are domiciled in an electoral district have voting rights in that specific electoral district.

The members of the Board of Representatives exercise their powers at meetings of the Board of Representatives. The Board of Representatives holds at least two meetings annually one of which must be held before the end of April and will be the ordinary meeting. Extraordinary meetings of the Board of Representatives may be convened by TryghedsGruppen's supervisory board, its independent auditor as well as jointly by members of the Board of Representatives representing 1/10 of the total members of the Board of Representatives. The Board of Representatives also elects the members of TryghedsGruppen's supervisory board among the Board of Representatives.

Resolutions by the Board of Representatives ordinarily require a simple majority of votes. However, resolutions regarding amendment of TryghedsGruppen's articles of association require at least a majority of two-thirds of the members of the Board of Representatives participating in the vote as well as approval from the Danish Business Authority. Further, decisions regarding dissolution require a majority of 9/10 of all the members of the Board of Representatives. To form a quorum, more than half of the members of the Board of Representatives must be present. However, if a quorum is not present at a meeting of the

Board of Representatives, a new meeting may be convened where the quorum requirement does not apply.

The Board of Representatives has at an extraordinary meeting of the Board of Representatives, authorised the supervisory board of TryghedsGruppen to make decisions etc. regarding TryghedsGruppen supporting the Acquisition and the Offering and the supervisory board has exercised this authorisation.

20.2.7.2 Supervisory board and executive management

TryghedsGruppen's supervisory board consists of six to ten members and is elected by and among the Board of Representatives. The Board of Representatives may, upon recommendation from the supervisory board, elect a maximum of two members from outside the Board of Representatives to sit on the supervisory board.

The members of the supervisory board are elected for two-year terms and may be re-elected. However, a member of the supervisory board having served on the supervisory board for a total of 12 years must resign no later than on the first ordinary general meeting of the Board of Representatives thereafter. In addition, a member of the supervisory board must resign if that member ceases to be a member of the Board of Representatives.

The supervisory board is responsible for overall management of TryghedsGruppen's operations and decides on any matter concerning the exercise of voting rights on shares owned by TryghedsGruppen, including in Tryg, in accordance with the overall objectives of TryghedsGruppen. As at the date of this Prospectus, three of the members of TryghedsGruppen's supervisory board are also members of the Supervisory Board. These individuals are Ida Sofie Jensen (chairman of the supervisory board of TryghedsGruppen), Claus Wistoft and Karen Bladt see "*Supervisory Board and Executive Board—Supervisory Board—Biographies"*.

TryghedsGruppen's supervisory board also appoints the executive management of TryghedsGruppen, including the CEO. The executive management of TryghedsGruppen currently consists of two members, a CEO and a CFO who are responsible for the day-to-day business of TryghedsGruppen.

20.2.7.3 Economic return for members of TryghedsGruppen

In 2015, a members' bonus scheme, approved by the Danish Business Authority, was established, pursuant to which TryghedsGruppen may pay part of its profit as a bonus to its members. Only members of TryghedsGruppen are entitled to receive a member bonus from TryghedsGruppen, and such bonus is determined on a year-by-year basis by the Board of Representatives. Bonus may only be paid if TryghedsGruppen in the relevant income year has a profit, after deduction of donations to benevolent activities of more than 1% of TryghedsGruppen's total assets. If TryghedsGruppen in an income year has a profit of less than 1% of the total assets, TryghedsGruppen is prohibited from paying a member bonus for the relevant year. A profit for an income year where the profit is less than 1% of the total assets, does not carry over to later income years. TryghedsGruppen's income to fund these bonus payments largely comes from its ownership of Tryg and the total bonus can pursuant to TryghedsGruppen's articles of association not exceed the dividend received from Tryg (including proceeds from TryghedsGruppen's participation in share buybacks by Tryg).

TryghedsGruppen calculates each member's bonus payment based on the premium of that member's insurance in Tryg for the previous year (typically being 5-8% of such insurance cost).

See also "*Risk Factors—Following Completion of the Acquisition, the Tryg Group's majority shareholder, TryghedsGruppen, will continue to be a large shareholder and may control or otherwise substantially influence the Enlarged Group and TryghedsGruppen's interests may conflict with those of other shareholders*".

20.2.7.4 Regular interaction with TryghedsGruppen

Given the financial structure, historical relationship, ownership dynamics and governance relationship of TryghedsGruppen and Tryg, Tryg interacts with TryghedsGruppen on many different levels and on a regular basis. For instance, Tryg and TryghedsGruppen work closely together in relation to planning the actual payout of the bonus to the members of TryghedsGruppen (see the section *"—Governance structure of TryghedsGruppen—Economic return for members of TryghedsGruppen"*). Until announcement of the Acquisition, TryghedsGruppen has, from a trading perspective, made some of its investments through Tryg Invest, an internal asset management arm of Tryg. The arrangement was terminated in midyear 2020 and Tryg Invest no longer manage investments on behalf TryghedsGruppen, as such investments have been realised in 2020 and the proceeds will be used to subscribe for New Shares.

20.3 Shareholdings of the Supervisory Board and the Executive Board

The holdings of Shares in Tryg by the members of the Supervisory Board and the Executive Board as of 1 March 2021 (the most recent practicable date prior to the date of this Prospectus) are set out below:

	Shares held in Tryg[1]
Supervisory Board	
Jukka Pekka Pertola	6,000
Torben Henning Nielsen	28,500
Gunnar Elias Bakk	1,072
Charlotte Dietzer	1,153
Ida Sofie Jensen	2,905
Lene Skole-Sørensen	7,025
Mari Thjømøe	4,300
Claus Wistoft	2,500
Karen Bladt	269
Gert Ove Mikkelsen	861
Tina Snejbjerg	1,291
Carl-Viggo Johannes Östlund	3,480
Total	**59,356**
The Executive Board	
Morten Marc Hübbe	246,161
Barbara Plucnar Jensen	13,532
Lars Bonde	89,441
Johan Kirstein Brammer	37,405
Total	**386,539**
Total number of Shares held by the Supervisory Board and the Executive Board	**445,895**

(1) Includes Shares held by members of the Supervisory Board or members of the Executive Board personally or through legal entities controlled by them.

21. RELATED PARTY TRANSACTIONS OF THE TRYG GROUP

TryghedsGruppen is considered a related party to the Tryg Group as it exercises decisive influence over the Tryg Group. The Tryg Group has no other related parties with a decisive influence. Also, the Supervisory Board and the Executive Board are considered related parties of the Tryg Group as they exercise a significant influence on the Tryg Group's operations. Related parties also include such persons' relatives as well as undertakings in which such persons have significant interests. In addition, companies controlled by TryghedsGruppen are considered related parties.

Except as set out below and except in relation to ordinary remuneration, compensation and benefits received as a result of membership of the Supervisory Board or the Executive Board, the Tryg Group has not during the periods covered by the historical financial information included in this Prospectus and up until the date of this Prospectus undertaken any significant transactions with TryghedsGruppen, the Supervisory Board or the Executive Board, or with undertakings outside the Tryg Group in which related parties have significant interests.

With regards to the remuneration paid to the members of the Supervisory Board and the members of the Executive Board see the sections "*Supervisory Board and Executive Board—Supervisory Board—Compensation of the Supervisory Board*" and *"Supervisory Board and Executive Board—Executive Board—Compensation of the Executive Board*" and the notes in the Tryg Audited Consolidated Financial Statements, as included by reference in this Prospectus.

In addition to payment of remuneration to the members of the Supervisory Board and the members of the Executive Board, during the periods covered by the historical financial information included in this Prospectus and up until the date of this Prospectus, the Tryg Group has conducted the transactions with related parties set out below (all of which were carried out on arm's length terms):

	Year ended December 31		
	2020	2019	2018
	DKK millions		
Premium income			
Parent Company (TryghedsGruppen)	0.5	0.5	0.5
Key management[1]	0.5	0.4	0.0
Other related parties	3.4	3.1	4.5
Claims payments			
Parent company (TryghedsGruppen)	0.1	0.0	0.0
Key management[1]	0.2	0.2	0.0
Other related parties	0.4	0.5	0.4

(1) Key management comprises members of the Supervisory Board and members of the Executive Board and their members' family.

21.1 Transactions with TryghedsGruppen

During the financial years ended 31 December 2020, 2019 and 2018 and up until the date of this Prospectus, transactions with TryghedsGruppen or companies controlled by TryghedsGruppen which are considered related parties include distribution of dividends by Tryg to TryghedsGruppen of (i) DKK 280 million in 2021 (as at the date of this Prospectus), (ii) DKK 1,559 million in 2020, (iii) DKK 1,224 million in 2019, and (iv) DKK 1,788 million in 2018.

In 2016, as part of the ordinary course of business, TryghedsGruppen and the Tryg Group have entered into an agreement on arm's-length terms, pursuant to which the Tryg Group provides assistance to TryghedsGruppen in relation to the actual payout of the annual member bonus to the members of TryghedsGruppen. The Tryg Group receives a fee from TryghedsGruppen for such assistance. For further information on TryghedsGruppen's member bonus scheme, please see "*Shareholders—TryghedsGruppen—Membership of TryghedsGruppen*".

As part of the financing of the Acquisition, TryghedsGruppen has signed an irrevocable subscription undertaking under which TryghedsGruppen irrevocably has undertaken towards Tryg and each of the Joint Global Coordinators in connection with the Offering to (i) subscribe in cash for the TryghedsGruppen Firm Shares (including by using the net proceeds of the sale of Existing Shares which occurred on 23 November 2020); and (ii) further participate in the Offering on a cash neutral basis. This cash neutral participation will be achieved by TryghedsGruppen subscribing for the maximum number of New Shares that it can using the net proceeds (after transaction costs) arising from the sale of Preemptive Rights, such sale of Preemptive Rights to occur as soon as reasonably practicable during the Subscription Period. For further information, see "*Material Contracts—Material Contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*". Any Preemptive Rights sold by TryghedsGruppen will be exercised and the resulting Interim Shares will be sold, at the discretion of Danske Bank and Morgan Stanley on behalf of TryghedsGruppen, in open market transactions, private placements, block trades or otherwise.

All transactions between the Tryg Group and TryghedsGruppen have been conducted on an arm's length basis.

22. RELATED PARTY TRANSACTIONS OF RSA SCANDINAVIA

22.1 Trygg-Hansa and Codan Norway

Trygg-Hansa and Codan Norway's related parties include their ultimate parent company, RSA Insurance Group plc, as well as members of the board of directors and the board of management of Codan A/S and such members' family (and the companies in which such persons have significant interests).

Except as set out below, Trygg-Hansa and Codan Norway have not during the periods covered by the historical financial information included in this Prospectus undertaken any significant transactions with such related parties or other related parties.

During the financial years ended 31 December 2020, 2019 and 2018, dividends were distributed to RSA Insurance Group plc in the amounts of DKK 200 million in 2020, DKK 1,200 million in 2019 and DKK 1,650 million in 2018.

As of 31 December 2020, Trygg-Hansa and Codan Norway had a loan from the RSA Group in the amount of DKK 2,500 million (as of 31 December 2019 and 2018, the loan amounted to DKK 3,500 million (2019) and DKK 3,500 million (2018)) repayable in 2047. Loan repayments of DKK 1,000 million were made in 2020 and DKK 0 million in 2019 and 2018. The loan was obtained on an arm's length basis. The interest expense amounted to DKK 173.3 million in 2020, DKK 152.5 million in 2019 and DKK 154.2 million in 2018.

As of 31 December 2020, Trygg-Hansa and Codan Norway had a loan from Codan Denmark in the amount of DKK 500 million (as of 31 December 2019 and 2018, the loan amounted to DKK 1,000 million and DKK 1,000 million, respectively) repayable in 2023. Loan repayments of DKK 500 million were made in 2020 and DKK 0 million in 2019 and 2018. The loan was obtained on an arm's length basis. The interest expense amounted to DKK 6.9 million in 2020, DKK 3.1 million in 2019 and DKK 3.4 million in 2018).

Trygg-Hansa and Codan Norway have paid for the use of joint IT systems and joint services within the RSA Group. Payments were made on a cost-covering basis.

Trygg-Hansa and Codan Norway have entered into reinsurance agreements with companies in the RSA Group on an arm's length basis, including, but not limited to, a quota sharing program on the Marine Hull portfolio with Royal & Sun Alliance Insurance plc.

As of 31 December 2020, receivables from related parties were DKK 502 million (as of 31 December 2019 and 2018, receivables from related parties were DKK 1,431 million and DKK 1,339 million, respectively) which primarily related to branch capitalisations and other transactions entered into with RSA Group entities in the ordinary course of business. Outstanding balances are unsecured, interest free and repayable on demand.

As of 31 December 2020, other payables to related parties were DKK 2,126 million (as of 31 December 2019 and 2018, other payables to related parties were DKK 2,212 million and DKK 1,876 million, respectively) related to transactions entered into with other RSA Group entities in the ordinary course of business. Outstanding balances are unsecured, interest free and repayable on demand.

Apart from normal management remuneration, no transactions, except for those listed below, were entered into during the financial years ended 31 December 2020, 2019 and 2018 with the board of directors and the board of management of Codan A/S, executives, major shareholders or other related parties. The total remuneration of the board of directors, the board of management and material risk takers for Codan A/S is presented in

the table below. Material risk takers include the chief risk officer, the head of compliance, the chief auditor and the chief actuary of RSA Scandinavia.

	Year Ended 31 December		
	2020	2019	2018
	DKK millions		
Remuneration of the board of directors of Codan A/S	**2.3**	**2.5**	**2.5**
Remuneration of the board of management of Codan A/S			
Wages and salaries	7.9	7.4	7.8
Bonuses	2.0	0.7	0.6
Pension benefits	0.2	1.2	1.7
Long term incentive plans	—	1.7	1.4
Redundancy benefits	—	6.5	—
Remuneration of board of management of Codan A/S	**10.1**	**17.5**	**11.1**
Number of employees in the board of management of Codan A/S	2	2	2
Remuneration of the risk takers			
Wages and salaries	6.8	6.4	7.0
Pension benefits	0.4	0.5	0.6
Remuneration of risk takers	**7.2**	**6.9**	**7.6**
Number of risk takers	4	4	4

22.2 Codan Denmark

Codan Denmark's related parties include its ultimate parent company, RSA Insurance Group plc, as well as members of the board of directors and the board of management of Codan A/S and such members' family (and the companies in which such persons have significant interests).

Except as set out below, Codan Denmark has not during the periods covered by the historical financial information included in this Prospectus undertaken any significant transactions with such related parties or other related parties.

During the financial years ended 31 December 2020, 2019 and 2018, dividends were distributed to Codan A/S by Codan Forsikring A/S in the amounts of DKK 550 million in 2020, DKK 50 million in 2019 and DKK 400 million in 2018.

As of 31 December 2020, Codan Denmark through Codan Forsikring A/S had granted a loan to Codan A/S in the amount of DKK 500 million (as at 31 December 2019 and 2018, the loan amounted to DKK 1,000 million and DKK 1,000 million, respectively) repayable on 2023. DKK 500 million was received as loan repayment in 2020 (in 2019 and 2018, DKK 0 million was received). The loan was granted on an arm's length basis. The interest income amounted to DKK 6.9 million in 2020, DKK 3.1 million in 2019 and DKK 3.4 million in 2018.

Codan Denmark has paid for the use of joint IT-systems and joint services within the RSA Group. Payments were made on a cost-covering basis.

Codan Denmark has entered into reinsurance agreements with companies in the RSA Group on an arm's length basis, including, but not limited to, a quota sharing program on the Marine Hull portfolio with Royal & Sun Alliance Insurance plc.

As of 31 December 2020, receivables from related parties were DKK 2,110 million (as of 31 December 2019 and 2018, receivables from related parties were DKK 2,207 million and DKK 1,867 million, respectively) which primarily related to transactions entered into with other RSA Group entities in the ordinary course of business. Outstanding balances are unsecured, interest free and repayable on demand.

As of 31 December 2020, other payables to related parties were DKK 554 million (as of 31 December 2019 and 2018, other payables to related parties were DKK 1,469 million and DKK 1,345 million, respectively) related to branch capitalisations and other

transactions entered into with other RSA Group entities as described above. Outstanding balances are unsecured, interest free and repayable on demand.

Apart from normal management remuneration, no transactions, except for those listed below, were entered into during the financial years ended 31 December 2020, 2019 and 2018 with the board of directors and the board of management of Codan A/S, executives, major shareholders or other related parties. The total remuneration of the board of directors, the board of management and material risk takers for Codan A/S is presented in the table below. Material risk takers include the chief risk officer, the head of compliance, the chief auditor and the chief actuary of RSA Scandinavia.

	Year Ended 31 December		
	2020	2019	2018
	DKK millions		
Remuneration of the board of directors of Codan A/S	**2.3**	**2.5**	**2.5**
Remuneration of the board of management of Codan A/S			
Wages and salaries	7.9	7.4	7.8
Bonuses	2.0	0.7	0.6
Pension benefits	0.2	1.2	1.7
Long term incentive plan	—	1.7	1.4
Redundancy benefits	—	6.5	—
Remuneration of board of management of Codan A/S	**10.1**	**17.6**	**11.5**
Number of employees in the board of management of Codan A/S	2	2	2
Remuneration of the risk takers			
Wages and salaries	6.8	6.4	7.0
Pension benefits	0.4	0.5	0.6
Remuneration of risk takers	**7.2**	**6.9**	**7.6**
Number of risk takers	4	4	4

23. DIVIDENDS AND DIVIDEND POLICY

23.1 General

All Shares, including the New Shares, have the same rights and the New Shares will rank *pari passu* with all other Shares, including in respect of eligibility to receive dividends and participate in share buybacks.

23.2 Dividend policy

Tryg's dividend policy is approved by the Supervisory Board on an annual basis and is based on the following assumptions:

- An aspiration to distribute a steadily increasing dividend in nominal terms on a full-year basis.
- A general objective of creating long-term value for Tryg's shareholders.
- A competitive dividend policy in comparison with the policies of Tryg's Nordic competitors.
- Annual distribution of 60-90% of Tryg's profit after tax.
- The capital level must at all times reflect Tryg's return-on-equity targets and statutory capital requirements.
- The capital level may be adjusted via extraordinary dividends.

The ordinary dividend is paid on a quarterly basis.

Notwithstanding Tryg's dividend policy, any future decision to propose or pay out dividends and the amounts and timing thereof, will be made at the discretion of the Supervisory Board and will depend on a number of factors, including future revenue, profits, financial conditions, general economic and business conditions, and future prospects and such other factors as the Supervisory Board may deem relevant, as well as other legal and regulatory requirements. There can be no assurances that the Tryg Group's performance will facilitate adherence to the dividend policy, and, in particular, Tryg's ability to pay dividends may be impaired if any of the risks described in this Prospectus were to occur, see "*Risk Factors*". There can be no assurances that in any given year a dividend will be proposed or declared.

As an alternative, or in addition to, making dividend payments, the Supervisory Board may initiate share buybacks. The decision by the Supervisory Board to engage in share buybacks, if any, will be made in accordance with the factors applicable to dividend payments set forth above.

The information on Tryg's policies relating to dividend distribution and share buyback constitutes forward-looking statements. Forward-looking statements are not guarantees of future financial performance, and Tryg's actual dividends or share buybacks could differ materially from those expressed or implied by such forward-looking statements as a result of many factors, including those described under "*Important Notice and Expected Timetable of Principal Events—Special notice regarding forward-looking statements"* and "*Risk Factors*".

23.3 Recent dividends

The table below shows the dividends in respect of the financial years ended 31 December 2020, 2019 and 2018. Even though being related to a specific financial year, certain

dividend payments have been paid out in the following financial year. As of the date of this Prospectus, Tryg has not conducted any share buybacks since 2015.

	Financial year ended 31 December		
Distribution	**2020[3]**	**2019**	**2018**
Dividend (DKK millions)	2,115	2,056	1,994
Dividend per share (DKK)	7.0	6.8	6.6
Payout ratio[1]	76%	72%	115%
Extraordinary dividend[2] (DKK millions)	—	500	—
Extraordinary dividend per share (DKK)	—	1.65	—
Share buyback	—	—	—

(1) Payout ratio represents the percentage of the Tryg Group's profit after tax which is distributed annually as ordinary dividends.

(2) Extraordinary dividend distributed in addition to the dividend distributed in accordance with Tryg's dividend policy to further adjust Tryg's capital structure.

(3) The Tryg Group announced on 27 March 2020 that it was moving to a full-year dividend decision for 2020 following the outbreak of COVID-19, see "*Operating and Financial Review of the Tryg Group—Liquidity and capital resources*". On 9 November 2020, citing the resilience of Tryg's business model, Tryg's Supervisory Board announced that it had decided to revisit this decision and approved an ordinary dividend of DKK 5.25 per share (DKK 1.6 billion). Payment of this dividend which related to the first three quarters of 2020 occurred on 12 November 2020, with ex-dividend date on 10 November 2020.In addition, it was announced that the Tryg Group would return to a quarterly dividend payment starting in the fourth quarter of 2020. On 29 January 2021, the Tryg Group paid an ordinary dividend of DKK 1.75 per share relating to the fourth quarter of 2020, for a total dividend of DKK 7.00 per share for 2020 (2019: DKK 6.80).

23.4 Legal and regulatory requirements

23.4.1 Dividends

In accordance with the Danish Companies Act, ordinary dividends, if any, are declared with respect to a financial year at the annual General Meeting in the following year, at the same time as the statutory annual report, which includes the audited financial statements, for that financial year is approved.

Further, the General Meeting may resolve to distribute extraordinary dividends or authorise the Supervisory Board to decide on the distribution of extraordinary dividends. Any resolution to distribute extraordinary dividends within six months after the date of Tryg's latest adopted annual report must be accompanied by the statement of financial position from Tryg's latest annual report or an interim statement of financial position, which must be reviewed by Tryg's auditor. If the decision to distribute an extraordinary dividend is passed more than six months after the date of Tryg's latest adopted annual report, an interim statement of financial position must be prepared and reviewed by Tryg's auditor. The statement of financial position or the interim statement of financial position, as applicable, must show that Tryg has sufficient funds available for distribution.

Any resolution by the General Meeting for the distribution of ordinary or extraordinary dividends may not exceed the amount recommended or approved by the Supervisory Board. Moreover, dividends, including extraordinary dividends, may only be made out of distributable reserves, may not exceed an amount that is considered sound and adequate with regard to the financial condition of Tryg and the Tryg Group and may not be to the detriment of Tryg or its creditors and otherwise must satisfy such other factors, as the Supervisory Board may deem relevant.

As of the date of this Prospectus, the Supervisory Board has been authorised by the General Meeting to distribute extraordinary dividends.

Dividends paid to the Shareholders may be subject to withholding tax. See "*Taxation*" for a description of Danish withholding taxes in respect of dividends declared on the Shares and certain other tax considerations relevant to the purchase or holding of Shares.

23.4.2 Share buybacks

In accordance with the Danish Companies Act, share buybacks, if any, may only be carried out by the Supervisory Board using funds that could have been distributed as

dividends at the latest annual General Meeting. The Supervisory Board must carry out any share buyback in accordance with the authorisation granted by the General Meeting. The authorisation must be granted for a specific period not to exceed five years. The authorisation must also specify the maximum permitted value of treasury shares, as well as the minimum and maximum amount that Tryg may pay as consideration for such shares. The decision by the Supervisory Board to engage in a share buyback, if any, will be made in accordance with the factors applicable to dividend payments described above.

As at the date of this Prospectus, the Supervisory Board is authorised to purchase treasury shares up to a total nominal value of DKK 151 million, corresponding to 10% of Tryg's share capital. Tryg's holding of treasury shares must not exceed 10% of Tryg's share capital at any given time. The consideration paid in connection with the acquisition of treasury shares must not deviate by more than 10% from the market price at the time of acquisition. This authorisation is granted to the Supervisory Board for the period until 31 December 2021.

In the published notice to convene the annual General Meeting of Tryg which is scheduled to be held on 26 March 2021, the Supervisory Board has proposed to renew and extend the existing authority of the Supervisory Board to let Tryg acquire treasury shares up to a total nominal value of DKK 151 million until 31 December 2022 (corresponding to 10% of the share capital at the time of authorisation). Following such acquisition, Tryg's holding of treasury shares must not exceed 10% of Tryg's share capital at any given time. The acquisition price must not deviate by more than 10% from the price quoted for the Shares on Nasdaq Copenhagen at the time of acquisition.

As at the date of this Prospectus, Tryg holds 680,952 treasury shares, corresponding to approximately 0.23% of Tryg's share capital.

Any Share buybacks will be deemed a sale of shares for tax purposes and, as a general rule, are not subject to Danish withholding tax provided that Tryg is admitted to trading on a regulated market. For a description of Danish withholding taxes and certain other Danish considerations relevant to the purchase of Shares, see "*Taxation*".

23.5 Other requirements

Dividends, if any, will be paid in accordance with the rules of VP Securities and will be paid to the Shareholders' accounts with their account holding banks in Danish kroner to those recorded as beneficiaries.

Dividends not claimed by Shareholders are forfeited in favour of Tryg, normally after three years, under the general rules of Danish law or statute of limitations.

Under the Articles of Association and applicable Danish law, there are no dividend restrictions or special procedures for holders of Shares not resident in Denmark.

On 2 April 2020, EIOPA announced a recommendation that insurers and reinsurers in the EU temporarily suspend all discretionary dividend distributions and share buybacks aimed at remunerating shareholders and on 3 April 2020 the DFSA announced that it supported that recommendation. This was followed up on 27 May 2020 by a recommendation by the ESRB that EU financial institutions (including insurers and reinsurers) refrain from, inter alia, making dividend distributions or share buybacks until at least 1 January 2021; on 26 June 2020 the DFSA endorsed that recommendation. Contrary to the above-mentioned recommendation, Tryg decided in November 2020 to pay the dividend, see "*Risk Factors—Following Completion of the Acquisition, the Tryg Group's majority shareholder, TryghedsGruppen, will continue to be a large shareholder and may control or otherwise substantially influence the Enlarged Group and TryghedsGruppen's interests may conflict with those of other shareholders*" for further information. On 15 December 2020, the ESRB amended its recommendation regarding restrictions on distributions to permit, under extreme caution and applying a conservative approach, financial institutions with a sufficiently strong capital position to distribute dividends. On 18 December 2020, the DFSA confirmed that it would follow the amended ESRB recommendations in its supervisory discussions with financial institutions.

24. ADDITIONAL INFORMATION

24.1 Names and address of Tryg's statutory auditor

The Tryg Audited Consolidated Financial Statements covering the financial years ended 31 December 2020, 2019 and 2018 have been prepared in accordance with IFRS as adopted by the EU and have been audited by Deloitte Statsautoriseret Revisionspartnerselskab.

The name and address of Tryg's independent auditors are as follows:

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S
Denmark

Deloitte Statsautoriseret Revisionspartnerselskab is represented by Jens Ringbæk (identification no (MNE) mne27735), State Authorised Public Accountant, and Kasper Bruhn Udam (identification no (MNE) mne29421), State Authorised Public Accountant, both members of FSR—Danish Auditors.

The independent auditors' report included in Tryg's published annual reports for the financial years ended 31 December 2020, 2019 and 2018 were signed by Jens Ringbæk and Kasper Bruhn Udam.

Deloitte Statsautoriseret Revisionspartnerselskab is a member of FSR—Danish Auditors.

Due to statutory independence requirements, Deloitte Statsautoriseret Revisionspartnerselskab cannot be re-elected as Tryg's independent auditors for the financial year ending 31 December 2021. Consequently, in the published notice to convene the annual General Meeting of Tryg which is scheduled to be held on 26 March 2021, the Supervisory Board, following a tender process and a recommendation from the Audit Committee, has proposed that PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab be elected as Tryg's new independent auditors at the annual General Meeting of Tryg.

If elected at the annual General Meeting of Tryg, the name and address of Tryg's independent auditors will be as follows:

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab is a member of FSR—Danish Auditors.

24.2 Information incorporated by reference

The additional information explicitly listed in the table below has been incorporated by reference into this Prospectus pursuant to article 19 of the Prospectus Regulation. Non-incorporated parts of the documents incorporated by reference are either not deemed relevant for Existing Shareholders and other investors or are covered elsewhere in this Prospectus. Direct and indirect references in the documents included in the table below to other documents or websites are not incorporated by reference and do not form part of this Prospectus. The documents speak only for the period in which they are in effect and have not been updated for purposes of this Prospectus. Shareholders and prospective investors should assume that the information in this Prospectus as well as the information incorporated by reference herein is accurate only in the period in which they are in effect.

The information incorporated by reference into this Prospectus is exclusively set out in the cross-reference table below, and is available on the Tryg's website, www.tryg.com.

Document/information	Pages(s)
Consolidated financial statements as at and for the year ended 31 December 2020	
(https://tryg.com/sites/tryg.com/files/2021-02/tryg_ar2020.pdf)	
Management statement	50
Independent auditor's report	51 – 53
Consolidated financial statements, including notes	54 – 106
Consolidated financial statements as at and for the year ended 31 December 2019	
(https://tryg.com/sites/tryg.com/files/2020-01/tryg_2019_annualreportfinal.pdf)	
Management statement	48
Independent auditor's report	49 – 51
Consolidated financial statements, including notes	52 – 103
Consolidated financial statements as at and for the year ended 31 December 2018	
(https://tryg.com/sites/tryg.com/files/2019-02/tryg_2018_annualreport.pdf)	
Management statement	49
Independent auditor's report	50 – 53
Consolidated financial statements, including notes	54 – 106
Danish and Swedish translations of this Prospectus summary	All pages
(https://tryg.com/en/emission)	

24.3 Share capital before and after the Offering

As at the date of this Prospectus, Tryg has a registered nominal share capital of DKK 1,510,739,955 divided into 302,147,991 Shares. Each Share amount of DKK 5 equals 500 votes. No Shares carry special rights. Tryg has one share class and all Shares are issued and fully paid up. All Shares carry the same voting rights.

Immediately after the Offering and registration of the capital increase with the Danish Business Authority, Tryg's registered nominal share capital will be DKK 3,273,269,900 divided into 654,653,980 Shares with a nominal value of DKK 5 each.

24.4 Historical changes in Tryg's share capital

Since the completion of the capital increase conducted in connection with Tryg's acquisition of Alka Forsikring in December 2017, there have been no changes in Tryg's share capital.

24.5 Principal subsidiaries

The following table sets forth Tryg's principal subsidiaries which are, directly or indirectly, held by Tryg as at the date of this Prospectus:

Entity Name	Country of Incorporation	Currency	Nominal Share Capital	Percentage of (Direct or Indirect) Ownership Interest and Voting Rights
Tryg Forsikring A/S	Denmark	DKK	1,100,000,000	100%
Tryg Livsforsikring A/S	Denmark	DKK	125,000,000	100%
Forsikrings-Aktieselskabet Alka Liv II	Denmark	DKK	15,000,000	100%

Tryg has selected the principal subsidiaries on the basis of a commercial materiality assessment, primarily focusing on where the majority of the Tryg Group's operations are conducted, including (i) where premium income is generated and (ii) where a substantial part of the Tryg Group's assets are held. The principal subsidiaries represented, on an aggregate basis, approximately 100% of the Tryg Group's consolidated gross premium income, approximately 100% of the Tryg Group's consolidated technical result for the

financial year ended 31 December 2020 and approximately 100% of the Tryg Group's consolidated assets as of 31 January 2020.

Further, Tryg has additional direct and indirect subsidiaries and branches in Denmark, Norway, Sweden, Finland, Germany, Austria and the Netherlands. See also "*Business of the Tryg Group—Legal structure—Current structure of the Tryg Group*" for a summary of the Tryg Group's legal structure as at the date of this Prospectus.

25. REGULATORY DISCLOSURES

The announcements that Tryg during the past 12 months has made in accordance with Regulation (EU) No 596/2014 of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as amended, and which are relevant as of the date of this Prospectus are set forth below.

In the published notice to convene the annual General Meeting of Tryg which is scheduled to be held on 26 March 2021, the Supervisory Board has proposed that the General Meeting adopts a resolution to enable Tryg to be able to publish company announcements in English only.

25.1 Announcements relating to the Transaction

- On 5 November 2020, in connection with an announcement published by RSA that same day concerning an approach from Intact and Tryg regarding a possible cash offer for RSA, Tryg announced further details regarding the possible cash offer.
- On 18 November 2020, Tryg announced a recommended cash offer for RSA by Intact Bidco (a wholly-owned subsidiary of Intact) and associated separation of RSA's Scandinavian business.

25.2 Announcements relating to the Offering

- On 23 November 2020, Tryg announced that an accelerated bookbuild offering to institutional investors for up to 21,149,745 Existing Shares, equivalent to 7% of the Existing Shares, had been launched by TryghedsGruppen.
- On 24 November 2020, Tryg announced that TryghedsGruppen had agreed to sell 21,149,745 Existing Shares, equivalent to 7% of the Existing Shares to institutional investors at a price of DKK 170 per Existing Share, pursuant to an accelerated bookbuild offering.

25.3 Transactions by persons discharging managerial responsibilities and their closely associated persons

- On 21 April 2020, Tryg announced that group CCO Johan Kirstein Brammer had been granted shares in Tryg.
- On 26 November 2020, Tryg announced that TryghedsGruppen, as a closely associated person to members of the Supervisory Board Ida Sofie Jensen, Karen Bladt and Claus Wistoft, had sold 21,149,745 Shares for a total amount of DKK 3,595,456,650 to institutional investors pursuant to an accelerated bookbuild offering.
- On 26 January 2021, Tryg announced that group CEO Morten Hübbe and group COO Lars Bonde had been granted Shares in Tryg related to Tryg's matching shares programme.

25.4 Other announcements

- On 27 March 2020, following the outbreak of the COVID-19 pandemic Tryg announced expectations of a technical result for 2020 of DKK 3.3 billion, a suspension of Tryg's return on equity target and a move to a full year dividend decision for 2020.
- On 9 November 2020, Tryg announced an ordinary dividend of DKK 5.25 per share (DKK 1.6 billion) and Tryg's return to a quarterly dividend payment.

26. MATERIAL CONTRACTS

Other than as disclosed below, there are no contracts (other than those entered into in the ordinary course of business) to which either (a) Tryg or a company within the Tryg Group or (b) a company within RSA Scandinavia is a party which (i) are, or may be, material to the Tryg Group or RSA Scandinavia and which have been entered into in the two years immediately preceding the date of this Prospectus; or (ii) which contain any obligations or entitlements which are, or may be, material to the Tryg Group or RSA Scandinavia as of the date of this Prospectus.

26.1 Material contracts in connection with the Transaction

26.1.1 Co-operation Agreement

On 18 November 2020, RSA, Intact, Intact Bidco and Tryg entered into the Co-operation Agreement pursuant to which, among other things, Intact, Intact Bidco, Tryg and RSA have agreed: (i) to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made for the process of obtaining all consents, clearances, permissions, waivers and/or approvals as may be necessary under the law, regulations or practices applied by any applicable regulatory authority in connection with the Transaction and/or the Acquisition Completion Holding Structure (as relevant); (ii) certain provisions that will apply in respect of the RSA share plans and certain other arrangements regarding employment matters and employee incentives, including Intact Bidco, Tryg and Intact committing (except where prohibited by mandatory regulatory requirements) to maintain for a period of 12 months from completion of the Acquisition: (a) the same base salary and incentive opportunities (other than retention awards) which, taken as a whole, were provided to each RSA employee prior to completion of the Acquisition; (b) benefits and allowance packages which, taken as a whole, are at least substantially comparable to those in place for each RSA employee prior to completion of the Acquisition and (c) in respect of qualifying terminations, applicable redundancy and severance payments, benefits and arrangements that are no less favourable than those set out in RSA's existing redundancy practices; and (iii) that the Scheme can only switch to a Takeover Offer with RSA's consent. In addition, RSA agreed to co-operate in the preparation of this Prospectus and other such documents required in respect of the Offering and to procure certain actions are taken in connection with the Scandinavia Carve-Out in accordance with the Scheme. Intact, Intact Bidco and Tryg have also agreed to certain obligations to obtain regulatory clearances, including that (subject to limited exceptions) the person(s) responsible for obtaining the relevant clearances will take all such actions as are necessary to ensure the satisfaction of the relevant merger control conditions to the Acquisition and will use reasonable efforts to ensure the satisfaction of the other regulatory conditions to the Acquisition.

The Co-operation Agreement can be terminated in certain circumstances, including, among other things if: (i) the Acquisition is withdrawn, terminated or lapses (subject to certain exceptions); (ii) Tryg does not take certain actions in relation to the Tryg General Meeting and the resolutions proposed at it; (iii) a competing offer completes, becomes effective or is declared unconditional; (iv) prior to 18 November 2021 (or such later date as may be agreed between Intact Bidco, Tryg and RSA, and if required as the Panel and the High Court of Justice in England and Wales may allow) (the "**Long Stop Date**") any condition to the Acquisition has been invoked by Intact Bidco; (v) the RSA board of directors withdraw their recommendation of the Acquisition; (vi) certain conditions to the Acquisition are not satisfied by the Long Stop Date; or (vii) the Scheme does not become effective in accordance with its terms by the Long Stop Date or otherwise as agreed between Intact, Intact Bidco, Tryg and RSA.

Pursuant to the terms of the Co-operation Agreement, Intact Bidco undertakes that it will deliver a notice in writing to RSA prior to the Scheme Court Hearing confirming either: (i) the satisfaction or waiver of relevant conditions to the Acquisition; or (ii) to the extent permitted by the Panel, that it intends to invoke or treat as unsatisfied or incapable of satisfaction one or more conditions to the Acquisition.

26.1.2 Collaboration Agreement

On 18 November 2020, Intact Bidco, Intact and Tryg entered into the Collaboration Agreement, pursuant to which they have agreed to co-operate to implement the Acquisition. The terms of the Collaboration Agreement include an agreement by the parties to use reasonable endeavours to obtain the merger control and regulatory approvals necessary for the Acquisition for which they are each responsible as soon as reasonably practicable, and for Tryg to carry out the Offering and obtain the necessary related approvals, and for the parties to share information necessary for such approvals. The parties also agree not to enter into any transaction or take any action which would reasonably be expected to prejudice or delay satisfaction of the conditions for the Acquisition. In addition, the Collaboration Agreement contains restrictions on the actions that may be taken by Intact Bidco without Tryg's consent. Intact or Intact Bidco may only waive (if capable of waiver) or invoke any Tryg Condition or Joint Condition (each as defined in the Collaboration Agreement), with Tryg's consent. Tryg has the right to direct Intact or Intact Bidco to seek the Panel's consent to invoke any Tryg Condition.

26.1.3 Separation Agreement

In connection with the Separation, Intact, Intact Bidco, Tryg, ScandiJVCo and ScandiJVCo2 entered into the Separation Agreement on 18 November 2020, pursuant to which Intact and Tryg have agreed, conditional upon (amongst other things) completion of the Acquisition, for Trygg-Hansa and Codan Norway to be transferred to the control of Tryg, with Intact and Tryg co-owning Codan Denmark on a 50/50 economic basis.

26.1.3.1 Implementation of the Scandinavia Carve-Out and associated steps

The Separation Agreement provides the legal framework through which the Scandinavia Carve-Out will be effected and the allocation of costs and tax in respect of the Transaction.

The parties to the Separation Agreement have agreed to implement the Scandinavia Carve-Out through the contribution in kind of Codan A/S by Royal International Insurance Holdings Limited to ScandiJVCo in consideration for the issue of shares in ScandiJVCo, and the subsequent transfer of those shares in ScandiJVCo to Intact Holdco and the transfer of the Tryg Consideration Shares by Intact Holdco to Tryg in accordance with the Tryg SPA. The Separation Agreement documents the parties' intention that, following the Scandinavia Carve-Out, an intragroup reorganisation will take place, resulting in a structure in which ScandiJVCo holds Codan A/S, and in turn ScandiJVCo is expected to be held c.89.3% by Tryg (c.78.6% directly and c.10.7% indirectly through ScandiJVCo2) and c.10.7% indirectly by Intact's interest in ScandiJVCo2, giving effect to the Acquisition Completion Holding Structure.

The Separation Agreement also sets out a number of additional steps envisaged to be completed alongside the Scandinavia Carve-Out including: (i) the parties procuring that, as envisaged in the Scheme, RSA is re-registered as a private limited company under the UK Companies Act 2006; and (ii) Intact procuring (subject to applicable laws and to the extent within its power) that the DKK 2.5 billion Floating Rate Subordinated Notes due 31 May 2047 issued by Codan A/S are capitalised for new shares in Codan A/S, (the amount of the Floating Rate Subordinated Notes was DKK 3.5 billion at the date of the Separation Agreement and DKK 1 billion was repaid in December 2020), or otherwise addressed in a manner acceptable to Intact and Tryg.

26.1.3.2 Implementation of the Demerger

The Separation Agreement additionally sets out the legal steps that Intact and Tryg are envisaged to take in order to implement the Demerger and the allocation of tax risks in respect of the same. Such steps include the agreement and execution of the final form of the demerger plan to give effect to the Demerger, with an accounting effect (unless otherwise agreed between Intact and Tryg) as at 1 January 2021.

The Separation Agreement also provides for a number of preparatory steps to the Demerger envisaged to be implemented, including for: (i) Codan Forsikring A/S to

distribute to Codan A/S the loan receivable of approximately DKK 0.5 billion (the loan was for DKK 1.0 billion at the date of the Separation Agreement and 50% was repaid in December 2020) owed to it by Codan A/S; (ii) ScandiJVCo to incorporate NewCo (which was incorporated on 21 December 2020) and to seek approval from the DFSA for NewCo to be a non-life insurance company (with a view to NewCo ultimately acquiring the Danish assets and liabilities of Codan Forsikring A/S pursuant to the Demerger); (iii) NewCo to be contributed to Codan A/S; and (iv) the parties to complete any mandatory consultations with Codan Forsikring A/S' employees in Denmark, Norway and Sweden.

26.1.3.3 Allocation of assets, liabilities and costs

The Separation Agreement sets out the framework for the allocation of the assets, costs and liabilities of the RSA Group between Intact and Tryg in particular providing a detailed framework in respect of the allocation of the assets, costs and liabilities of RSA Scandinavia between Codan Denmark (which it is envisaged Intact and Tryg shall co-own on a 50/50 economic basis) and Trygg-Hansa and Codan Norway which it is envisaged Tryg shall wholly-own following implementation of the Demerger.

The Separation Agreement sets out the general principle that assets, costs and liabilities are allocated based on the general ledger of the relevant geographies as at and following 30 June 2020 with supporting provisions in respect of rectifying any unintended capital leakage between the respective perimeters following such date. Additional specific allocations, however, overlay the general principles, including detailed provisions with respect to the: (i) reallocation of excess solvency capital from Codan Denmark on the one hand to Trygg-Hansa and Codan Norway on the other hand (subject to certain limits and conditions); (ii) allocation between Intact and Tryg of the cost of the interim dividend of 8 pence per RSA share paid on 4 December 2020; (iii) treatment of reinsurance arrangements (where Intact and Tryg have agreed that their overall objective is to put in place independent reinsurance arrangements, and in furtherance of that objective will seek to ensure reinsurance arrangements with third party reinsurers will continue post completion of the Acquisition); (iv) intellectual property (where Intact and Tryg have agreed to put into place licence agreements to reflect specific arrangements in respect of the exploitation and use of certain brands, trademarks and domain names); (v) proposals for the US branch of Codan Forsikring A/S (where Intact and Tryg have agreed to use reasonable endeavours to close or dispose of such US branch as soon as practicable or otherwise allocate such US branch to Codan Denmark (unless based on Intact's and Tryg's reasonable assessment such allocation would delay, impede or otherwise restrict the implementation of the Demerger in which case Intact will acquire the US branch subject to agreed cost-sharing arrangements)); and (vi) allocation of specific costs arising from the transaction in respect of RSA Scandinavia (where Intact and Tryg have agreed, for example, that the costs which arise in connection with the incorporation and audit of ScandiJVCo and ScandiJVCo2 should be borne 78% by Trygg-Hansa and Codan Norway and 22% by Codan Denmark and any Acquisition costs incurred by RSA between 30 June 2020 and Completion in order to facilitate Completion should be borne 50% by the Tryg Group and 50% by the Intact Group).

Further, as a result of the Scandinavia Carve-Out, the Demerger and consequential allocation of assets and liabilities, the Separation Agreement provides for transitional arrangements to be agreed in good faith by the respective parties to achieve business continuity in the ordinary course without unnecessary interruption. The Separation Agreement sets out the general principles applicable when agreeing such transitional arrangements, including provision for a template form of transitional services agreement which is consistent with such principles, and which forms the basis of agreed detailed transitional arrangements (including, among other things, setting out the costs and specific services required by the respective parties).

26.1.3.4 Conduct and governance arrangements

In addition, the Separation Agreement provides the framework for the ongoing governance of RSA Scandinavia, both prior to the Demerger and, in respect of Codan Denmark, post-Demerger.

The parties to the Separation Agreement have agreed that the Shareholders' Agreement for ScandiJVCo and ScandiJVCo2 will be entered into at completion of the Acquisition, which together with the articles of association and rules of procedure, which are both schedules to the Separation Agreement, shall comprise the governing documents for ScandiJVCo and ScandiJVCo2. The Shareholders' Agreement is envisaged to regulate: (i) the ownership of ScandiJVCo and ScandiJVCo2; (ii) the relationship between the relevant shareholders; and (iii) the future operation and management of ScandiJVCo, ScandiJVCo2 and, until completion of the Demerger, RSA Scandinavia, and after completion of the Demerger, Codan Denmark.

The Shareholders' Agreement provides that, subject to applicable law (including competition law), Tryg shall, by way of contract (until replaced by legal sole ownership), enjoy all benefits and risks of Trygg-Hansa and Codan Norway including by having sole control of their daily and long-term operations. Pursuant to the terms of the Shareholders' Agreement, Tryg's rights in respect of the governance of Trygg-Hansa and Codan Norway following completion of the Acquisition are envisaged to include having the right to decide on new business plans and budgets, appointing and removing directors to the Swedish subsidiary within RSA Scandinavia and taking any actions to promote the success of the businesses, unless taking any such action could be reasonably expected to materially interfere with the management or operations of Codan Denmark.

In respect of Codan Denmark, the Shareholders' Agreement and the Separation Agreement provide that Intact and Tryg will co-own Codan Denmark on a 50/50 economic basis. During the 12-month period following Completion it is intended that Tryg will indirectly have 50% of the voting rights (through ScandiJVCo and ScandiJVCo2), however Tryg's rights to exercise such voting rights will be restricted so as to ensure compliance with competition law. Following the date that is 12 months from Completion, it is intended that Intact, again so as to ensure compliance with competition law, continue to co-own Codan Denmark with Tryg on a 50/50 economic basis, but will have sole control of Codan Denmark with Tryg's rights being reduced to minority shareholder protection rights.

The Shareholders' Agreement and the Separation Agreement provide that throughout the period of indirect ownership of Codan Denmark by Intact and Tryg, Tryg will not be permitted to make unilateral decisions in respect of Codan Denmark including any resolution to distribute dividends. Tryg is intended to have certain protections to reflect its economic interest in Codan Denmark, including: (i) certain veto rights over material business decisions (such materiality being set at a level so as not to interfere with Intact's ability to manage Codan Denmark in the ordinary course); (ii) Intact procuring the appointment of independent directors on the boards of Codan Denmark entities (with certain key decisions requiring majority approval including at least two-thirds of such independent directors); (iii) the establishment of an advisory council to assist Codan Denmark with its decision-making; and (iv) certain parameters having to be applied for any disposal process in respect of Codan Denmark (including required terms for any disposal relating to the form and timing of consideration, conditions, liability and other matters), albeit the scope of such protections are again limited and could be further limited to ensure compliance with competition law.

In order to ensure that the transactions contemplated by the Separation Agreement and the Shareholders' Agreement are implemented, Intact and Tryg have agreed to establish a separation committee under the terms set out in the Separation Agreement.

26.1.4 Tryg SPA

For the purpose of giving effect to the Acquisition Completion Holding Structure and Tryg's payment of its contribution to the cash consideration for the Acquisition, Tryg and Intact Holdco entered into the Tryg SPA on 18 November 2020. Pursuant to the Tryg SPA, Intact Holdco has agreed to transfer a proportion of the newly issued shares in the capital of ScandiJVCo to Tryg to be determined in accordance with the Tryg SPA (i.e. the Tryg Consideration Shares), subject to the following conditions: (i) completion of the Acquisition having occurred; (ii) if the re-registration of RSA as a private limited company has not occurred prior to completion of the Acquisition, the re-registration of RSA as a private limited company; (iii) the delivery by Intact Holdco to Tryg of a warranty certificate; and

(iv) an amount in sterling equal to Tryg's contribution to the cash consideration for the Acquisition (an amount calculated in accordance with the terms of the Tryg SPA) being held in a designated escrow account on terms that the funds in the escrow account will be held for the benefit of Intact Holdco (and Intact Holdco shall be entitled to direct the payment of such funds) on the terms of the escrow agreement entered into between Tryg, Intact, Intact Holdco, Danske Bank and Barclays Bank PLC (the "**Escrow Agreement**"). Subject to the aforementioned conditions, Intact Holdco will transfer the Tryg Consideration Shares to Tryg immediately upon becoming the legal holder of the Tryg Consideration Shares simultaneously with or as soon as possible after completion of the Acquisition and the escrow agent under the Escrow Agreement will release Tryg's contribution of the cash consideration for the Acquisition to an account elected by Intact Holdco. The Tryg SPA will terminate if the Scheme lapses or is withdrawn or if Tryg has not transferred its contribution of the cash consideration for the Acquisition to the escrow account by completion of the Acquisition.

26.1.5 TryghedsGruppen irrevocable undertaking to vote

RSA, Intact, Intact Bidco, Tryg, and the Joint Global Coordinators have received an irrevocable voting undertaking from TryghedsGruppen to vote, or procure votes, in favour of the shareholder resolutions required in connection with the issuance of the New Shares pursuant to the Offering in respect of its holding of 160,138,436 Existing Shares (representing approximately 53% of the existing issued share capital of Tryg as at the date of this Prospectus). In addition, TryghedsGruppen has undertaken to vote, or procure votes, against any resolution or proposal made at any General Meeting of Tryg prior to the Scheme becoming effective or lapsing that is intended, in the reasonable opinion of Tryg, Intact and RSA acting in good faith, to block, delay or be detrimental to the Offering, the Acquisition or Tryg's participation in the Acquisition.

At the extraordinary General Meeting of Tryg, held on 18 December 2020, TryghedsGruppen voted in favour of the Supervisory Board's proposal to authorise the Supervisory Board to increase the share capital of Tryg in connection with the Offering and to adopt a new article 8A in the Articles of Association and to amend article 10 of the Articles of Association accordingly.

The irrevocable voting undertaking will cease to apply: (i) if the Acquisition (implemented by way of a Scheme or a Takeover Offer) lapses or is withdrawn in accordance with its terms (with the consent of the Panel, if required) without Intact Bidco switching to a Takeover Offer or a Scheme, as applicable; (ii) when the Scheme becomes effective in accordance with its terms (or if the Acquisition is implemented by way of a Takeover Offer, the time at which the Takeover Offer is declared or becomes unconditional in all respects in accordance with the requirements of the UK Takeover Code); or (iii) at 11:59 p.m. (London time) on the Long Stop Date.

The irrevocable voting undertaking is governed by Danish law.

26.1.6 TryghedsGruppen irrevocable undertaking to subscribe

TryghedsGruppen has provided an irrevocable subscription undertaking to Tryg and the Joint Global Coordinators to:

(i) subscribe for New Shares in the Offering for a cash amount totalling DKK 6.0 billion (the "**Committed Amount**");

(ii) use all reasonable endeavours to obtain additional funds by way of selling certain select assets and obtaining third party financing which, if raised, would be used to subscribe for further New Shares in the Offering resulting in an expected aggregate subscription amount of no less than DKK 9.0 billion;

(iii) subscribe for further New Shares in the Offering by way of exercise of Preemptive Rights on a cash neutral basis using the net proceeds from the sale of Existing Shares (such subscriptions to be in excess of the cash amount referenced in (i) and (ii) above); and

(iv) subscribe for further New Shares in the Offering by way of exercise of Preemptive Rights on a cash neutral basis using the net proceeds from the sale of excess Preemptive Rights.

As part of the subscription undertaking, TryghedsGruppen has agreed that it will maintain a minimum shareholding of 160,138,436 Existing Shares until completion of the Offering, representing approximately 53% of the existing issued share capital of Tryg as at the date of this Prospectus.

As at the date of this Prospectus based on the irrevocable subscription undertaking undertaken by TryghedsGruppen towards Tryg and the Joint Global Coordinators, TryghedsGruppen has irrevocably undertaken in connection with the Offering to subscribe for the TryghedsGruppen Firm Shares by way of exercise of Preemptive Rights. For further details, see "*Terms and conditions of the Offering—Terms of the Offering*".

In connection with its obligations to pay the Committed Amount under the irrevocable subscription undertaking, prior to the announcement of the Acquisition on 18 November 2020, TryghedsGruppen deposited an amount of DKK 1.6 billion in an escrow account maintained with Danske Bank and executed a loan agreement with Danske Bank for a facility of up to DKK 4.4 billion.

On 23 November 2020, TryghedsGruppen announced that it had agreed to sell 21,149,745 Existing Shares (equivalent to 7% of the Existing Shares as at that date, and reducing TryghedsGruppen's interest in Tryg from 60% to approximately 53%) pursuant to an accelerated bookbuild offering. The net proceeds from this sale of Existing Shares will be used to subscribe for New Shares in the Offering. In accordance with the terms of the irrevocable subscription undertaking, the net proceeds from this sale of Existing Shares has been deposited in an escrow account maintained with Danske Bank.

TryghedsGruppen's obligations to subscribe for New Shares in the Offering pursuant to the irrevocable subscription undertaking is conditional only upon the satisfaction of the following conditions, excluding any conditions which have been satisfied as at the date of this Prospectus:

- there not having occurred certain insolvency related events in relation to Tryg or the Tryg Group taken as a whole; and
- the Scheme not having lapsed or been validly withdrawn in accordance with its terms (or if the Acquisition is structured as a Takeover Offer, such Takeover Offer not having lapsed, been terminated or validly withdrawn in accordance with its terms).

The irrevocable subscription undertaking will cease to apply: (i) if any of the conditions precedent outlined above has not been satisfied or waived by TryghedsGruppen by the time and date it is required to have been satisfied or waived in accordance with the terms of the irrevocable subscription undertaking; (ii) when the Scheme becomes effective in accordance with its terms (or if the Acquisition is implemented by way of a Takeover Offer, the time at which the Takeover Offer is declared or becomes unconditional in all respects in accordance with the requirements of the UK Takeover Code); or (iii) at 11:59 p.m. (London time) on the Long Stop Date (or such later time or date as TryghedsGruppen may agree with the Joint Global Coordinators).

TryghedsGruppen has, pursuant to the irrevocable subscription undertaking, given certain lock-up undertakings to Tryg and the Joint Global Coordinators which will apply following completion of the Offering for a period of 180 days (subject to certain customary exemptions).

The irrevocable subscription undertaking is governed by Danish law.

26.2 Other material contracts ordinary course of business

26.2.1 Underwriting Agreement

For information about the Underwriting Agreement, see section "*Terms and conditions of the Offering—Underwriting and the Underwriting Agreement*".

27. THIRD-PARTY INFORMATION AND EXPERT STATEMENTS AND DECLARATIONS OF INTEREST

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Tryg Group's and the RSA Group's, including RSA Scandinavia's, business and markets. Unless otherwise indicated, such information is based on the Tryg Group's analysis of multiple sources, including information from Insurance & Pension Denmark (Forsikring & Pension), Insurance Sweden (Svensk Försäkring), Finance Norway (Finans Norge) and other sources. While Tryg can confirm that information from external sources has been accurately reproduced, Tryg has not independently verified and cannot give any assurances as to the accuracy of market data as presented in this Prospectus that was extracted or derived from these external sources. As far as Tryg is aware and able to ascertain from this information, no facts have been omitted which would render the information provided inaccurate or misleading.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

Unless otherwise indicated in this Prospectus, any references to or statements regarding the Tryg Group's competitive position have been based on Tryg's own assessment and knowledge of the market, regions and countries in which it operates.

In addition, this Prospectus contains certain information pertaining to the commercial, financial, operational and legal position of RSA Scandinavia, Trygg-Hansa and Codan Norway, Codan Denmark and other entities within the RSA Group which Tryg has received from the RSA Group and/or which has been extracted from publications, reports and other documents prepared by the RSA Group. While Tryg can confirm that any information received from the RSA Group and/or extracted from publications prepared by the RSA Group has been accurately described and reproduced, Tryg has not independently verified and consequently cannot give any assurances as to the accuracy of the information as presented in this Prospectus which has been received from, or has been extracted from publications, reports or other documents prepared by, the RSA Group.

As a result, Shareholders and prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Tryg Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in "*Risk Factors*" and elsewhere in this Prospectus.

28. DOCUMENTS AVAILABLE

Copies of the following documents are available for inspection on Tryg's website (subject to certain restrictions), www.tryg.com, during the period in which this Prospectus is in effect:

- Tryg's memorandum of association and the Articles of Association, including all exhibits;
- the Tryg Audited Consolidated Financial Statements;
- the Trygg-Hansa and Codan Norway Audited Combined Financial Statements;
- the Codan Denmark Audited Combined Financial Statements; and
- this Prospectus.

The information on the Tryg Group's website does not form part of this Prospectus, is not incorporated by reference into this Prospectus, unless specifically stated in "*Additional Information—Information incorporated by reference*", and has not been scrutinised or approved by the DFSA, unless otherwise specifically stated herein. See also "*Additional Information—Information Incorporated by Reference*".

This Prospectus will remain publicly available on the Tryg Group's website for at least 10 years.

PART II. TERMS OF THE OFFERING

29. ESSENTIAL INFORMATION

29.1 Interest of natural or legal persons involved in the Offering

As set out in "*Shareholders—Shareholdings of the Supervisory Board and the Executive Board*" certain members of the Supervisory Board and of the Executive Board are shareholders, directly or indirectly, in Tryg and some of these persons have indicated that they intend to exercise their Preemptive Rights in whole or in part. Morten Hübbe has indicated that he will be participating in the offering on a cash neutral basis. See "*Terms and conditions of the Offering—Intentions of Existing Shareholders and members of the Supervisory Board and the Executive Board to participate in the Offering*". Therefore, these persons have an interest in the Offering.

Tryg's major shareholder, TryghedsGruppen, has signed an irrevocable subscription undertaking under which TryghedsGruppen irrevocably has undertaken towards Tryg and each of the Joint Global Coordinators in connection with the Offering to (i) subscribe in cash for the TryghedsGruppen Firm Shares (including by using the net proceeds of the sale of Existing Shares which occurred on 23 November 2020); and (ii) further participate in the Offering on a cash neutral basis. This cash neutral participation will be achieved by TryghedsGruppen subscribing for the maximum number of New Shares that it can using the net proceeds (after transaction costs) arising from the sale of Preemptive Rights, such sale of Preemptive Rights to occur as soon as reasonably practicable during the Subscription Period. For further information see "*Material Contracts—Material contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*". Any Preemptive Rights sold by TryghedsGruppen will be exercised and the resulting Interim Shares will be sold, at the discretion of Danske Bank and Morgan Stanley on behalf of TryghedsGruppen, in open market transactions, private placements, block trades or otherwise.

No member of the Supervisory Board or Executive Board, directly or indirectly, holds 5% or more of Tryg's share capital or voting rights.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities related to or issued by Tryg, its affiliates or other parties involved in or related to the Offering. The Managers and their respective affiliates have from time to time been engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with Tryg or any of Tryg's respective related parties. For example, Morgan Stanley acts as sole financial adviser to Tryg, and Danske Bank provides debt financing to TryghedsGruppen, in connection with the Acquisition. With respect to certain of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. Danske Bank and Morgan Stanley have also acted as joint global coordinators and joint bookrunners in connection with the accelerated bookbuild offering by TryghedsGruppen in November 2020 where TryghedsGruppen agreed to sell 21,149,745 Existing Shares, equivalent to 7% of the Existing Shares to institutional investors at a price of DKK 170 per Existing Share. In addition, Danske Bank and Nordea acted as joint lead managers in connection with the issuance of the New RT1 Notes of SEK 1,000 million issued by Tryg Forsikring A/S in February 2021 and Nordea acts as the Tryg Group's primary bank and has an ongoing banking relation with the Tryg Group.

The Managers have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with the interests of shareholders, prospective investors and Tryg.

In addition, in the ordinary course of business the Managers and their respective affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of Tryg. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Tryg is not aware of any other potential interests, including conflicting ones, of natural or legal persons involved in the Offering that may have a material interest in the Offering.

29.2 Reason for the Offering and use of proceeds

The reason for the Offering is for Tryg to raise funds to finance its contribution of the cash consideration for the Acquisition. Hence, the majority of the proceeds from the Offering (up to DKK 36,685,090,866.97) will be used to pay the consideration payable by Tryg under the Tryg SPA for the Tryg Consideration Shares at completion of the Acquisition. The funds payable by Tryg under the Tryg SPA shall be paid in GBP and the specific amount payable by Tryg will be calculated in accordance with the terms of the Tryg SPA (expected to amount to approximately GBP 4.2 billion, corresponding to up to DKK 36,685,090,866.97, based on the exchange rates agreed under certain deal-contingent FX forward agreements entered into between Tryg and each of Danske Bank and Morgan Stanley). The remaining part of the proceeds from the Offering will be used to cover part of the fees payable by Tryg in connection to the Offering to the Managers (which fees are expected to be approximately DKK 460 million). Any remaining fees and cost reimbursements payable to the Managers and Tryg's other advisers will be paid using other funds held by Tryg. See also "*Details of The Proposed Transaction—The Acquisition*" and "*Details of The Proposed Transaction—The Separation*".

The part of Tryg's proceeds from the Offering required to satisfy Tryg's obligation to pay the consideration payable by Tryg under the Tryg SPA for the Tryg Consideration Shares at completion of the Acquisition will be paid into a designated DKK-denominated escrow account held by Danske Bank. Prior to completion of the Acquisition, the funds in the DKK denominated escrow account will be converted into GBP (under certain deal-contingent FX forward agreements entered into between Tryg and each of Danske Bank and Morgan Stanley) and transferred to a designated GBP-denominated escrow account held by Danske Bank. The proceeds will be held in such escrow account for the benefit of Tryg until the later of (i) the time re-registration of RSA as a private limited company occurs; or (ii) completion of the Acquisition, upon which the funds in the GBP-denominated escrow account will be held for the benefit of Intact Holdco (with Intact Holdco being entitled to direct the payment of such funds). For a more detailed description of the Acquisition and the Tryg SPA, see also "*Material Contracts—Material contracts in connection with the Transaction—Tryg SPA*".

On the basis of a Subscription Price of DKK 105 per New Share and issuance of 352,505,989 New Shares with a nominal value of DKK 5 each and that the Offering is fully underwritten, the gross proceeds to Tryg from the subscriptions for New Shares will be DKK 37,013,128,845 and the net proceeds are expected to be approximately DKK 36.463 billion after deduction of commissions and estimated expenses payable by Tryg in connection with the Offering. See also "*Expenses of the Offering*". An amount of DKK 36,685,090,866.97 must be paid into the above-mentioned DKK-denominated escrow account with Danske Bank, and from the gross proceeds of the Offering, only gross proceeds that remain after the amount of DKK 36,685,090,866.97 has been paid into a DKK denominated escrow account held by Danske Bank may be used for payment of fees and cost reimbursements payable to the Managers. Any remaining fees and cost reimbursements payable to the Managers and Tryg's other advisers will be paid using other funds held by Tryg.

In the event that the Acquisition does not complete and no suitable alternative use for the proceeds is found, the net proceeds from the Offering would ultimately be returned to the Shareholders. Statutory restrictions under Danish law such as in relation to regulatory and solvency requirements, the level of reserves available for distribution and the financial and operating performance of the Tryg Group, may prevent the Tryg Group from returning the full proceeds of the Offering to Shareholders. See "*Risk Factors—If the Acquisition does not complete and the Tryg Group fails to identify suitable alternative uses for the net proceeds of the Offering, such proceeds may be returned to the Shareholders or other investors in the Offering".*

30. INFORMATION ABOUT THE SECURITIES TO BE ADMITTED TO TRADING

30.1 Type, class and amount of securities

Tryg only has one class of Shares.

Tryg is offering 352,505,989 New Shares with a nominal value of DKK 5 each with Preemptive Rights for the Existing Shareholders.

30.2 The Preemptive Rights

Preemptive Rights will be allocated free of charge to the Existing Shareholders that are registered as Shareholders with VP Securities on 5 March 2021 at 5:59 p.m. CET. Existing Shares traded after 3 March 2021 at 5:00 p.m. CET will be traded without Preemptive Rights, provided that the Existing Shares are traded at customary two-day settlement.

The Preemptive Rights have been approved for trading and official listing on Nasdaq Copenhagen under the interim ISIN code DK0061534450 and will be traded in the interim ISIN code under the symbol "TRYG T".

The Rights Trading Period commences on 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET.

The Offering is being made at the ratio of 7:6, which means that each Existing Shareholder will be allocated 7 Preemptive Rights for each Existing Share held on 5 March 2021 at 5:59 p.m. CET.

6 Preemptive Rights will be required to subscribe for one New Share at the Subscription Price of DKK 105 per New Share.

30.3 The New Shares and the Interim Shares

The Subscription Period for the New Shares commences on 8 March 2021 at 9:00 a.m. CET and closes on 19 March 2021 at 5:00 p.m. CET.

Any New Shares subscribed for from the exercise of Preemptive Rights will be recorded on the subscriber's book-entry account with VP Securities as Interim Shares representing New Shares after the subscription has been effected. The Interim Shares will be issued under an interim ISIN code DK0061534534 and have been conditionally approved for admission to trading and official listing on Nasdaq Copenhagen in the interim ISIN code as from 4 March 2021 at 9:00 a.m. CET and will be traded in the interim ISIN code under the symbol "TRYG N". The trading of the Interim Shares will commence before specific conditions to the Offering are met and all dealings in the Interim Shares prior to the registration of the New Shares with the Danish Business Authority are for the account, and at the sole risk, of each of the parties concerned. For a description of such conditions, see "*Terms and Conditions of the Offering—Withdrawal of the Offering*".

Registration of the New Shares with the Danish Business Authority will take place following completion of the Offering, expected to take place on 25 March 2021. Nasdaq Copenhagen has conditionally approved the New Shares for admission to trading and official listing. Admittance to trading and official listing of the New Shares under the existing ISIN code, DK0060636678, is expected to take place on 29 March 2021. As soon as possible thereafter, the interim ISIN code of the Interim Shares will be merged with the ISIN code of the Existing Shares, DK0060636678, and the Interim Shares will automatically be converted into New Shares, expected to take place on 30 March 2021. Until such merger has been completed, the liquidity and market price of the Interim Shares under the interim ISIN code may be substantially different from the liquidity and market price of the Existing Shares.

The Existing Shares are admitted to trading and official listing on Nasdaq Copenhagen under the symbol "TRYG".

30.4 Applicable law and jurisdiction

The offering is subject to Danish law and this Prospectus has been prepared under Danish law in compliance with the requirements set out in the Danish Capital Markets Act, Prospectus Regulation as well as the Delegated Prospectus Regulation and the commission delegated regulation (EU) 2019/979 of 14 March 2019 supplementing the Prospectus Regulation with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, as amended.

Any dispute which may arise as a result of the Offering shall be brought before the Danish courts.

30.5 Currency

The Offering is carried out and trading of the Preemptive Rights, the Interim Shares and the New Shares will be effected in Danish kroner. The Shares are denominated in Danish kroner.

30.6 Resolutions, authorisations and approvals of the Offering

The New Shares will be issued in accordance with article 8A of the Articles of Association, according to which the Supervisory Board is authorised to increase the share capital by one or more issues of new Shares at a total nominal value of up to DKK 36,980,000,000 (corresponding to 7,396,000,000 Shares of the nominal value of DKK 5 each) by way of cash contribution and with Preemptive Rights for the Existing Shareholders. The New Shares may be subscribed for at market price or at a price discounted to the market price, including at nominal value. The authorisation can only be exercised for the purpose of financing Tryg's direct or indirect acquisition of (i) shares in RSA, (ii) shares in a legal entity acquiring shares in RSA, (iii) businesses, assets and shares or other equity interests that, directly or indirectly, are owned by RSA, and/or repayment of debt financing obtained by Tryg and/or its subsidiaries or providing debt financing to an entity controlled by Intact, in both situations with the purpose of funding acquisitions referred to in (i)-(iii), including to cover any transaction costs. The authorisation is valid until 31 March 2022,

The authorisation was adopted at Tryg's General Meeting held on 18 December 2020.

Under this authorisation, the Supervisory Board adopted a resolution on 1 March 2021 to increase Tryg's nominal share capital by DKK 1,762,529,945 (352,505,989 New Shares with a nominal value of DKK 5 each). The capital increase will be effected with Preemptive Rights to the Existing Shareholders at the ratio of 7:6. The New Shares will be issued at a Subscription Price of DKK 105 per New Share.

30.7 Negotiability and transferability of the Shares

The Shares, including the New Shares, are negotiable instruments and no restrictions under Danish law will apply to the transferability of the Shares.

The Articles of Association do not contain any transfer restrictions.

See "*Terms and Conditions of the Offering—Jurisdictions in which the Offering will be announced and restrictions applicable to the Offering*" for certain restrictions applicable to the Preemptive Rights, the Interim Shares and the New Shares.

30.8 Rights attached to the Preemptive Rights and the New Shares

30.8.1 Dividend rights

It is Tryg's dividend policy to target a nominal and stable increase in dividend payments on a full-year basis paid out in instalments each quarter based on certain assumptions. For further information on Tryg's dividend policy, see "*Dividends and Dividend Policy—Dividend policy*".

All Shares, including the New Shares (when registered with the Danish Business Authority), have the same rights and the New Shares will (when registered with the Danish Business Authority and admitted to trading and official listing on Nasdaq Copenhagen in the ISIN code of the Existing Shares) rank *pari passu* with all other Shares, including in respect of eligibility to receive dividends and participate in share buybacks. Upon the issuance and registration of the New Shares to be issued by Tryg pursuant to the Offering with the Danish Business Authority (which is expected to take place on 25 March 2021), the New Shares will be entitled to receive dividends to the extent any dividends are declared and payable with respect to the Shares.

Tryg's dividends, when declared, will be paid in DKK to the shareholders' accounts set up through VP Securities. No restrictions on dividends or special procedures apply to Shareholders who are not residents of Denmark. See "*Taxation*" for a summary of certain tax consequences in relation to dividends or distributions to Shareholders. Any dividends not claimed by Shareholders will be forfeited in favour of Tryg, normally after three years, under the general rules of Danish law or statute of limitations.

The Articles of Association do not contain provisions on cumulative payments of dividend.

30.8.2 Voting rights

The Existing Shares are issued with a nominal value of DKK 5 each and are listed on Nasdaq Copenhagen with a value of DKK 5 each. Each Share, including each New Share, of DKK 5 gives the holder the right to 500 votes at Tryg's General Meetings.

30.8.3 Dissolution and liquidation

In the event of dissolution and liquidation of Tryg, the Shareholders will be entitled to participate in the distribution of assets in proportion to their nominal shareholdings after payment of Tryg's creditors.

30.8.4 Preemptive rights

Under Danish law, the Shareholders generally have preemptive rights if the General Meeting of Tryg resolves to increase the share capital by cash payment. However, the preemptive rights of the Shareholders may be derogated from by a majority comprising at least 2/3 of the votes cast and of the share capital represented at the General Meeting if the share capital increase is made at market price.

The Supervisory Board is authorised to increase Tryg's share capital in one or more issues with and without preemption rights to Tryg's shareholders. For further information see "*—Authorisations to increase the share capital*".

The exercise of preemptive rights may be restricted for Shareholders resident in certain jurisdictions, including but not limited to the United States, unless Tryg decides to comply with applicable local requirements. Consequently, U.S. holders and certain other holders of Shares may not be able to exercise their Preemptive Rights or participate in a rights offer, as the case may be, unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements is available.

Tryg intends to evaluate at the time of any issue of Shares subject to preemptive rights or in a rights offer, as the case may be, the cost and potential liabilities associated with complying with any local requirements, including any registration statement in the U.S., as well as the indirect benefits to Tryg of enabling the exercise of non-Danish Shareholders of their preemptive rights to Shares or participation in any rights offer, as the case may be, and any other factors considered appropriate at the time, and then to make a decision as to whether to comply with any local requirements, including filing any registration statement in the U.S. No assurances are given that local requirements will be complied with or that any registration statement would be filed in the U.S. so as to enable the exercise of such holders' preemptive rights or participation in any rights offer.

30.8.5 Authorisations to increase the share capital

As at the date of this Prospectus, the Supervisory Board has pursuant to the Articles of Association been granted certain authorisations to increase Tryg's share capital.

In accordance with article 8A of the Articles of Association, the Supervisory Board is authorised to increase the share capital by one or more issues of new Shares at a total nominal value of up to DKK 36,980,000,000 (corresponding to 7,396,000,000 Shares of the nominal value of DKK 5 each) by way of cash contribution and with Preemptive Rights for the Existing Shareholders. The new Shares may be subscribed for at market price or at a price discounted to the market price, including at nominal value. The authorisation can only be exercised for the purpose of financing Tryg's direct or indirect acquisition of (i) shares in RSA, (ii) shares in a legal entity acquiring shares in RSA, (iii) businesses, assets and shares or other equity interests that, directly or indirectly, are owned by RSA, and/or repayment of debt financing obtained by Tryg and/or its subsidiaries or providing debt financing to an entity controlled by Intact, in both situations with the purpose of funding acquisitions referred to in (i)-(iii), including to cover any transaction costs. The authorisation shall be valid until 31 March 2022. For further information, see "*—Resolutions, authorisations and approvals of the Offering".*

In accordance with article 8 of the Articles of Association, the Supervisory Board is, until 30 March 2025, authorised to increase the share capital of Tryg in one or more issues with preemption rights for the Existing Shareholders by up to a nominal amount of DKK 151,000,000.

Additionally, in accordance with article 8 of the Articles of Association, the Supervisory Board is, until 30 March 2025, authorised to increase Tryg's share capital in one or more issues without preemption rights for the Shareholders by up to a nominal amount of DKK 151,000,000. The increase may be executed without pre-emption rights for the Shareholders provided it is executed at market price or as remuneration for Tryg's acquisition of an existing business or certain capital assets at a value equal to the value of the shares issued.

However, the authorisation of the Supervisory Board set out in article 8 of the Articles of Association may in aggregate be used for issuing new shares at a total nominal value of DKK 151,000,000, as a maximum. The capital increases may be effected by cash payment or otherwise.

In accordance with article 9 of the Articles of Association, the Supervisory Board is, until 30 March 2025, authorised to increase Tryg's share capital by one or more issues of new shares up to a total nominal amount of DKK 15,100,000. The new shares shall be offered to employees of Tryg and, as resolved by the Supervisory Board, employees of all or some subsidiaries without pre-emption rights to the Shareholders. The new shares shall be issued at a price to be determined by the Supervisory Board, which may be below market price.

In accordance with article 10 of the Articles of Association, the new Shares issued pursuant to articles 8, 8A and 9 shall be issued to named holders. The Shares shall be negotiable instruments. There shall be no restrictions on their transferability. No Shares shall carry special rights, and no Shareholders shall be under an obligation to redeem their Shares in whole or in part. The new Shares must be fully paid up.

The new Shares carry rights from a time to be determined by the Supervisory Board, which shall not be later than 12 months from registration of the capital increase.

The Supervisory Board is authorised to determine the detailed terms and conditions of capital increases, including the subscription price for the new Shares, effected under the above authorisations. The Supervisory Board is furthermore authorised to amend the Articles of Association as may be required in consequence of the Supervisory Board's exercise of the above authorisations.

30.8.6 Redemption and conversion provisions

Except as provided for in the Danish Companies Act, see "*—Danish rules on mandatory redemption of shares*", no shareholder is under an obligation to have their Shares redeemed in whole or in part by Tryg or by any third-party, and none of the Shares carry any redemption or conversion rights or any other special rights.

30.9 Danish rules on mandatory tender offers

The Danish Capital Markets Act (Part 8) and the Danish Executive Order no. 636 of 15 May 2020 on takeover bids include rules concerning public offers for the acquisition of shares admitted to trading on a regulated market (including Nasdaq Copenhagen).

If a shareholding is acquired, directly or indirectly, in a company with one or more share classes admitted to trading on a regulated market, by a person or by persons acting in concert with such person, the acquirer, and any persons acting in concert with the acquirer, must give all shareholders of the issuer the option to dispose of their shares on identical terms if the acquisition causes the acquirer and the persons acting in concert with the acquirer to gain control over the issuer.

Control exists if the acquirer or persons acting in concert with the acquirer, directly or indirectly, holds more than one third of the voting rights in the issuer, unless it can be clearly proven in special cases that such ownership does not constitute control. An acquirer or persons acting in concert with the acquirer who does not hold more than one third of the voting rights in a company nevertheless has control over a company when the acquirer or the persons acting in concert with the acquirer has:

- the right to control more than one third of the voting rights in the issuer according to an agreement with other investors; or
- the right to appoint or dismiss a majority of the members of the central management body.

Voting rights attached to treasury shares must be included in the calculation of voting rights. Exemptions from the mandatory tender offer rules may be granted under special circumstances by the DFSA.

30.10 Public takeover bids by third parties for Tryg's Shares during the last and current financial year

No takeover bids by third parties for Tryg's Shares have been presented during the last or current financial year.

The Articles of Association do not contain provisions that are likely to have the effect of delaying, deferring or preventing a change in control of Tryg. Consistent with the Corporate Governance Recommendations, the Supervisory Board has adopted a set of guidelines for the handling of takeover bids.

30.11 Danish rules on mandatory redemption of shares

Where a shareholder holds more than 90 percent of the shares in a company and a corresponding proportion of the voting rights, such shareholder may, pursuant to the Danish Companies Act, section 70, decide that the other shareholders have their shares redeemed by that shareholder. In this case, the other shareholders must be requested, under the rules governing notices for general meetings, to transfer their shares to the shareholder within four weeks. If the redemption price cannot be agreed upon, the redemption price must be determined by an independent expert appointed by the court in the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act. Specific requirements apply to the contents of the notice to the other shareholders regarding the redemption. If not all minority shareholders have transferred their shares to the acquiring shareholder within the four-week deadline, the acquiring shareholder shall, as soon as possible, unconditionally deposit in favour of the relevant minority shareholders an amount corresponding to the redemption price for those

shares not transferred in accordance with the Danish act on the right for debtors to release themselves from obligations by way of deposit.

Furthermore, where a shareholder holds more than 90 percent of the shares in a company and a corresponding proportion of the voting rights, the other shareholders may require such shareholder to acquire their shares pursuant to section 73 of the Danish Companies Act. If the redemption price cannot be agreed upon, the redemption price is determined by an independent expert appointed by the court in the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act. The redemption offer is, inter alia, required to be communicated through the Danish Business Authority's IT system at the time of notification of the four-week period. Redemption of the remaining shareholders will be carried out at the time of the expiry of the four-week period even if the redemption price remains subject to final determination by an expert, provided that funds representing the redemption price have been deposited by the majority shareholder.

31. TAXATION

31.1 Denmark

The following is a summary of certain Danish income tax considerations relating to the Offering and the Shares. The Danish tax legislation as well as the tax legislation of shareholders' domicile may have an impact on the income received from the Shares.

The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to the Offering and the Shares. The summary is based solely upon the tax laws of Denmark in effect on the date of this Prospectus. Danish tax laws may be subject to change, possibly with retroactive effect.

The summary does not cover shareholders and investors to whom special tax rules apply, and, therefore, may not be relevant, for example, to shareholders and investors subject to the Danish Tax on Pension Yields Act (i.e. pension savings), professional investors, certain institutional investors, insurance companies, pension companies, banks, stockbrokers and investors with tax liability on return on pension investments. The summary does not cover taxation of individuals and companies who carry on a business of purchasing and selling shares. The summary only sets out the tax position of the direct owners of the Shares and further assumes that the direct shareholders and investors are the beneficial owners of the Shares and any dividends thereon. Sales are assumed to be sales to a third-party. For shareholders and investors residing outside Denmark, this summary further assumes that the shareholder investor does not have a permanent establishment in Denmark.

Several Danish anti-avoidance regulations, including but not limited to the general anti-abuse rule pursuant to section 3 of the Danish Tax Assessments Act (Danish Consolidated Act no. 806 of 8 August 2019, as amended) exist, and if these were to be applicable this could result in the application of taxes to payments made to such holder of Shares or in the denial of benefits as otherwise applicable. The mere purchase and holding of Shares should not in itself result in any adverse tax consequences to the holder of Shares. The Danish anti-avoidance regulations are not described in further detail. Shareholders and prospective investors are advised to consult their tax advisers regarding the applicable tax consequences of the Offering, including acquiring, holding and disposing of the Preemptive Rights and New Shares based on their particular circumstances.

Shareholders and prospective investors are encouraged to consult their tax advisers with respect to the tax consequences applicable to their particular circumstances as such consequences may differ significantly from those described herein.

The following includes a summary of certain Danish tax considerations relating to the Shares. The summary is subject to the general reservations outlined above.

31.1.1 Taxation of Danish tax resident shareholders

Sale of Shares (Individuals)

In 2021, gains from the sale of shares are taxed as share income at a rate of 27 percent on the first DKK 56,500 (for cohabiting spouses, a total of DKK 113,000) and at a rate of 42 percent on share income exceeding DKK 56,500 (for cohabiting spouses over DKK 113,000). Such amounts are subject to annual adjustments and include all share income (i.e., all capital gains and dividends derived by the individual or cohabiting spouses, respectively).

Gains and losses on the sale of shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sales price. The purchase price is generally determined using the average method as a proportionate part of the aggregate purchase price for all the shareholder's shares in the issuing company.

Losses on the sale of shares admitted to trading on a regulated market can only be offset against other share income deriving from shares admitted to trading on a regulated market, (i.e., received dividends and capital gains on the sale of shares admitted to

trading on a regulated market). Unused losses will automatically be offset against a cohabiting spouse's share income deriving from shares admitted to trading on a regulated market and additional losses can be carried forward indefinitely and offset against future share income deriving from shares admitted to trading on a regulated market.

Losses on shares admitted to trading on a regulated market may only be set off against gains and dividends on other shares admitted to trading on a regulated market as outlined above if the Danish tax authorities have received certain information relating to the acquisition of the shares specifying the identity of the shares, the number of shares, the acquisition date and the acquisition price before expiry of the tax return filing deadline for the income year in which the shares were acquired. This information is normally provided to the Danish tax authorities by the securities dealer.

Shareholders investing through an investment savings account (Aktiesparekonto)

Gains and losses on shares owned through an investment savings account are taxable according to the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the shares at the beginning of the tax year and the market value of the shares at the end of the tax year plus any dividend received on shares owned through the investment savings account. Any annual gain will be subject to 17 percent taxation, and any loss will be deferrable. In 2021, the account is limited to a deposit of DKK 102,300.

Taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realised. If the shares owned through an investment savings account are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the shares at the beginning of the income year and the realisation sum. If the shares owned through an investment savings account are acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the realisation sum. If the shares are acquired in the income year and not realised in the same income year, the taxable income equals the difference between the acquisition sum and the value of the shares at the end of the income year.

Receipt, exercise, sale and disposal of subscription rights

The receipt of subscription rights does not result in a tax liability for the individual receiving the subscription rights. Further, the exercise of subscription rights for shares is not subject to taxation. For tax purposes, subscription rights received against no consideration are deemed to have been acquired at DKK 0. A sale or disposal of subscription rights is, however, taxable.

Gains on the sale of subscription rights concerning shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sales price (the share-by-share method). The gains are taxed as share income. Share income is taxed at a rate of 27 percent on the first DKK 56,500 in 2021 (for cohabiting spouses, a total of DKK 113,000) and at a rate of 42 percent on share income over DKK 56,500 (for cohabiting spouses over DKK 113,000). Such amounts are subject to annual adjustments and include all share income derived by the individual or cohabiting spouses, respectively.

Ownership and sale of Shares (Companies)

For the purpose of taxation of sales of shares made by corporate shareholders (and dividends received by corporate shareholders, see below), a distinction is made between Subsidiary Shares, Group Shares, Tax-Exempt Portfolio Shares and Taxable Portfolio Shares:

"Subsidiary Shares" are generally defined as shares owned by a corporate shareholder holding at least 10 percent of the nominal share capital of the issuing company.

"Group Shares" are generally defined as shares in a company in which the shareholder of the company and the issuing company are subject to Danish joint taxation or fulfil the requirements for international joint taxation under Danish law.

"Tax-Exempt Portfolio Shares" are generally defined as shares not admitted to trading on a regulated market owned by a corporate shareholder holding less than 10 percent of the nominal share capital of the issuing company. As the New Shares will be listed in connection with the Offering and the Existing Shares are listed, the rules on tax-exempt portfolio shares are not applicable to Shares.

"Taxable Portfolio Shares" are defined as shares that do not qualify as Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares. The New Shares will be listed in connection with the Offering and will thus qualify as taxable portfolio shares if the shareholder holds less than 10 percent of the share capital.

Gains or losses on disposals of Subsidiary Shares, Group Shares and Tax-Exempt Portfolio Shares are not included in the taxable income of the shareholder.

Special rules apply with respect to Subsidiary Shares and Group Shares in order to prevent exemption through certain holding company structures just as other anti-avoidance rules may apply. These rules will not be described in further detail.

Capital gains from Taxable Portfolio Shares admitted to trading on a regulated market are taxable at a rate of 22 percent irrespective of ownership period. Losses on such shares are deductible.

Gains and losses on Taxable Portfolio Shares admitted to trading on a regulated market are taxable according to the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the shares at the beginning of the tax year and the value of the shares at the end of the tax year. Thus, taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realised. If the Taxable Portfolio Shares are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the Taxable Portfolio Shares at the beginning of the income year and the realisation sum. If the Taxable Portfolio Shares are acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the realisation sum. If the Taxable Portfolio Shares are acquired in the income year and not realised in the same income year, the taxable income equals the difference between the acquisition sum and the value of the shares at the end of the income year.

Special transitional rules apply with respect to the right to offset certain carry forward losses realised before the income year 2010.

A change of status from Subsidiary Shares/Group Shares/Tax-Exempt Portfolio Shares to Taxable Portfolio Shares (or vice versa) is for tax purposes deemed to be a disposal of the shares and a reacquisition of the shares at market value at the time of change of status.

Receipt, exercise, sale and disposal of subscription rights

The receipt of subscription rights does not result in a tax liability for a limited liability company receiving the subscription rights. The exercise of subscription rights for shares is not subject to taxation. For tax purposes, subscription rights received against no consideration are deemed to have been acquired at DKK 0.

Gains on subscription rights are taxable at a rate of 22 percent provided that the investor owns Taxable Portfolio Shares in Tryg. In such cases taxation is levied according to the mark-to-market principle. If the investor owns Subsidiary Shares or Group Shares in Tryg, gains from the sale of subscription rights are tax exempt.

Dividends (Individuals)

Dividends paid to individuals who are tax residents of Denmark are taxed as share income, as described above. All share income must be included when calculating whether the amounts mentioned above are exceeded.

Dividends paid to individuals are generally subject to 27 percent withholding tax.

Dividends for shareholders investing through an investment savings account (Aktiesparekonto)

Dividends paid on shares held through an investment savings account will be taxed according to the same rules as for sale of shares held by shareholders investing through an investment savings account.

Dividends (Companies)

Dividends paid on Taxable Portfolio Shares are subject to the standard corporation tax rate of 22 percent irrespective of ownership period.

If the distributing company withholds a higher amount, the shareholder can claim a refund of the excess tax. A claim for repayment must be filed within two months from the time of the adoption of the distribution. Otherwise, the excess tax will be credited in the corporate income tax for the year.

Dividends received on Subsidiary Shares and Group Shares are tax-exempt (and exempt from withholding tax) irrespective of ownership period.

31.1.2 Taxation of shareholders residing outside Denmark

Sale of Shares and subscription rights (Individuals and Companies)

Shareholders not resident in Denmark are not subject to Danish taxation on any gains realised on the sale of shares and/or subscription rights, irrespective of the ownership period, assuming no anti avoidance rules apply. If an investor holds the shares in connection with a trade or business conducted from a permanent establishment in Denmark, gains on shares may be included in the taxable income of such activities pursuant to the rules applying to Danish tax residents as described above.

Dividends (Individuals)

Under Danish law, dividends paid in respect of shares are generally subject to Danish withholding tax at a rate of 27 percent. If the withholding tax rate applied is higher than the applicable final tax rate for the shareholder, a request for a refund of Danish tax in excess hereof can be made by the shareholder in the following situations:

1. Double taxation treaty

In the event that the shareholder is a resident of a state with which Denmark has entered into a double taxation treaty and the shareholder is entitled to the benefits under such treaty, the shareholder may generally, through certain certification procedures, seek a refund from the Danish tax authorities of the tax withheld in excess of the applicable treaty rate, which is typically 15 percent. Denmark has a large network of tax treaties.

2. Credit under Danish tax law

If the shareholder holds less than 10 percent of the nominal share capital of the company and the shareholder is tax resident in a state which has a double tax treaty or an international agreement, convention or other administrative agreement on assistance in tax matters with Denmark according to which the competent authority in the state of the shareholder is obligated to exchange information with Denmark, dividends are subject to tax at a rate of 15 percent. If the shareholder is tax resident outside the EU, it is an additional requirement for eligibility for the 15 percent tax rate that the shareholder together with related shareholders holds less than 10 percent of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate, why

the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

A request for refund must be attached certain documentation. Information about the required documentation is available on the online platform when filing a claim. When claiming a refund the shareholder must document the following; that Danish dividend has been received by the shareholder and the amount of this dividend, that Danish dividend tax has been withheld and the actual amount withheld, that the shareholder was the beneficial owner of the shares when the dividend distribution was approved, that the shareholder is liable to pay tax in a country that is not Denmark and that the withheld dividend tax exceeds that of the final tax payable according to the double taxation treaty or the final tax payable according to current Danish law.

Generally, a refund of tax withheld in excess of the applicable treaty rate shall be paid within six months following the Danish tax authorities' receipt of the refund claim, including the necessary documentation. If the refund is paid later than six months after the receipt of the claim, interest will be calculated on the amount of refund. The six-month deadline can be suspended, if the Danish tax authorities are unable to determine whether the taxpayer is entitled to a refund based on the taxpayer's affairs. If the deadline is suspended accordingly, computation of interest is also suspended.

Dividends for shareholders investing through an investment savings account (Aktiesparekonto)

Any dividend received on shares owned through the investment savings account will be subject to 15 percent taxation. In 2021, the account is limited to a deposit of DKK 102,300.

For shareholders residing outside Denmark, only dividends paid in respect of shares in Danish companies are included in the taxable amount.

Dividends (Companies)

Dividends received on Subsidiary Shares are exempt from Danish tax (including withholding tax) provided the taxation of the dividends is to be waived or reduced in accordance with Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, as amended (the "**Parent-Subsidiary Directive**") or in accordance with a tax treaty with the jurisdiction in which the company investor is resident. Further, dividends received on Group Shares—not being Subsidiary Shares—are exempt from Danish tax (including withholding tax) provided the company investor is a resident of the EU or the EEA and provided the taxation of dividends should have been waived or reduced in accordance with the Parent-Subsidiary Directive or in accordance with a tax treaty with the country in which the company investor is resident had the shares been Subsidiary Shares.

Dividend payments on Taxable Portfolio Shares (and Subsidiary Shares and Group Shares, if not tax-exempt) will be subject to tax at the rate of 22 percent or lower. However, the applicable withholding tax rate on such dividends is 27 percent, meaning that any foreign corporate shareholder can request a refund of at least 5 percent. Furthermore, the foreign corporate shareholder can make a request for a refund of Danish tax in the following situations:

1. Double taxation treaty

In the event that the shareholder is a resident of a state with which Denmark has entered into a double taxation treaty and the shareholder is entitled to the benefits under such treaty, the shareholder may generally, through certain certification procedures, seek a refund from the Danish tax authorities of the tax withheld in excess of the applicable treaty rate, which is typically 15 percent. Denmark has a large network of tax treaties.

2. Credit under Danish tax law

If the shareholder holds less than 10 percent of the nominal share capital in the company and the shareholder is resident in a jurisdiction which has a double taxation treaty or an international agreement, convention or other administrative agreement on assistance in tax according to which the competent authority in the state of the shareholder is obligated to exchange information with Denmark, dividends are generally subject to a tax rate of 15 percent. If the shareholder is tax resident outside the EU, it is an additional requirement for eligibility for the 15 percent tax rate that the shareholder together with related shareholders holds less than 10 percent of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate, why the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

31.1.3 Share transfer tax and stamp duties

No Danish share transfer tax or stamp duties are payable on transfer of the Shares.

31.2 Norway

Set out below is a summary of certain Norwegian tax matters related to investments in Tryg. The summary below is based on Norwegian laws, rules and regulations currently in force, and is subject to any changes in law, possibly on a retroactive basis. The summary does not address foreign tax laws unless otherwise stated. The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of Shares. Furthermore, the summary only focuses on the shareholder categories explicitly mentioned below. It should be noted that the participation exemption applicable to Norwegian limited liability companies as described below will also apply to certain other legal entities such as savings banks, insurance companies and others. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway should consult with and rely upon local tax advisers with respect to the tax position in their country of residence. Please note that for the purpose of the summary below, a reference to Norwegian or foreign shareholders refers to the tax residency and not the nationality of the shareholder.

31.2.1 Taxation of Norwegian tax resident shareholders

31.2.1.1 Individuals

Capital gains taxation

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by shareholders who are individuals resident in Norway for tax purposes (the "**Norwegian Individual Shareholders**") through a realisation of shares is taxable, or tax deductible, in Norway. For Norwegian Individual Shareholders such capital gains are taxable as ordinary income at a flat rate of 22% irrespective of the duration of the ownership and the number of shares disposed. For the income year 2021, any taxable gain after deducting any unused risk-free return allowance shall be increased by a factor of 1.44. Hence, the effective tax rate for the income year 2021 is 31.68%. Losses, increased by said factor of 1.44 are deductible against ordinary income. See below under "*—Dividend taxation*" for a more in-depth description of the risk-free return allowance. The taxable gain, or deductible loss, is calculated per share and is equal to the sales price less the Norwegian Individual Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Individual Shareholders are entitled to deduct a calculated risk-free return allowance, provided that such allowance has not already been used up to reduce taxable dividend income. The allowance may only be deducted in order to reduce a taxable gain, and cannot lead to or increase a deductible loss.

If the Norwegian Individual Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

A Norwegian Individual Shareholder who moves abroad, and ceases to be tax resident in Norway as a result, is deemed to be taxable in Norway for any latent capital gain related to the shares held at the time the shareholder ceased to be resident in Norway for tax purposes, or is regarded as tax resident in another jurisdiction according to an applicable tax treaty, as if the shares were realised on the day before the tax residency in Norway ceased. Gains of a total of NOK 500,000 or less are not taxable. If the shareholder moves to a jurisdiction within the EEA, potential losses related to shares held at the time the tax residency ceases will be tax deductible when exceeding the NOK 500,000 threshold. Gain/loss calculated in connection with the emigration will, for the income year 2021, be increased with a factor of 1.44 as described above. The actual taxation can be postponed until the point in time the shares are actually realised. If the shareholder moves to a jurisdiction outside the EEA, or to a jurisdiction within the EEA where Norwegian tax authorities are not in a position to collect information and obtain assistance with respect to the collection of taxes, the taxation will only be postponed if the shareholder provides sufficient guarantee for the fulfillment of the potential tax obligations. If the shares are not realised for tax purposes within five years after the shareholder ceased to be resident in Norway for tax purposes, or was regarded as tax resident in another jurisdiction according to an applicable tax treaty, the tax liability calculated under these provisions will not apply.

Dividend taxation

Dividends received by Norwegian Individual Shareholders exceeding a risk-free return allowance are taxable as ordinary income for such shareholders at a flat rate of 22%. For the income year 2021, taxable dividends after deducting any risk-free return allowance shall be increased by a factor of 1.44. Hence, for income year 2021 the effective tax rate is 31.68%.The risk-free return allowance is calculated on a share-by-share basis, not on a portfolio basis. The allowance for each share is equal to the cost price of the share multiplied by a risk free return. The risk-free return is stipulated by the Ministry of Finance. The allowance is calculated for each calendar year, and shall be attributed to the holder of the share as at 31 December of the income year. Norwegian Individual Shareholders who transfer shares prior to 31 December will thus not be entitled to deduct any calculated allowance related to the year of transfer. If the risk-free return allowance exceeds the dividends for the year, any unused risk-free return allowance may be carried forward for deduction in subsequent years' dividends on the same share. The unused allowance is also included in the basis for calculating the allowance the following years.

If certain requirements are met, Norwegian Individual Shareholders are also entitled to a tax credit against their Norwegian tax for any withholding tax imposed in Denmark on dividends distributed.

Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Individual Shareholders. Currently, the marginal wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares, is the listed value as of 1 January in the year of assessment.

31.2.1.2 Limited liability companies

Capital gains taxation

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. For shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes (the "**Norwegian Corporate Shareholders**"), capital gains from realisation of shares are currently exempt from Norwegian taxation under the participation exemption rule (No. fritaksmetoden). Correspondingly, losses are non-deductible. At the outset, shares in Norwegian companies and companies resident within the EEA for tax purposes will always constitute a qualifying investment under the participation exemption, regardless of the relative size of the shareholding. For shares in companies resident within the EU/EEA, however, an initial assessment has to be made on whether or not the company is resident within a low tax jurisdiction.

Dividend taxation

Dividends received by Norwegian Corporate Shareholders are included in the calculation of the shareholders' net income from shares qualifying for the participation exemption (including shares in companies resident within the EEA for tax purposes), including dividends received from Tryg. 3% of any dividend income received, however, will have to be included in the calculation of ordinary income. Ordinary income is subject to tax at a flat rate of 22%, implying that for the income year 2021 net income from shares is effectively taxed at a rate of 0.66%. Repayment of paid-in share capital or share premium, e.g. in case of a capital reduction, is not taxable.

31.2.2 Taxation of shareholders residing outside Norway

Capital gains taxation

As a general rule, capital gains related to shares in a company not resident in Norway for tax purposes that are held by shareholders who are not tax residents of Norway for the purposes of this section, are not taxable in Norway. If a Foreign Shareholder is an individual shareholder who has previously been a tax resident of Norway and then realises the shares within five calendar years following the year the Norwegian tax residency ceased, however, then the Foreign Shareholder will be subject to the same capital gains taxation as a Norwegian individual shareholder, cf. above. This is conditional by, however, that the capital gain is not exempt pursuant to the provisions of an applicable income tax treaty.

Dividend taxation

As a general rule, dividends received related to shares in a company not resident in Norway for tax purposes that are held by Foreign Shareholders are not taxable in Norway.

Net wealth tax

Foreign shareholders are not subject to Norwegian net wealth tax, unless the shares are owned as a part of a business activity taxable in Norway.

31.2.3 Share transfer tax and stamp duties

No Norwegian share transfer tax or stamp duties are payable on transfer of the Shares

31.3 Sweden

The following summary outlines certain Swedish tax consequences relating to the offer to subscribe for New Shares for shareholders and holders of subscription rights in Tryg. The summary is only applicable to individuals and limited liability companies (Sw. aktiebolag) tax resident in Sweden, unless otherwise stated. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not cover securities held by partnerships or held as current assets in business operations. Furthermore, the summary does not cover the specific rules on tax-exempt dividends and capital gains (including non-deductibility for capital losses) in the corporate sector, which may become applicable when shareholders hold securities that are considered to be held for business purposes (Sw. näringsbetingade andelar). Nor does the summary cover the special rules which may be applicable to holdings in companies which are, or previously were, closely held companies, or to shares acquired pursuant to so-called qualified shares in closely-held companies. Moreover, the summary does not cover shares or other securities that are held in a so-called investment savings account (Sw. investeringssparkonto) or endowment insurance (Sw. kapitalförsäkring) and that are subject to special rules on annual yield taxation. Special rules apply to certain categories of taxpayers, for example, investment companies and insurance companies. The tax treatment of each individual shareholder depends on such investor's particular circumstances. Each holder of shares and subscription rights should, therefore, consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign rules and tax treaties.

31.3.1 Taxation of Swedish tax resident shareholders

31.3.1.1 Individuals

Capital gains taxation

Upon the sale or other disposition of listed shares or other equity-related securities, such as subscription rights, a taxable capital gain or deductible capital loss may arise. Capital gains are taxed as capital income at a rate of 30%. The capital gain or loss is normally calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis (for specific information about the tax basis for subscription rights, see "*—Exercise and disposal of subscription rights*" below). The tax basis for all equity-related securities of the same class and type is calculated together in accordance with the "average cost method" (Sw. *genomsnittsmetoden*). It should be noted that paid subscription shares in this context are not considered to be of the same class and type as the existing shares that entitled the shareholder to the preferential right in the Rights Issue until the resolution of the Rights Issue has been registered with the Swedish Companies Registration Office. Alternatively, upon the sale of listed shares, such as the shares in Tryg, the tax basis may be determined as 20% of the sales proceeds, after deducting sales costs, under the "standard method" (Sw. *schablonmetoden*). Capital losses on listed shares and other listed equity-related securities are fully deductible against taxable capital gains on shares and on other listed equity-related securities, with the exception of units in securities funds or special funds that consist solely of Swedish receivables (Sw. *räntefonder*). Capital losses on shares and other equity-related securities which cannot be set off in this way can be deducted with up to 70% against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction is allowed with 30% on the portion of such net loss that does not exceed SEK 100,000 and with 21% on any remaining loss. Such net loss cannot be carried forward to future income years.

Dividend taxation

For individuals, dividends on listed shares are taxed as income from capital at a rate of 30%. Danish withholding tax on dividends should be possible to credit against Swedish tax payable on the dividends. See section "*—Denmark—Taxation of shareholders residing outside Denmark".*

Exercise and disposal of subscription rights

The exercise of subscription rights does not give rise to any taxation. The acquisition cost for shares received is the issue price. If subscription rights used for subscribing for shares have been purchased or otherwise acquired (i.e., that have not been received based on a holding of existing shares) the tax basis for the subscription rights should be included when calculating the tax basis for the subscribed shares. For shareholders that do not wish to utilise their preferential right to participate in the Rights Issue and therefore dispose of their subscription rights, a capital gain or loss is calculated. Subscription rights based on a holding of existing shares are considered to have been acquired at SEK 0. The total sales proceeds, after deduction of sales costs, are thus taxable. The "standard method" is not applicable in this case. The tax basis for the original shares is not affected. For subscription rights purchased or otherwise acquired, the price paid for the rights constitutes the tax basis. The "standard method" may be applied on disposal of listed subscription rights in this case. A subscription right that is not exercised or sold, and thus expires, is considered to have been disposed of at SEK 0.

31.3.1.2 Limited liability companies

Capital gains and dividends taxation

For Swedish limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and dividends, is taxed as business income at a rate of 20.6% for fiscal years beginning on or after 1 January 2021 (For fiscal years beginning prior to 1 January 2021, the tax rate is 21.4%). Capital gains and capital losses are calculated in the same

manner as described above for individuals. Deductible capital losses on shares and other equity-related securities may only be deducted against taxable capital gains on such securities. Under certain circumstances, such capital losses may also be deducted against capital gains in another company in the same group, provided that the requirements for exchanging group contributions (Sw. *koncernbidragsrätt*) between the companies are met. A capital loss that cannot be utilised during a given income year may be carried forward and be offset against taxable capital gains on shares and other equity-related securities during subsequent income years, without limitation in time.

Danish withholding tax on dividends should be possible to credit against Swedish tax payable on the dividends. See section "*—Denmark—Taxation of shareholders residing outside Denmark".*

Exercise and disposal of subscription rights

The exercise of subscription rights does not give rise to any taxation. The acquisition cost for shares received is the issue price. If subscription rights used for subscribing for shares have been purchased or otherwise acquired (i.e. that have not been received based on a holding of existing shares) the tax basis for the subscription rights should be included when calculating the tax basis for the subscribed shares. For shareholders that do not wish to utilise their preferential right to participate in the Rights Issue, and therefore dispose of their subscription rights, a capital gain or loss is calculated. Subscription rights based on a holding of existing shares are considered to have been acquired at SEK 0. The total sales proceeds, after deduction of sales costs, are thus taxable. The "standard method" is not applicable in this case. The tax basis for the original shares is not affected. For subscription rights purchased or otherwise acquired, the price paid for the rights constitutes the tax basis. The "standard method" may be applied on disposal of listed subscription rights in this case. A subscription right that is not exercised or sold, and thus expires, is considered to have been disposed of at SEK 0.

31.3.2 Taxation of individual shareholders residing outside Sweden

Capital gains taxation

Under a specific tax rule, individuals that are not tax resident in Sweden may be subject to tax in Sweden on the sale of certain securities (such as shares, paid subscription shares and subscription rights) if they have been resident or lived permanently in Sweden at any time during the calendar year of such disposal or during any of the previous ten calendar years. The application of this rule may be limited by tax treaties between Sweden and other countries.

31.4 Certain U.S. federal income tax considerations

The following is a summary of certain material U.S. federal income tax consequences of the receipt, exercise and disposition of Preemptive Rights, as well as the acquisition, ownership and disposition of Interim Shares and New Shares by a U.S. Holder (as defined below) pursuant to the Offering. This summary deals only with U.S. Holders that hold Existing Shares and will hold the Preemptive Rights, Interim Shares and New Shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "**Code**") (generally, property held for investment). The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to the receipt, exercise or disposition of Preemptive Rights or the acquisition, ownership or disposition of Interim Shares or New Shares by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not address the effects of the alternative minimum tax or the net investment income tax, or tax considerations applicable to investors that own (directly, indirectly or constructively) 10 percent or more of the total combined voting power or total value of the stock of Tryg, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold Preemptive Rights, Interim Shares or New Shares as part of straddles, hedging

transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "**U.S. Holder**" means a beneficial owner of Preemptive Rights, Interim Shares or New Shares that is, for U.S. federal income tax purposes, (i) an individual that is a citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Preemptive Rights, Interim Shares or New Shares will depend on the status of the partner and the activities of the partnership. Prospective investors that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership, exercise, and disposition of Preemptive Rights, Interim Shares or New Shares by the partnership.

The summary generally assumes that Tryg is not a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes. Although Tryg believes that it is not currently a PFIC and does not expect to become a PFIC, no assurance can be provided in this regard because Tryg has not undertaken a comprehensive determination of whether it is a PFIC or the effect of the Acquisition on this analysis. Many of the special rules applicable to QICs (as defined below) were only recently published in final form or are in proposed form, have not yet taken effect, and are subject to further change. As a result, there is limited authoritative guidance regarding the application of these rules. Moreover, Tryg's possible status as a PFIC must be determined annually and therefore may be subject to change. If Tryg were to be a PFIC in any year, materially adverse consequences would result for U.S. Holders. See "*—Taxation of New Shares—Passive foreign investment company considerations*" below.

The summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Denmark (the "**Treaty**"), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION PURPOSES ONLY. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE PREEMPTIVE RIGHTS, INTERIM SHARES AND NEW SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

31.4.1 Taxation of Preemptive Rights and Interim Shares

Receipt of Preemptive Rights

The receipt of Preemptive Rights is not expected to be a taxable event for U.S. federal income tax purposes. The basis and holding period of Preemptive Rights will be determined by reference to a U.S. Holder's Existing Shares with respect to which the Preemptive Rights were received. If, on the date of receipt, the fair market value of Preemptive Rights is less than 15 percent of the fair market value of the Existing Shares with respect to which Preemptive Rights are received, Preemptive Rights will be allocated a zero tax basis unless the U.S. Holder affirmatively elects to allocate tax basis between the U.S. Holder's Existing Shares and Preemptive Rights received in proportion to their fair market values determined on the date of receipt. This election must be made in the U.S. Holder's timely filed U.S. federal income tax return for the taxable year in which the

Preemptive Rights are received, in respect of all Preemptive Rights received by the U.S. Holder, and is irrevocable.

If, on the date of receipt, the fair market value of Preemptive Rights is 15 percent or more of the fair market value of the Existing Shares with respect to which Preemptive Rights are received, then, except as discussed below under "*—Expiration of Preemptive Rights*", the basis in the U.S. Holder's Existing Shares with respect to which the Preemptive Rights were received must be allocated between the Existing Shares and Preemptive Rights received in proportion to their fair market values determined on the date of receipt.

Sale or other disposition of Preemptive Rights

Subject to the PFIC rules discussed below (see *"—Taxation of New Shares—Passive foreign investment company considerations"*), upon a sale or other disposition of Preemptive Rights, a U.S. Holder will generally recognise capital gain or loss equal to the difference, if any, between the amount realised and the U.S. Holder's adjusted tax basis in the Preemptive Rights. If the consideration received is not paid in U.S. dollars, the amount realised will generally be the U.S. dollar value of the payment received, as determined on the date of the sale or other disposition. On the settlement date, the U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, if Preemptive Rights are treated as traded on an "established securities market" and the U.S. Holder is a cash basis taxpayer (or an accrual basis taxpayer that so elects), the U.S. Holder will determine the U.S. dollar value of the amount received in a foreign currency by translating the amount paid at the spot rate of exchange on the settlement date of the sale and no exchange gain or loss will be recognised at that time. In general, any gain or loss will be U.S. source and will be long-term capital gain or loss if the U.S. Holder's holding period in the Preemptive Rights exceeds one year. A U.S. Holder's holding period in the Preemptive Rights will include the holding period in the Existing Shares with respect to which the Preemptive Rights were distributed. The deductibility of capital losses is subject to limitations.

Expiration of Preemptive Rights

If a U.S. Holder allows the Preemptive Rights to expire without selling or exercising them, the holder will not recognise any loss upon the expiration of Preemptive Rights, and the holder will not be entitled to allocate any basis to the Preemptive Rights.

Exercise of Preemptive Rights

A U.S. Holder will not recognise taxable income upon the receipt of Interim Shares pursuant to the exercise of Preemptive Rights. A U.S. Holder's basis in the Interim Shares will equal the sum of the U.S. dollar value of the Subscription Price determined at the spot rate on the date of exercise and the U.S. Holder's basis, if any, in the Preemptive Rights exercised to obtain the Interim Shares. A U.S. Holder's holding period in each Interim Share acquired through the exercise of a Preemptive Right will generally begin with and include the date of exercise.

Taxation of Interim Shares

The taxation of Interim Shares prior to conversion into New Shares will be the same as the taxation of New Shares. See "*—Taxation of New Shares*" below. A U.S. Holder will not recognise taxable income upon conversion of Interim Shares into New Shares. A U.S. Holder's basis in each New Share will be equal to its basis in the Interim Share converted into such New Share and the U.S. Holder's holding period in the New Share will include such U.S. Holder's holding period in the Interim Share converted into such New Share.

31.4.2 Taxation of New Shares

Dividends

Subject to the PFIC rules discussed below (see "*—Passive foreign investment company considerations"*), distributions paid by Tryg in respect of New Shares out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Danish withholding tax paid by Tryg with respect thereto, will generally be taxable to a U.S. Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the New Shares and thereafter as capital gain. However, Tryg does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by Tryg with respect to New Shares will constitute ordinary dividend income. U.S. Holders should consult their tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from Tryg.

Dividends paid by Tryg will generally be taxable to a non-corporate U.S. Holder at the special reduced rate normally applicable to long-term capital gains, provided Tryg qualifies for the benefits of the Treaty. A U.S. Holder will be eligible for this reduced rate only if it has held the New Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and is not under an obligation to make related payments with respect to positions in substantially similar or related property. A U.S. Holder will not be able to claim the reduced rate on dividends received from Tryg if Tryg is treated as a PFIC in the taxable year in which the dividends are received or in the preceding taxable year. See "*—Passive foreign investment company considerations*" below.

Dividends paid in Danish Kroner will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the Danish Kroner are converted into U.S. dollars at that time. If dividends received in Danish Kroner are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

As discussed in "*Taxation—Denmark—Taxation of shareholders residing outside Denmark*", under current law payments of dividends by Tryg to shareholders not resident in Denmark are generally subject to a 27 percent Danish withholding tax. The rate of withholding tax applicable to U.S. Holders that are eligible for benefits under the Treaty is reduced to a maximum of 15 percent. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Danish taxes withheld by Tryg, and as then having paid over the withheld taxes to the Danish taxing authorities. As a result of this rule, the amount of dividend income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from Tryg with respect to the payment.

A U.S. Holder will generally be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or, at the U.S. Holder's election, a deduction in computing its U.S. federal taxable income, for Danish income taxes withheld by Tryg. U.S. Holders will not be entitled to a credit for any Danish taxes withheld that are refundable pursuant to Danish tax law (see "*Taxation—Denmark—Taxation of shareholders residing outside Denmark*"). Also, U.S. Holders that are eligible for benefits under the Treaty will not be entitled to a foreign tax credit for the amount of any Danish taxes withheld in excess of the 15 percent maximum rate, and with respect to which the holder is entitled to obtain a refund from the Danish taxing authorities.

For purposes of the foreign tax credit limitation, foreign source income is classified in one of several "baskets", and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Dividends paid by Tryg generally will constitute foreign source income in the "passive category income" basket. If a U.S. Holder receives a dividend from Tryg that qualifies for a reduced rate of tax, as described above,

the amount of the dividend taken into account in calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. In certain circumstances, a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for foreign taxes imposed on a dividend if the U.S. Holder has not held the New Shares for at least 16 days in the 31-day period beginning 15 days before the ex-dividend date.

Prospective investors should consult their tax advisers concerning the foreign tax credit implications of the payment of Danish taxes and receipt of a dividend from Tryg that is eligible for the special reduced rate described above.

Sale or other disposition

Subject to the PFIC rules discussed below, upon a sale or other disposition of New Shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the New Shares. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the New Shares exceeds one year. However, regardless of a U.S. Holder's actual holding period, any loss may be long-term capital loss to the extent the U.S. Holder receives a dividend that qualifies for the reduced rate described above under "*—Dividends*", and exceeds 10 percent of the U.S. Holder's basis in its New Shares. The deductibility of capital losses is subject to limitations. Any gain or loss will generally be U.S. source.

A U.S. Holder's tax basis in New Shares acquired pursuant to the exercise of Preemptive Rights will be determined as described under "*—Taxation of Preemptive Rights and Interim Shares*". The amount realised on a sale or other disposition of New Shares for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of New Shares traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

See "*—Passive foreign investment company considerations*" below for a discussion rules that will apply to a sale or other disposition of New Shares if Tryg is or becomes a PFIC for U.S. federal income tax purposes.

Passive foreign investment company considerations

A non-U.S. corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules", either (i) at least 75 percent of its gross income is "passive income" or (ii) at least 50 percent of the value of its assets (generally determined based on an average of the quarterly values of the assets during a taxable year) consists of assets that produce passive income or are held for the production of passive income. Although passive income generally includes dividends, interest, rents, royalties and gains on assets that generate such income, special rules allow a qualifying insurance company ("**QIC**") to treat as non-passive certain income derived by a it in the active conduct of an insurance business. To qualify for these rules, a non-U.S. corporation generally must satisfy a number of requirements regarding its applicable insurance liabilities and certain insurance business functions (such as underwriting, investment, contract and claims management, and sales activities). Complex rules also apply to determine the extent to which the income and assets of a QIC and its subsidiaries will be treated as non-passive. Many of the special rules applicable to QICs were only recently published in final form or are in proposed form, have not yet taken effect, and are subject to further change. As a result, there is limited authoritative guidance regarding the application of these QIC rules to insurance companies. Although Tryg believes that it currently meets the requirements

to qualify as a QIC and does not expect to be a PFIC for the current taxable year, Tryg has not undertaken a comprehensive analysis of whether it qualifies as a QIC or would be treated as a PFIC under the rules applicable to QICs, or the effect of the Acquisition on this analysis. Moreover, Tryg's possible status as a PFIC for any taxable year must be determined annually and may be subject to change. Accordingly, no assurance can be provided that Tryg is not a PFIC or will not become a PFIC.

If Tryg is a PFIC in any year during which a U.S. Holder owns Preemptive Rights or New Shares, and the U.S. Holder has not made a mark to market or qualified electing fund election (each as described below), the U.S. Holder will generally be subject to special rules (regardless of whether Tryg continues to be a PFIC) with respect to (i) any "excess distribution" (generally, any distributions received by the U.S. Holder on the New Shares in a taxable year, other than the taxable year in which the U.S. Holder's holding period in the New Shares begins, that are greater than 125 percent of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the New Shares) and (ii) any gain realised on the sale or other disposition of Preemptive Rights or New Shares. Under these rules (a) the excess distribution or gain will be allocated rateably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which Tryg is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. If Tryg is a PFIC, a U.S. Holder of New Shares will generally be subject to similar rules with respect to distributions to Tryg by, and dispositions by Tryg of the stock of, any direct or indirect subsidiaries of Tryg that are also PFICs. Additionally, dividends paid by Tryg will not be eligible for the special reduced rate of tax described above under "*—Dividends*". If Tryg ceases to be a PFIC, a U.S. Holder may make an election (a "deemed sale election") to be treated for U.S. federal income tax purposes as having sold its Preemptive Rights or New Shares on the last day of the last taxable year of Tryg during which it was a PFIC. A U.S. Holder that makes a deemed sale election will cease to be treated as owning stock in a PFIC. However, gain recognised by a U.S. Holder as a result of making the deemed sale election will be subject to the rules described above.

U.S. Holders can avoid the interest charge by making a mark to market election with respect to the New Shares, provided that the New Shares are "marketable". New Shares will be marketable if they are regularly traded on certain U.S. stock exchanges, or on a foreign stock exchange that meets certain conditions. For these purposes, the New Shares will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. However, it is unclear whether the Preemptive Rights may be considered "marketable stock". In addition, a mark to market election generally cannot be made for equity interests in any lower-tier PFICs Tryg owns, unless shares of such lower-tier PFIC are themselves "marketable". Each U.S. Holder should consult its tax adviser as to the whether a mark to market election is available or advisable with respect to the Preemptive Rights or New Shares, as applicable.

A U.S. Holder that makes a mark to market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the New Shares at the close of the taxable year over the U.S. Holder's adjusted basis in the New Shares. An electing holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted basis in the New Shares over the fair market value of the New Shares, at the close of the taxable year, but this deduction is allowable only to the extent of any net mark to market gains for prior years. Gains from an actual sale or other disposition of the New Shares will be treated as ordinary income, and any losses incurred on a sale or other disposition of the New Shares will be treated as an ordinary loss to the extent of any net mark to market gains for prior years. Once made, the election cannot be revoked without the consent of the Internal Revenue Service ("**IRS**") unless the New Shares cease to be marketable. If Tryg is a PFIC for any year in which the

U.S. Holder owns the New Shares but before a mark to market election is made, the interest charge rules described above will apply to any mark to market gain recognised in the year the election is made.

In some cases, a shareholder of a PFIC can avoid the interest charge and the other adverse PFIC consequences described above by making a "qualified electing fund" ("**QEF**") election to be taxed currently on its share of the PFIC's undistributed income. Tryg does not, however, expect to provide to U.S. Holders the information regarding this income that would be necessary in order for a U.S. Holder to make a QEF election.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which Tryg is classified as a PFIC may be required to file IRS Form 8621. The failure to file such form when required could result in substantial penalties.

Backup withholding and information reporting

Dividends and other proceeds with respect to New Shares paid by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report certain amounts required to be shown on its U.S. federal income tax returns. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Transfer reporting requirements

A U.S. Holder that subscribes for New Shares may be required to file Form 926 (or similar form) with the IRS if the purchase, when aggregated with all transfers of cash or other property made by the U.S. Holder (or any related person) to Tryg within the preceding 12 month period, exceeds U.S.$100,000 (or its equivalent). A U.S. Holder who fails to file any such required form could be required to pay a penalty equal to 10% of the gross amount paid for the New Shares (subject to a maximum penalty of U.S.$100,000, except in cases of intentional disregard). U.S. Holders should consult their tax advisers with respect to this or any other reporting requirement that may apply to an acquisition of the New Shares.

Foreign financial asset reporting

U.S. Holders are subject to reporting requirements on the holding of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds U.S.$50,000 at the end of the taxable year or U.S.$75,000 at any time during the taxable year. The thresholds are higher for individuals living outside of the United States and married couples filing jointly. The New Shares are expected to constitute foreign financial assets subject to these requirements unless the New Shares are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). U.S. Holders should consult their tax advisors regarding the application of this legislation.

32. TERMS AND CONDITIONS OF THE OFFERING

32.1 Terms of the Offering

The Offering consists of (i) a public offering in Denmark, Greenland, Norway and Sweden and (ii) private placements in certain other jurisdictions, including to persons reasonably believed to be QIBs in the United States, and in offshore transactions outside the United States within the meaning of and in accordance with Regulation S.

Tryg is offering 352,505,989 New Shares with a nominal value of DKK 5 at the Subscription Price and with Preemptive Rights for the Existing Shareholders.

Each holder of Existing Shares registered with VP Securities on 5 March 2021 at 5:59 p.m. CET as a shareholder in Tryg will be allocated 7 Preemptive Rights for each Existing Share. For every 6 Preemptive Rights, the holder is entitled to subscribe for one New Share of a nominal value of DKK 5 at a subscription price of DKK 105 per New Share.

The Rights Trading Period commences on 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET. The Subscription Period for New Shares commences 8 March 2021 at 9:00 a.m. CET and closes on 19 March 2021 at 5:00 p.m. CET. Any Preemptive Rights not exercised during the Subscription Period will lapse with no value, and the holder of such Preemptive Rights will not be entitled to compensation. Once a holder of Preemptive Rights has exercised such rights and subscribed for New Shares, such subscription cannot be withdrawn or modified by the holder.

The Preemptive Rights, the Interim Shares and the New Shares have been approved for trading and official listing on Nasdaq Copenhagen. For further information see "*Admission to Trading and Dealing Arrangement*".

The Preemptive Rights, the Interim Shares and the New Shares, following automatic conversion from Interim Shares, will be delivered in book-entry form through allocation to accounts with VP Securities. The New Shares have been accepted for clearance through Euroclear and Clearstream.

Completion of the Offering and registration of the New Shares with the Danish Business Authority is expected to take place on 25 March 2021.

The New Shares shall be fully paid up, issued in the name of the holder and recorded in the holder's name, in the Company's register of shareholders through the holder's custodian bank. Tryg's register of shareholders is kept by VP Securities.

Existing Shares traded after 3 March 2021 will be traded without Preemptive Rights, provided that the Existing Shares are traded with customary two-day settlement.

TryghedsGruppen which as at the date of this Prospectus holds 53% of Tryg's share capital is entitled to 1,120,969,052 Preemptive Rights allowing TryghedsGruppen to subscribe for 186,828,175 New Shares through the exercise of Preemptive Rights. TryghedsGruppen has signed an irrevocable subscription undertaking under which TryghedsGruppen irrevocably has undertaken towards Tryg and each of the Joint Global Coordinators in connection with the Offering to (i) subscribe in cash for the TryghedsGruppen Firm Shares (including by using the net proceeds of the sale of Existing Shares which occurred on 23 November 2020); and (ii) further participate in the Offering on a cash neutral basis. This cash neutral participation will be achieved by TryghedsGruppen subscribing for the maximum number of New Shares that it can using the net proceeds (after transaction costs) arising from the sale of Preemptive Rights, such sale of Preemptive Rights to occur as soon as reasonably practicable during the Subscription Period. For further information, see "*Material Contracts—Material contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*". Any Preemptive Rights sold by TryghedsGruppen will be exercised and the resulting Interim Shares will be sold, at the discretion of Danske Bank and Morgan Stanley on behalf of TryghedsGruppen, in open market transactions, private placements, block trades or otherwise.

As at the date of this Prospectus, Tryg holds 680,952 treasury shares, corresponding to approximately 0.23% of Tryg's share capital, which entitles Tryg to receive 4,766,664 Preemptive Rights. However, as Tryg is not permitted under Danish law to exercise any Preemptive Rights, Tryg intends to sell all Preemptive Rights received in connection with the Offering.

Subject to the satisfaction of certain conditions in the Underwriting Agreement, the Managers have agreed with Tryg to subscribe for any Remaining Shares. The Managers will not subscribe for Remaining Shares by exercising unexercised Preemptive Rights (which will have lapsed). Such Remaining Shares will be subscribed for at the Subscription Price. The New Shares will thus be fully subscribed for, subject to the satisfaction of certain conditions in the Underwriting Agreement. See "*—Underwriting and the Underwriting Agreement*". The Managers have each agreed to underwrite severally, but not jointly and not jointly and severally, the proportion of the Remaining Shares set forth below:

Joint Global Coordinators and Joint Lead Managers	Percentage of Remaining Shares
Danske Bank A/S	39.5%
Morgan Stanley & Co. International Plc	39.5%
Citigroup Global Markets Europe AG	7%
HSBC Continental Europe	7%
Nordea Danmark, filial af Nordea Bank Abp, Finland	7%
Total	**100%**

The Managers may sell any Remaining Shares in offshore transactions within the meaning of and in accordance with Regulation S under the U.S. Securities Act or to QIBs as defined in Rule 144A under the U.S. Securities Act and/or in reliance on another exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act or other applicable securities laws.

The Managers may, from time to time, acquire and sell Preemptive Rights, exercise such Preemptive Rights as well as buy and sell New Shares, Interim Shares and Existing Shares.

32.2 Size and proceeds of the Offering

The Offering is an underwritten offering of 352,505,989 New Shares with a nominal value of DKK 5 each to be issued by Tryg with Preemptive Rights for the Existing Shareholders.

The gross proceeds of the Offering will total DKK 37,013,128,845, and the net proceeds (gross proceeds after deduction of estimated expenses payable by Tryg) are expected to total approximately DKK 36.463 billion.

32.3 Completion of the Offering

The Offering will only be completed if and when the New Shares subscribed for are issued by Tryg and registered with the Danish Business Authority which is expected to take place on 25 March 2021. See also "*—Publication of the result of the Offering*".

32.4 Subscription Period

The Subscription Period for the New Shares commences on 8 March 2021 at 9:00 a.m. CET and closes on 19 March 2021 at 5:00 p.m. CET.

If a holder of Preemptive Rights does not want to exercise its Preemptive Rights to subscribe for New Shares, the Preemptive Rights may be sold during the Rights Trading Period, which commences 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET.

For a description of the procedure of exercise and subscription, see "*—Procedure for exercise of and dealings in Preemptive Rights and treatment of Preemptive Rights*".

32.5 Expected timetable of principal events

Publication of this Prospectus	1 March 2021
Last day of trading in Existing Shares with Preemptive Rights	3 March 2021
First day of trading in Existing Shares without Preemptive Rights	4 March 2021
Rights Trading Period commences	4 March 2021 at 9:00 a.m. CET
Date of listing of the Interim Shares under the interim ISIN code	4 March 2021 at 9:00 a.m. CET
Allocation Time of Preemptive Rights	5 March 2021 at 5:59 p.m. CET
Subscription Period for New Shares commences	8 March 2021 at 9:00 a.m. CET
Rights Trading Period closes	17 March 2021 at 5:00 p.m. CET
Subscription Period for New Shares closes	19 March 2021 at 5:00 p.m. CET
Publication of the results of the Offering	23 March 2021
Registration of the capital increase regarding the New Shares with the Danish Business Authority and issuance of the New Shares through VP Securities	25 March 2021
Completion of the Offering (the Offering will only be completed if and when the New Shares subscribed for are issued by Tryg and the capital increase is registered with the Danish Business Authority)	Expected to take place on 25 March 2021
Last day of trading of Interim Shares	26 March 2021 at 5:00 p.m. CET
Official listing of and trading of the New Shares under the existing ISIN code	29 March 2021
Merger of the interim ISIN code for the Interim Shares and the ISIN code for the Existing Shares in VP Securities	30 March 2021

The above timetable is subject to change. Any changes will be announced via Nasdaq Copenhagen.

32.6 Withdrawal of the Offering

Completion of the Offering is conditional upon the Offering not being withdrawn.

The Underwriting Agreement provides that the obligations of the Managers are subject to the following conditions, excluding any conditions which have been satisfied as at the date of this Prospectus: (i) there not having occurred certain insolvency related events in relation to Tryg prior to the registration of the New Shares with the Danish Business Authority; (ii) the Scheme not having lapsed or been validly withdrawn in accordance with its terms prior to the registration of the New Shares with the Danish Business Authority (or if the Acquisition is structured as a Takeover Offer, such Takeover Offer not having lapsed, been terminated or validly withdrawn in accordance with its terms prior to the registration of the New Shares with the Danish Business Authority); and (iii) no notification having been received from Nasdaq Copenhagen that the approval for admission to trading and official listing of the New Shares has been withdrawn prior to the registration of the New Shares with the Danish Business Authority. If, by the times specified above, or if no time is specified, prior to registration of the New Shares with the Danish Business Authority, any of the conditions above is not satisfied (or waived by the Joint Global Coordinators, on behalf of the Managers), the Joint Global Coordinators, on behalf of the Managers, will be entitled to terminate the Underwriting Agreement. In addition, the Joint Global Coordinators, on behalf of the Managers, will be entitled to terminate the Underwriting

Agreement in the event that the registration of the New Shares is refused by the Danish Business Authority.

Other than as set out above, the Joint Global Coordinators, on behalf of the Managers, will not be entitled to terminate the Underwriting Agreement. If the Underwriting Agreement is terminated, the Offering will be withdrawn. The termination rights of the Joint Global Coordinators, on behalf of the Managers, under the Underwriting Agreement will lapse upon registration of the New Shares with the Danish Business Authority, currently expected to take place on 25 March 2021.

Any withdrawal of the Offering will be announced immediately via Nasdaq Copenhagen. Any Preemptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Preemptive Rights will not be entitled to compensation.

If the Offering is not completed, any exercise of Preemptive Rights that has already taken place will be cancelled automatically. The subscription amount for the New Shares will be refunded (less any transaction costs) to the last registered owner of the Interim Shares as at the date of withdrawal. All Preemptive Rights will be null and void, and no New Shares will be issued. However, trades of Preemptive Rights executed during the Rights Trading Period, which commences on 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET, will not be affected. As a result, Shareholders and investors who have acquired Preemptive Rights will incur a loss corresponding to the purchase price of the Preemptive Rights and any transaction costs.

Trades in Existing Shares and Interim Shares will also not be affected if the Offering does not complete, and Shareholders and investors that have acquired Interim Shares will receive a refund of the subscription amount for the New Shares (less any transaction costs). As a result, Shareholders and investors that have acquired Interim Shares will incur a loss corresponding to the difference between the purchase price of the Interim Shares and the Subscription Price paid for the New Shares and any transaction costs.

See also "*Risk Factors—The Offering may not be completed and may be withdrawn*".

32.7 Investors' withdrawal rights

In the event that Tryg is required to publish a supplement to this Prospectus, investors who have submitted orders to subscribe for New Shares in the Offering shall have two working days following the publication of the relevant supplement within which the investors can withdraw their offers to subscribe for New Shares in the Offering. The period may be extended by Tryg and will be stated in the relevant supplement. The right to withdraw a subscription for New Shares in the Offering in these circumstances will be available to all investors in the Offering, provided the obligation to publish a supplement to this Prospectus was triggered before the closing of the Subscription Period or before the New Shares have been delivered, whichever occurs first. If the order is not withdrawn within the stipulated period any subscription for New Shares in the Offering will remain valid and binding. The procedure regarding the withdrawal of the subscriptions will be announced together with the relevant supplement to this Prospectus.

32.8 Reductions of subscription

Reduction of subscription for New Shares is not applicable in connection with the Offering.

32.9 Minimum and/or maximum subscription amounts

The minimum number of New Shares that a holder of Preemptive Rights may subscribe will be 1 New Share, requiring the exercise of 6 Preemptive Rights and the payment of the Subscription Price. The number of New Shares that a holder of Preemptive Rights may subscribe is not capped. However, the number is limited to the number of New Shares which may be subscribed through the exercise of the Preemptive Rights held or acquired.

32.10 Revocation of subscriptions orders

Instructions to exercise Preemptive Rights are irrevocable.

32.11 Payment and delivery

Upon exercise of the Preemptive Rights, the holder must pay an amount equal to the Subscription Price multiplied by the number of New Shares subscribed for.

Payment for the New Shares shall be made in Danish kroner and shall be made upon subscription against registration of the New Shares in the transferee's account with VP Securities. Holders of Preemptive Rights shall adhere to the account agreement with their own Danish custodian institution or other financial intermediary, through which they hold Shares. Financial intermediaries through which a holder holds Preemptive Rights may require payment on an earlier date.

32.12 Publication of the result of the Offering

The result of the Offering is expected to be announced through Nasdaq Copenhagen on 23 March 2021.

32.13 Procedure for exercise of and dealings in Preemptive Rights and treatment of Preemptive Rights

The Preemptive Rights have been approved for trading and official listing on Nasdaq Copenhagen under the interim ISIN code DK0061534450 and will be traded in the interim ISIN code under the symbol "TRYG T".

Holders of Preemptive Rights wishing to subscribe for New Shares must do so through their own custodian institution, in accordance with the rules of such institution. The deadline for notification of exercise depends on the holder's agreement with, and the rules and procedures of, the relevant custodian institution or other financial intermediary and may be earlier than the end of the Subscription Period. Once a holder has exercised its Preemptive Rights, the exercise may not be revoked or modified.

Any holders of Preemptive Rights that exercise any of their Preemptive Rights shall be deemed to have represented that they have complied with all applicable laws. Custodian banks exercising Preemptive Rights on behalf of beneficial holders shall be deemed to have represented that they have complied with the offering procedures set forth in this Prospectus. Neither the Preemptive Rights, the Interim Shares nor the New Shares have been registered under the U.S. Securities Act.

Upon exercise of Preemptive Rights and payment of the Subscription Price, the Interim Shares will be delivered through VP Securities by being recorded on subscribers for New Shares' accounts with VP Securities. The Interim Shares will be issued under an interim ISIN code DK0061534534 and have been conditionally approved for admission to trading and official listing on Nasdaq Copenhagen in the interim ISIN code as from 4 March 2021 at 9:00 a.m. CET and are expected to be traded in the interim ISIN code under the symbol "TRYG N" until 26 March 2021 at 5:00 p.m. CET. The trading of the Interim Shares will commence before specific conditions to the Offering are met and all dealings in the Interim Shares prior to the registration of the New Shares with the Danish Business Authority are for the account, and at the sole risk, of each of the parties concerned. For a description of such conditions, see "*Terms and Conditions of the Offering—Withdrawal of the Offering*".

Registration of the New Shares with the Danish Business Authority will take place following completion of the Offering, expected to take place on 25 March 2021. Nasdaq Copenhagen has conditionally approved the New Shares for admission to trading and official listing. Admittance to trading and official listing of the New Shares under the existing ISIN code, DK0060636678, is expected to take place on 29 March 2021. As soon as possible thereafter, the interim ISIN code of the Interim Shares, DK0061534534, will be merged with the ISIN code of the Existing Shares DK0060636678, and the Interim Shares will automatically be converted into New Shares, expected to take place on 30 March 2021.

Upon expiry of the Subscription Period, any Preemptive Rights not exercised will lapse without value, and the holders of lapsed Preemptive Rights will not be entitled to any compensation. Holders of Preemptive Rights who do not wish to exercise their Preemptive Rights to subscribe for New Shares may sell their Preemptive Rights during the Rights Trading Period, and the transferee may use the acquired Preemptive Rights to subscribe for New Shares. Holders of Preemptive Rights wishing to sell their Preemptive Rights should instruct their custodian banks accordingly.

Exercise instructions, without the required supporting documentation, sent from a person located in the U.S. or such other jurisdiction in which it would not be permissible to subscribe for the New Shares will be deemed to be invalid, and no New Shares or Interim Shares will be credited to institutions with addresses inside the U.S. or such other jurisdictions in which it would not be permissible to subscribe for the New Shares without the required supporting documentation. Tryg and the Managers will reject any exercise of Preemptive Rights in the name of any person who, without providing required supporting documentation such as the investor letter applicable to persons located in the United States (i) provides for acceptance or delivery of New Shares or Interim Shares to a securities deposit account held by a person registered with an address in the United States or such other jurisdiction in which it would not be permissible to subscribe for the New Shares, (ii) is unable to represent or warrant that such person is not in the United States or such other jurisdiction in which it would not be permissible to subscribe for the New Shares, (iii) is acting for persons in the United States or such other jurisdiction in which it would not be permissible to subscribe for the New Shares other than on a discretionary basis, or (iv) appears to Tryg or its agents to have executed its exercise instructions or certifications in, or dispatched them from, the United States or such other jurisdiction in which it would not be permissible to subscribe for the New Shares. See also "*—Jurisdictions in which the Offering will be announced and restrictions applicable to the Offering*".

Accountholders who exercise their Preemptive Rights shall be deemed to have represented that no Preemptive Rights are being exercised by or for the account or benefit of persons located in the United States (subject to certain exceptions with respect to QIBs in accordance with procedures established by Tryg in accordance with applicable law) or such other jurisdictions in which it would not be permissible to subscribe for the New Shares. See also "*—Jurisdictions in which the Offering will be announced and restrictions applicable to the Offering*".

The Managers may from time to time, acquire and sell Preemptive Rights, exercise such Preemptive Rights as well as buy and sell or subscribe for New Shares, Interim Shares and Existing Shares.

32.14 Jurisdictions in which the Offering will be announced and restrictions applicable to the Offering

32.14.1 General

The Offering consists of (i) a public offering in Denmark, Greenland, Norway and Sweden and (ii) private placements in certain other jurisdictions, including to QIBs in the United States, and in offshore transactions outside the United States within the meaning and in accordance with Regulation S.

The distribution of this Prospectus and the Offering is, in certain jurisdictions, restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of or an invitation to purchase any Preemptive Rights and/or Interim Shares or to subscribe for any New Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons into whose possession this Prospectus may come shall inform themselves of and observe all such restrictions. Neither Tryg nor the Managers accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Preemptive Rights and/or Interim Shares or a subscriber or acquirer of New Shares, of any such restrictions.

This Prospectus may not be distributed or otherwise made available, the Interim Shares and/or the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Preemptive Rights may not be offered, sold, purchased or exercised, directly or indirectly, in any jurisdiction other than Denmark, Greenland, Norway and Sweden, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable laws of the relevant jurisdiction, and Tryg and the Managers receive satisfactory documentation to that effect.

Although all Existing Shareholders, regardless of the jurisdiction in which they reside, will be allocated Preemptive Rights, due to restrictions under applicable laws and regulations in jurisdictions outside Denmark, Greenland, Norway and Sweden, Tryg expects that certain shareholders and investors residing in the United States and other jurisdictions outside Denmark, Greenland, Norway and Sweden may not have this Prospectus distributed to them and may not be able to exercise the Preemptive Rights or subscribe for the New Shares. Tryg makes no offer or solicitation to any person under any circumstances that may be unlawful.

The Offering is fully underwritten. Subject to the satisfaction of certain conditions in the Underwriting Agreement, any Remaining Shares will be subscribed for by the Managers. The Managers may sell any Remaining Shares (i) outside the United States in offshore transactions within the meaning of and in accordance with Regulation S under the U.S. Securities Act or (ii) within the United States to persons reasonably believed to be QIBs as defined in Rule 144A under the U.S. Securities Act and/or in reliance on another exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act or other applicable securities laws.

32.14.2 Restrictions on offers and sales in United States

This Prospectus is intended for use only in connection with offers and sales of Preemptive Rights, Interim Shares and New Shares outside the United States and is not to be sent or given to any person with a registered address, or who is resident or located, in the United States.

The Offering has not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Preemptive Rights, the Interim Shares and the New Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state or other jurisdiction of the Unites States. Accordingly, the Preemptive Rights, the Interim Shares and the New Shares may not be offered, sold, resold, transferred, delivered, distributed, subscribed for, purchased or exercised, directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. No public offering of the Preemptive Rights, the Interim Shares or the New Shares is being made in the United States.

Any offering of the Preemptive Rights, Interim Shares and the New Shares made in the United States will only be made by Tryg pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act to a limited number of investors that (i) are reasonably believed to be QIBs and (ii) have executed and delivered an investor representation letter addressed to Tryg. Consequently, in the United States, Shareholders and investors who are not QIBs cannot participate in the offer, subscribe for New Shares or exercise Preemptive Rights.

The investor representation letter will require each QIB to represent and agree that, amongst other things:

1. The purchaser (a) is a QIB or a broker-dealer acting for the account of a QIB, (b) is acquiring such Preemptive Rights, Interim Shares and/or New Shares for

its own account or for the account of a QIB, and (c) is aware that the Preemptive Rights, Interim Shares and New Shares are "restricted securities" within the meaning of the U.S. Securities Act and may not be deposited into any unrestricted depositary facility, unless at the time of such deposit the Preemptive Rights, Interim Shares and New Shares are no longer restricted.

2. The purchaser is aware that the Preemptive Rights, Interim Shares and New Shares have not been and will not be registered under the U.S. Securities Act, and are being offered in the United States only to QIBs in a transaction exempt from the registration requirements of the U.S. Securities Act provided for transactions not involving a public offering.

3. The purchaser understands and agrees that the Preemptive Rights, Interim Shares and New Shares may not be offered, sold, resold, delivered, distributed, subscribed for, pledged or otherwise transferred, except (a) to a person that the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of another QIB or (b) outside the United States in offshore transactions within the meaning of and in accordance with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to another exemption from the registration requirements of the U.S. Securities Act, or (d) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

The investor representation letter contains additional written representations, agreements and acknowledgments relating to the transfer restrictions applicable to the Preemptive Rights, the Interim Shares and the New Shares. Any such QIBs who hold Shares or Preemptive Rights through a bank, a broker or other financial intermediary should procure that the relevant bank, broker or financial intermediary submits an investor representation letter on their behalf.

In connection with the Offering, neither of the Managers will effect any transactions or induce or attempt to induce the purchase or sale of any security in or into the United States. The offering of Preemptive Rights, Interim Shares and New Shares to eligible shareholders in the United States will be the sole responsibility of Tryg.

Existing Shareholders, regardless of the jurisdiction in which they reside, will be allocated Preemptive Rights. However, due to restrictions under applicable laws and regulations, Existing Shareholders whose existing shares are directly registered in a securities account with registered addresses in the United States will not receive this Prospectus, nor will they receive any subscription rights on their respective securities accounts or any pre-printed issue statement or application form. Banks or other nominees that hold for shareholders in Tryg whose holdings on the record date are nominee registered must not send this Prospectus or any pre-printed issue statement or application form to shareholders with addresses in, or who are located or resident in, the United States without the prior written approval of Tryg.

Any person in the United States that obtains a copy of this Prospectus and that is not a QIB is required to disregard them.

For the period of 40 days after the commencement of the Offering, an offer or a transfer of Preemptive Rights, Interim Shares or New Shares in the United States made by a securities broker (regardless of whether or not this broker partakes in the rights issue) could entail a breach of the registration requirements under the U.S. Securities Act, unless made in accordance with an exemption from the registration requirements under the U.S. Securities Act.

For as long as any of the Preemptive Rights, Interim Shares and New Shares are "restricted securities" within the meaning of Rule 144(a)(3) of the U.S. Securities Act, Tryg will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted Preemptive Rights, Interim Shares and New Shares, or to any prospective purchaser of such restricted Preemptive Rights, Interim Shares and New Shares designated by such holder or beneficial owner, upon

written request the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act. Tryg is exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b).

Tryg is incorporated under the laws of Denmark and none of the members of the Supervisory Board or Executive Board are citizens or residents of the United States. Therefore, it may not be possible for investors to effect service of process within the United States upon Tryg, or upon any of the members of the Supervisory Board or Executive Board, or to enforce outside the United States judgments obtained against Tryg, or any against any of the members of the Supervisory Board or Executive Board in U.S. courts, including, without limitation, judgments based upon the civil liability provisions of the U.S. federal securities laws or the laws of any state or territory within the United States. There is no treaty between the United States and Denmark providing for reciprocal recognition and enforceability of judgments rendered in connection with civil and commercial disputes and, accordingly, a final judgment rendered by a U.S. court based on civil liability would not be enforceable in Denmark. It is uncertain whether Danish courts would allow actions to be predicated on the securities laws of the United States or other jurisdictions outside Denmark. Danish courts are likely to deny claims for punitive damages and may grant a reduced amount of damages compared to U.S. courts.

32.14.3 Restrictions on offers and sales in the European Economic Area

In relation to each Relevant State, this Prospectus is only addressed to, and is only directed at, investors (including Existing Shareholders) in that Relevant State that fulfil the criteria for exemption from the obligation to publish a prospectus, including qualified investors, within the meaning of the Prospectus Regulation.

This Prospectus has been prepared on the basis that all offers of Preemptive Rights, Interim Shares and New Shares, other than the offer contemplated in Denmark, Greenland, Norway and Sweden, will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of Preemptive Rights, Interim Shares and New Shares. Accordingly, any person making or intending to make any offer within a Relevant State of Preemptive Rights, Interim Shares and New Shares which is the subject of the placement contemplated in this Prospectus should only do so in circumstances in which no obligation arises for Tryg or any of the Managers to produce a prospectus for such offer. Neither Tryg nor the Managers have authorised, nor does any of Tryg or the Managers authorise, the making of any offer of Preemptive Rights, Interim Shares and New Shares through any financial intermediary, other than offers made by the Managers which constitute the final placement of Interim Shares or of New Shares contemplated in this Prospectus.

The Preemptive Rights, the Interim Shares and the New Shares have not been, and will not be, offered to the public in any Relevant State. Notwithstanding the foregoing, an offering of the Preemptive Rights, the Interim Shares and the New Shares may be made in a Relevant State: (i) to any qualified investor as defined in the Prospectus Regulation; (ii) to fewer than 150 natural or legal persons per Relevant State (other than qualified investors as defined in the Prospectus Regulation); (iii) to investors who acquire Preemptive Rights, Interim Shares or New Shares for a total consideration of at least EUR 100,000 per investor, for each separate offer; (iv) in any other circumstances falling within Article 1(4) of the Prospectus Regulation; subject to obtaining the prior consent of the Managers and Tryg and provided that no such offer of Preemptive Rights, Interim Shares or New Shares shall result in a requirement for the publication by Tryg or any of the Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Preemptive Rights, Interim Shares and New Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Preemptive Rights, the Interim Shares and the New Shares so as to enable an investor to decide to purchase Preemptive Rights and/or Interim Shares and purchase or subscribe for New Shares.

32.14.4 United Kingdom restrictions

No New Shares, Interim Shares or Preemptive Rights have been offered or will be offered pursuant to the Offering to the public in the United Kingdom, except that the New Shares, the Interim Shares and the Preemptive Rights may be offered to the public in the United Kingdom at any time: (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation; (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or (c) in any other circumstances falling within Section 86 of the UK Financial Services and Markets Act 2000; provided that no such offer of the New Shares, the Interim Shares or Preemptive Rights shall require Tryg or any Managers to publish a prospectus pursuant to Section 85 of the UK Financial Services and Markets Act 2000 or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the New Shares, the Interim Shares or Preemptive Rights in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any New Shares, Interim Shares or Preemptive Rights to be offered so as to enable an investor to decide to purchase or subscribe for any New Shares, Interim Shares or Preemptive Rights.

In the United Kingdom, this Prospectus is being distributed only to, and is directed only at, and any offer in relation to any Preemptive Rights, Interim Shares and New Shares is only directed at persons who are: (A) "qualified investors" (as defined in Article 2(e) of the UK Prospectus Regulation) and who are also: (B) (i) persons having professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Order; (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2)(a) to (d) of the Order; and/or (iii) persons to whom it may otherwise lawfully be communicated under the Order (all such persons together being referred to as "**Relevant Persons**"). This Prospectus must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. In the United Kingdom, any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, Relevant Persons.

Any person in the United Kingdom who participates in the Offering will be deemed to have represented, warranted and acknowledged to Tryg and the Managers that:

(iv) it is a Relevant Person (as defined above) and undertakes that it will subscribe for, hold, manage or dispose of any Preemptive Rights, Interim Shares and/or New Shares that are allocated to it for the purposes of its business;

(v) it is subscribing for the Interim Shares and New Shares for its own account or is subscribing for the Interim Shares and New Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties and acknowledgements contained herein; and

(vi) if it is a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation, that any Interim Shares and New Shares subscribed for by it in the Offering will not be subscribed for on a non-discretionary basis on behalf of, nor will they be subscribed for with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in the United Kingdom or a member state of the EEA to "qualified investors" (as defined in Article 2(e) of the UK Prospectus Regulation or the Prospectus Regulation, as applicable), or in circumstances in which the prior consent of the Joint Global Coordinators has been given to each such proposed offer or resale.

32.14.5 Republic of Italy restrictions

This Prospectus has not been submitted to the Italian Commissione Nazionale per le Società e la Borsa ("**Consob**") for clearance and will not be subject to formal review or

clearance by Consob. The Preemptive Rights, Interim Shares and New Shares may not be offered, sold or delivered, directly or indirectly in the Republic of Italy or to a resident of the Republic of Italy, nor copies of this Prospectus or of any other document relating to the Preemptive Rights, Interim Shares and New Shares may be distributed in the Republic of Italy, unless such offer, sale or delivery of rights or shares or distribution of copies of this Prospectus or of any other document relating to the Preemptive Rights, Interim Shares and New Shares is:

(i) pursuant to the Prospectus Regulation and Legislative Decree n. 58 of 24 February 1998, as amended from time to time (the "**TUF**"), made only to "qualified investors" (investitori qualificati), as defined pursuant to Article 34-ter, first paragraph, letter b), of Consob Regulation no. 11971 of 14 May 1999 as amended from time to time ("**Consob Regulation No. 11971**") by reference to Article 35, paragraph 1, letter (d) of Consob Regulation no. 20307 of 15 February 2018, as amended from time to time ("**Consob Regulation No. 20307**"); or

(ii) in other circumstances which are exempt from the rules on public offers pursuant to the Prospectus Regulation, Article 100 of the TUF and its implementing Consob regulations, including Consob Regulation No. 11971.

Any such offer, sale or delivery of the Preemptive Rights, Interim Shares or New Shares or distribution of copies of this Prospectus or of any other document relating to the Preemptive Rights, Interim Shares and New Shares in the Republic of Italy must be in compliance with the selling restrictions under (i) and (ii) above and must be:

a. made by *soggetti abilitati* (including investment firms, banks or financial intermediaries), as defined by Article 1, first paragraph, letter r), of the TUF, to the extent duly authorised to engage in the placement and/or underwriting and/or purchase of financial instruments in the Republic of Italy in accordance with the relevant provisions of the TUF, Consob Regulation no. 20307, as amended, Legislative Decree No. 385 of 1 September 1993, as amended and any other applicable laws and regulations; and

b. in compliance with any other applicable Italian securities, banking, tax and exchange control laws and regulations and in compliance with any other applicable requirement or limitation which may be imposed by Consob or the Bank of Italy or any other Italian regulatory authority.

Any investor purchasing the Preemptive Rights, Interim Shares or New Shares is solely responsible for ensuring that any offer or resale of the Preemptive Rights, Interim Shares or New Shares it purchases occurs in compliance with applicable laws and regulations.

In accordance with Article 100-bis of the TUF,

(i) the subsequent resale on the secondary market in the Republic of Italy of shares, which were part of an offer made pursuant to an exemption from the obligation to publish a prospectus; or

(ii) the systematic resale to investors different from institutional investors of shares which were purchased by institutional investors in the previous twelve months in the context of a placement reserved to institutional investors only,

constitutes a distinct and autonomous offer that must be made in compliance with the public offer and prospectus requirement rules provided under the Prospectus Regulation, the TUF and Consob Regulation No. 11971 unless an exemption applies.

Failure to comply with such rules may result in the subsequent resale of such shares being declared null and void and in the liability of the intermediary transferring the shares for any damage suffered by the investors.

32.14.6 Switzerland restrictions

This Prospectus is not a prospectus for the purposes of the Swiss Federal Financial Services Act (the "**FinSA**") and has not been and will not be filed and deposited in Switzerland with a review body (*Prüfstelle*) approved by the Swiss Financial Market

Supervisory Authority FINMA ("**FINMA**") as a foreign prospectus that is deemed approved according to Article 54(2) FinSA for entry on the list of approved prospectuses according to Article 64(5) FinSA. The Preemptive Rights, Interim Shares and New Shares will not be admitted to trading on any exchange or other trading venue in Switzerland. Accordingly, the Preemptive Rights, Interim Shares and New Shares may not be offered, directly or indirectly, to the public in Switzerland and copies of this Prospectus or of any other document relating to the Preemptive Rights, Interim Shares and New Shares may not be distributed in Switzerland, other than pursuant to an exemption under Article 36(1) FinSA or where such offer or distribution does not qualify as a public offer in Switzerland, provided that no offer of the Preemptive Rights, Interim Shares and New Shares shall require Tryg or any offeror to publish a prospectus pursuant to Article 35 FinSA. For these purposes "public offer" refers to the respective definitions in Article 3(g) and (h) FinSA and as further detailed in the implementing Swiss Financial Services Ordinance. The Preemptive Rights, Interim Shares and New Shares do not constitute a participation in a collective investment scheme in the meaning of the Swiss Federal Act on Collective Investment Schemes (the "**CISA**") and are not subject to supervision by FINMA, and investors will not benefit from the specific investor protection under the CISA.

32.14.7 Australia restrictions

For the attention of residents in Australia. This Prospectus and the Offering is only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D or Part 7.9 of the Australian Corporations Act 2001 (Cth) (the "**Corporations Act 2001**"). This Prospectus is not a prospectus, product disclosure statement or any other form of "disclosure document" for the purposes of the Corporations Act 2001, and is not required to, and does not purport to, contain all the information that an investor or their professional advisers would expect to find in a prospectus, product disclosure statement or other disclosure document prepared in accordance with the Corporations Act 2001 in relation to the securities. If you are located in Australia, you confirm, warrant and agree through receipt of this Prospectus that you are a person to whom an offer of securities may be made under sections 708(8) or 708(11) of the Corporations Act 2001, such that any offer of securities to you does not require a prospectus, product disclosure statement or other form of disclosure document under the Corporations Act 2001. In addition, you acknowledge that for a period of 12 months from the date of issue of the securities, you will not be able to transfer any interest in the securities to any person in Australia except to sophisticated or professional investors within the meaning of sections 708(8) and (11) of the Corporations Act 2011 or otherwise in accordance with section 707(3) of the Corporations Act 2001.

This Prospectus does not constitute an offer, or an invitation to purchase or subscribe for the securities offered by this Prospectus except to the extent that such an offer or invitation would be permitted under Chapter 6D or Part 7.9 of the Corporations Act 2001 without the need for a lodged prospectus or product disclosure statement.

This Prospectus has not been, and will not be, lodged with the Australian Securities and Investments Commission.

The persons referred to in this Prospectus may not hold Australian financial services licences and may not be licensed to provide financial product advice in relation to the New Shares or Interim Shares. No "cooling-off" regime will apply to an acquisition of any interest in Tryg.

Nothing contained in this Prospectus constitutes investment, legal, business, tax or other advice. In particular, the information in this Prospectus does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this Prospectus, you should assess whether the acquisition of any interest in Tryg is appropriate in light of your own financial circumstances or seek professional advice.

You should not copy or distribute this Prospectus to other persons in Australia or in any other jurisdiction where its distribution may be restricted by law. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

32.14.8 Canada restrictions

This Prospectus constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Preemptive Rights, Interim Shares and New Shares. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or on the merits of the Preemptive Rights, Interim Shares or New Shares and any representation to the contrary is an offense.

The Preemptive Rights, Interim Shares and New Shares may be sold only to purchasers in or resident in the provinces of Alberta, British Columbia, Ontario or Quebec purchasing, or deemed to be purchasing, as principal that are (i) accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and (ii) are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and that any such purchaser was not created, or is used, solely to purchase or hold securities as an accredited investor described in paragraph (m) of the definition of "accredited investor". Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if an "offering memorandum" such as this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Canadian purchasers are advised that this document has been prepared in reliance on section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"). Pursuant to section 3A.3 of NI 33-105, the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Upon receipt of this Prospectus, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described in this Prospectus (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou serapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglaise seulement.

32.14.9 UAE restrictions

No Preemptive Rights, Interim Shares or New Shares have been or are being offered, sold, promoted, distributed or advertised, nor any data, information or promotional material relating to the Preemptive Rights, Interim Shares or New Shares has been published or provided in any way or means in the onshore United Arab Emirates ("**UAE**"), the Dubai International Financial Centre ("**DIFC**") or the Abu Dhabi Global Market ("**ADGM**"). The information contained in this Prospectus does not constitute a public offer of securities in the UAE (including the DIFC or ADGM) and is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the UAE (including the DIFC and the ADGM).

This Prospectus and the relevant documents have not been reviewed or approved by, deposited or registered with the UAE Central Bank, the UAE Securities and Commodities Authority ("**SCA**"), the Dubai Financial Services Authority ("**DXBFSA**") or the ADGM Financial Services Regulatory Authority ("**FSRA**") or any other relevant licensing authorities or governmental agencies in the UAE. None of the UAE Central Bank, SCA,

DXBFSA or FSRA have any responsibility for reviewing or verifying this document or any other documents in connection with the Preemptive Rights, Interim Shares or New Shares. Accordingly, none of the UAE Central Bank, SCA, DXBFSA or FSRA have approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and have no responsibility for it.

This Prospectus must not be shown, made available or provided to any person other than the original recipient and may not be reproduced or used for any other purpose, subject to (i) in onshore UAE falling under the exemptions provided in the Chairman of the SCA Board of Directors Decision No. (3 / R.M) of 2017 Concerning the Organization of Promotion and Introduction, (ii) in the DIFC, the promotion being exempt from the DIFC Financial Promotion authorisation requirements or being an exempt DIFC Financial Promotion as provided in the GEN (General Module of the DXBFSA Rulebook), or (iii) in the ADGM, if the communication is an exempt communication as defined in the Financial Services and Markets Regulations 2015 constituting an exempt offer to "Professional Clients" in the DIFC or (iv) constituting an exempt offer to "Professional Clients" in the ADGM. The Preemptive Rights, Interim Shares and New Shares may not be offered, distributed, sold, promoted or advertised directly or indirectly by any means to the public in the UAE (including in the UAE or ADGM). If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

32.14.10 Japan restrictions

The Preemptive Rights, Interim Shares and New Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, as amended. The Preemptive Rights, Interim Shares and New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements under the Financial Instruments and Exchange Law of Japan, as amended, and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines in Japan. Therefore, subject to certain exceptions, the Offering will not be made within Japan and this Prospectus will not be sent to any Shareholder in or with a registered address in Japan. As used in this paragraph, the term "resident of Japan" means any natural person having his place of domicile or residence in Japan, or any corporation or other entity organised under the laws of Japan or having its main office in Japan.

32.14.11 Singapore restrictions

Each Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed, that it has not offered or sold any Preemptive Rights, Interim Shares and New Shares or caused the Preemptive Rights, Interim Shares and New Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed nor will it circulate or distribute this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Preemptive Rights, Interim Shares or New Shares, whether directly or indirectly, to any person in Singapore other than:

(a) to an existing member of Tryg pursuant to Section 273(1)(cd) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**");

(b) to an institutional investor as defined in Section 4A of the SFA, pursuant to Section 274 of the SFA;

(c) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA;

(d) to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or

(e) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Preemptive Rights, Interim Shares and/or New Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Preemptive Rights, Interim Shares and/or New Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), Tryg has determined the classification of the Preemptive Rights, Interim Shares and New Shares as "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

32.14.12 Hong Kong restrictions

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. Persons are advised to exercise caution in relation to the Offering. In case of any doubt regarding any of the contents of this Prospectus, persons should obtain independent professional advice. This Prospectus does not constitute an offer or sale in Hong Kong of any Preemptive Rights, Interim Shares or New Shares and no person may offer or sell in Hong Kong, by means of this Prospectus other than (a) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (b) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong. No person shall issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Preemptive Rights, Interim Shares or New Shares , which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Preemptive Rights, Interim Shares or New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Investors participating in the Offering agree not to offer or sell in Hong Kong any Preemptive Rights, Interim Shares or New Shares other than (a) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong

Kong and any rules made thereunder, or (b) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong. Investors participating in the Offering also agree not to issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Preemptive Rights, Interim Shares or New Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Preemptive Rights, Interim Shares or New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

32.14.13 China restrictions

This Prospectus does not constitute a public offer of the Preemptive Rights, Interim Shares or New Shares, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Preemptive Rights, Interim Shares and New Shares shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity except pursuant to applicable PRC laws and regulations. Neither this Prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will comply with any applicable laws and regulations. In each case, Tryg reserves the absolute discretion in determining whether to allow such participation as well as the identities of the persons who may be allowed to do so.

If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in the Preemptive Rights, Interim Shares or New Shares, he/she/it shall be responsible for complying with the relevant laws and regulations of the PRC. Tryg will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should Tryg suffer any losses or damages due to non-compliance with the relevant laws and regulations of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate Tryg for the same. Tryg shall not be obliged to issue the Preemptive Rights, Interim Shares or New Shares to any such Shareholder and/or resident, if such issuance (or subscription by them) does not comply with the relevant laws and regulations of the PRC.

32.14.14 Notice to shareholders and investors in Greenland

This prospectus has been approved by and registered with the DFSA in accordance with the standards and conditions applicable under the laws of Greenland.

32.15 Plan of distribution

See sections "—Terms of the Offering" and "—Procedure for exercise of and dealings in Preemptive Rights and treatment of Preemptive Rights".

32.16 Intentions of Existing Shareholders and members of the Supervisory Board and the Executive Board to participate in the Offering

TryghedsGruppen which as at the date of this Prospectus holds approximately 53% of Tryg's share capital is entitled to 1,120,969,052 Preemptive Rights allowing TryghedsGruppen to subscribe for 186,828,175 New Shares through the exercise of Preemptive Rights has signed an irrevocable subscription undertaking under which TryghedsGruppen irrevocably has undertaken towards Tryg and each of the Joint Global Coordinators in connection with the Offering to (i) subscribe in cash for the TryghedsGruppen Firm Shares (including by using the net proceeds of the sale of Existing Shares which occurred on 23 November 2020); and (ii) further participate in the Offering on a cash neutral basis. This cash neutral participation will be achieved by TryghedsGruppen subscribing for the maximum number of New Shares that it can using the net proceeds (after transaction costs) arising from the sale of Preemptive Rights, such

sale of Preemptive Rights to occur as soon as reasonably practicable during the Subscription Period. For further information, see "*Material Contracts—Material contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*". Any Preemptive Rights sold by TryghedsGruppen will be exercised and the resulting Interim Shares will be sold, at the discretion of Danske Bank and Morgan Stanley on behalf of TryghedsGruppen, in open market transactions, private placements, block trades or otherwise.

Certain members of the Supervisory Board and the Executive Board have indicated that they intend to exercise their Preemptive Rights in whole or in part pursuant to the Offering. Morten Hübbe has indicated that he will be participating in the offering on a cash neutral basis.

32.17 Pre-allotment information

There is no pre-allotment of New Shares. The New Shares may be subscribed for by the Existing Shareholders through exercise of allotted or acquired Preemptive Rights or by other investors through the exercise of their acquired Preemptive Rights before the expiry of the Subscription Period.

32.18 Pricing

The New Shares are offered at the Subscription Price which is DKK 105 per New Share (excluding fees, if any, from the investor's own custodian bank or brokers).

32.19 Price disparity

All Existing Shareholders will be granted the right to subscribe for New Shares at the Subscription Price and, consequently, there is no price disparity.

32.20 Joint Global Coordinators and the Joint Lead Managers

Danske Bank A/S and Morgan Stanley & Co. International plc are acting as joint global coordinators and joint bookrunners. The addresses of the Joint Global Coordinators are:

- Danske Bank A/S: Holmens Kanal 2-12, DK-1092 Copenhagen K, Denmark; and
- Morgan Stanley & Co. International plc: 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom.

Citigroup Global Markets Europe AG, HSBC Continental Europe and Nordea Danmark, filial af Nordea Bank Abp, Finland are acting as joint lead managers. The addresses of the Joint Lead Managers are:

- Citigroup Global Markets Europe AG: Reuterweg 16 (Frankfurter-Welle) 60323, Frankfurt-Main, Germany
- HSBC Continental Europe: 38, avenue Kléber, 75116 Paris, France
- Nordea Danmark, filial af Nordea Bank Abp, Finland: Grønjordsvej 10, DK-2300 Copenhagen S, Denmark

32.21 Payment intermediaries

Shareholders' instructions to exercise Preemptive Rights and subscribe for New Shares must be given to each Shareholder's custodian institution or financial intermediary. Euroclear and Clearstream act as international payment intermediaries:

Euroclear Bank S.A./N.V.
1 Boulevard du Roi Albert II
B-1210 Brussels
Belgium

Clearstream Banking S.A.
42 Avenue JF Kennedy
L-1855 Luxembourg
Luxembourg

32.22 Underwriting and the Underwriting Agreement

In connection with the Offering, Tryg and the Managers have entered into the Underwriting Agreement on the date of this Prospectus. The Underwriting Agreement supersedes the previous standby underwriting commitment in favour of Tryg entered into between Tryg and the Joint Global Coordinators on 18 November 2020 (the "**Standby Underwriting Commitment**") pursuant to which the Joint Global Coordinators had undertaken to enter into an agreed form underwriting agreement and to underwrite, severally, and not jointly or jointly and severally, the Offering on the terms set out in such agreed form underwriting agreement. In connection with the Standby Underwriting Commitment, Tryg agreed to pay the Joint Global Coordinators certain fees, and has given certain (i) customary representations and warranties to the Joint Global Coordinators in relation to certain matters concerning Tryg and the Tryg Group as well as (ii) customary indemnities to the Joint Global Coordinators and certain indemnified persons connected with each of them. The Standby Underwriting Commitment terminated upon entry into of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, subject to the satisfaction of certain conditions, each of the Managers has severally, but not jointly or jointly and severally, agreed to subscribe for any Remaining Shares, that have not been subscribed for by the Existing Shareholders through the exercise of their allocated or acquired Preemptive Rights or by other investors through the exercise of their acquired Preemptive Rights before the expiry of the Subscription Period. Such Remaining Shares will be subscribed for at the Subscription Price. All New Shares will thus be fully subscribed, subject to the satisfaction of certain conditions.

The Managers have each agreed to underwrite severally, but not jointly or jointly and severally, the proportion of the Remaining Shares set forth below:

Joint Global Coordinators and Joint Lead Managers	Percentage of Remaining Shares
Danske Bank A/S	39.5%
Morgan Stanley & Co. International Plc	39.5%
Citigroup Global Markets Europe AG	**7%**
HSBC Continental Europe	**7%**
Nordea Danmark, filial af Nordea Bank Abp, Finland	**7%**
Total	**100%**

The Managers may sell any Remaining Shares in offshore transactions within the meaning of and in accordance with Regulation S under the U.S. Securities Act or to QIBs as defined in Rule 144A under the U.S. Securities Act and/or in reliance on another exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act or other applicable securities laws.

In consideration of the services of the Managers under the Underwriting Agreement, and subject to their obligations under the Underwriting Agreement having become unconditional and the Underwriting Agreement not being terminated, Tryg will pay (i) each of the Joint Global Coordinators a commission equal to its Due Proportion of 1.95% of the product of the Subscription Price and the New Shares (excluding for this purpose the TryghedsGruppen Firm Shares); (ii) each of the Joint Lead Managers a base underwriting commission equal to its Due Proportion of 1% of the product of the Subscription Price and the New Shares (excluding for this purpose the TryghedsGruppen Firm Shares); and (iii) a discretionary fee (at Tryg's sole discretion) of the Joint Lead Managers' aggregate Due Proportions of up to 0.3% of the product of the Subscription Price and the New Shares (excluding for this purpose the TryghedsGruppen Firm Shares)

to be distributed in such proportions as between the Joint Lead Managers as Tryg may determine. Tryg will also pay the costs and expenses of, or in connection with, the Offering on the basis contained in the Underwriting Agreement.

Under the Underwriting Agreement, Tryg has given certain customary representations and warranties to the Managers and has also undertaken to indemnify the Managers and certain indemnified persons connected with each of them for certain liability obligations related to the Offering, including liabilities under applicable securities laws.

The Underwriting Agreement provides that the obligations of the Managers are subject to the following conditions, excluding any conditions which have been satisfied as at the date of this Prospectus: (i) there not having occurred certain insolvency related events in relation to Tryg prior to the registration of the New Shares with the Danish Business Authority; (ii) the Scheme not having lapsed or been validly withdrawn in accordance with its terms prior to the registration of the New Shares with the Danish Business Authority (or if the Acquisition is structured as a Takeover Offer, such Takeover Offer not having lapsed, been terminated or validly withdrawn in accordance with its terms prior to the registration of the New Shares with the Danish Business Authority); and (iii) no notification having been received from Nasdaq Copenhagen that the approval for admission to trading and official listing of the New Shares has been withdrawn prior to the registration of the New Shares with the Danish Business Authority. If, by the times specified above, or if no time is specified, prior to registration of the New Shares with the Danish Business Authority, any of the conditions above is not satisfied (or waived by the Joint Global Coordinators, on behalf of the Managers), the Joint Global Coordinators, on behalf of the Managers, will be entitled to terminate the Underwriting Agreement. In addition, the Joint Global Coordinators, on behalf of the Managers, will be entitled to terminate the Underwriting Agreement in the event that the registration of the New Shares is refused by the Danish Business Authority.

Other than as set out above, the Joint Global Coordinators, on behalf of the Managers, will not be entitled to terminate the Underwriting Agreement. If the Underwriting Agreement is terminated, the Offering will be withdrawn. The termination rights of the Joint Global Coordinators, on behalf of the Managers, under the Underwriting Agreement will lapse upon registration of the New Shares with the Danish Business Authority, currently expected to take place on 25 March 2021.

In the Underwriting Agreement, Tryg has given certain undertakings to the Managers, including but not limited to (subject to certain exceptions): (i) certain lock-up undertakings, see "*Selling Securities Holders and Lock-up—Lock-up agreements in connection with the Offering*"; (ii) a restriction on making public announcements or communications concerning Tryg, the Tryg Group, the Enlarged Group following the Acquisition, the Acquisition and/or the Offering which is or may be material in the context of the Tryg Group, the Offering and/or the Acquisition for a period of 90 days following completion of the Offering without the prior written consent of the Joint Global Coordinators; (iii) a restriction on entering into any agreements or commitments which are material in the context of the Offering or the Acquisition without prior consultation with the Joint Global Coordinators for a period of 90 days following completion of the Offering; (iv) a restriction on declaring or paying any dividend or other distribution prior to completion of the Offering without the prior written consent of the Joint Global Coordinators; and (v) an undertaking to take reasonable steps to enforce, or (if applicable) procure the enforcement by a Tryg Group company of, its rights pursuant to any material breach of any undertakings or obligations as set out in the Collaboration Agreement, the Separation Agreement, the Tryg SPA, the TryghedsGruppen Irrevocable Undertaking to Vote and the TryghedsGruppen Irrevocable Undertaking to Subscribe.

Further, in accordance with the terms of the Underwriting Agreement, each member of the Supervisory Board and of the Executive Board has undertaken certain lock-up undertakings. For further information, see "*Selling Securities Holders and Lock-up—Lock-up agreements in connection with the Offering*".

The Underwriting Agreement is governed by Danish law.

Additionally, and in relation to the subscription for New Shares, TryghedsGruppen has irrevocably undertaken towards Tryg and each of the Joint Global Coordinators in connection with the Offering to subscribe for the TryghedsGruppen Firm Shares and further participate in the Offering on a cash neutral basis. For further information, see "*Material Contracts—Material contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*".

32.23 Settlement agent and share issuing agent

Danske Bank acts as settlement agent for the Offering. Any questions from Shareholders related to Offering should be directed to the Shareholder's own account holding institution or nominee. If the account holding institutions have questions regarding the Offering, any questions may, on business days between 9:00 a.m. CET and 16:00 p.m. CET, be directed to Danske Bank:

Danske Bank, Corporate Actions
Holmens Kanal 2-12
1092 Copenhagen K
Denmark
Phone: +45 70 23 08 34
Email: Prospekter@danskebank.dk

Tryg's share issuing agent is:

Danske Bank
Holmens Kanal 2-12
1092 Copenhagen K
Denmark

33. ADMISSION TO TRADING AND DEALING ARRANGEMENT

Tryg's Existing Shares have been admitted to trading and official listing on Nasdaq Copenhagen under the ISIN code DK0060636678.

In connection with the Offering, the Preemptive Rights have been approved for trading and official listing on Nasdaq Copenhagen under the interim ISIN code DK0061534450 and will be traded in the interim ISIN code under the symbol "TRYG T". The Rights Trading Period commences on 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET. The Subscription Period commences on 8 March 2021 at 9:00 a.m. CET and closes on 19 March 2021 at 5:00 p.m. CET.

The Interim Shares will be issued and registered under the interim ISIN code DK0061534534 and have been conditionally approved for admission to trading and official listing on Nasdaq Copenhagen from 4 March 2021 at 9:00 a.m. CET under the interim ISIN code and will be traded in the interim ISIN code under the symbol "TRYG N". The trading of the Interim Shares will commence before specific conditions to the Offering are met and all dealings in the Interim Shares prior to the registration of the New Shares with the Danish Business Authority are for the account, and at the sole risk, of each of the parties concerned. For a description of such conditions, see "*Terms and Conditions of the Offering—Withdrawal of the Offering*".

Registration of the New Shares with the Danish Business Authority will take place following completion of the Offering, expected to take place on 25 March 2021. Nasdaq Copenhagen has conditionally approved the New Shares for admission to trading and official listing. Admittance to trading and official listing of the New Shares under the existing ISIN code, DK0060636678, is expected to take place on 29 March 2021. As soon as possible thereafter, the interim ISIN code of the Interim Shares will be merged with the ISIN code of the Existing Shares, expected to take place on 30 March 2021. Until such merger has been completed, the liquidity and market price of the Interim Shares under the interim ISIN code may be substantially different from the liquidity and market price of the Existing Shares under the existing ISIN code.

The admission of the Interim Shares, the New Shares as well as the continued admission to trading and official listing of the Shares on Nasdaq Copenhagen is subject to Tryg fulfilling the rules issued by Nasdaq Copenhagen, including that a sufficient number of Shares are distributed to the public.

33.1 Market maker agreement

Tryg has not entered into any market maker agreement.

33.2 Stabilisation

Stabilisation is not relevant in connection with this Offering.

34. SELLING SECURITIES HOLDERS AND LOCK-UP

34.1 Shareholders who have indicated that they expect to sell their Shares or Preemptive Rights

There are no selling shareholders in the Offering as the Offering is structured as an issue of New Shares.

TryghedsGruppen which as at the date of this Prospectus holds 53% of Tryg's share capital is entitled to 1,120,969,052 Preemptive Rights allowing TryghedsGruppen to subscribe for 186,828,175 New Shares through the exercise of Preemptive Rights. TryghedsGruppen has signed an irrevocable subscription undertaking under which TryghedsGruppen irrevocably has undertaken towards Tryg and each of the Joint Global Coordinators in connection with the Offering to (i) subscribe in cash for the TryghedsGruppen Firm Shares (including by using the net proceeds of the sale of Existing Shares which occurred on 23 November 2020); and (ii) further participate in the Offering on a cash neutral basis. This cash neutral participation will be achieved by TryghedsGruppen subscribing for the maximum number of New Shares that it can using the net proceeds (after transaction costs) arising from the sale of Preemptive Rights, such sale of Preemptive Rights to occur as soon as reasonably practicable during the Subscription Period. For further information, see "*Material Contracts—Material contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*". Any Preemptive Rights sold by TryghedsGruppen will be exercised and the resulting Interim Shares will be sold, at the discretion of Danske Bank and Morgan Stanley on behalf of TryghedsGruppen, in open market transactions, private placements, block trades or otherwise.

As at the date of this Prospectus, Tryg holds 680,952 treasury shares, corresponding to approximately 0.23% of Tryg's share capital, which entitles Tryg to receive 4,766,664 Preemptive Rights. However, as Tryg is not permitted under Danish law to exercise any Preemptive Rights, Tryg intends to sell all Preemptive Rights received in connection with the Offering.

34.2 Lock-up agreements in connection with the Offering

34.2.1 Lock-up undertakings undertaken by Tryg and the members of the Supervisory Board and Executive Board

Tryg has agreed with the Managers that until the date falling 180 calendar days after completion of the Offering, it shall not, without the prior written consent of the Joint Global Coordinators (i) allocate, offer, issue (or contract to allocate or issue), or directly or indirectly lend, sell, transfer, pledge, lien, charge, grant any rights in respect of or security or an option over its Shares, or enter into any other agreement or arrangement having a similar effect, or in any way, whether directly or indirectly, dispose of the legal title to or beneficial interest in its Shares, including any New Shares, or publicly disclose the intention to make any such allocation, issue, sale, transfer, pledge, lien, charge, grant or offer; or (ii) enter into any swap or other agreement, arrangement or transaction that transfers, confers or allocate, in whole or in part, directly or indirectly, any of the economic consequences of the ownership of its Shares; or (iii) carry out any capital increases or issue any convertible bonds, exchangeable bonds or other securities which are convertible, exchangeable, exercisable into, or otherwise give the right to subscribe for or acquire its Shares, whether directly or indirectly, (whether any such swap, agreement, arrangement or transaction described in (i) or (ii) above is to be settled by delivery of Shares, cash or otherwise); or (iv) make any announcement or other publication of the intention to do any of the foregoing or make any filing with respect thereto. The foregoing undertaking does not apply to: (a) the issue and offer by or on behalf of Tryg of the Preemptive Rights and the New Shares; and (b) the issue, transfer, sale, offer or allocation of any Shares or securities convertible into Shares, including by way of exercise of options, under share option schemes or other incentive programs for Tryg's or the Tryg Group's management and/or employees in existence on the date of the Underwriting Agreement and which are described in this Prospectus, or which may be established by Tryg or the Tryg Group after the date of the Underwriting Agreement as a bonus in

relation to the Acquisition, provided that any such new executive or employee share option scheme or other incentive program complies with Tryg's remuneration policy. For further information on the Underwriting Agreement pursuant to which this lock-up arrangement has been agreed, see "*Terms and Conditions of the Offering—Underwriting and the Underwriting Agreement*".

Each of the members of the Supervisory Board and the Executive Board has undertaken towards the Managers that each such member and certain of each such member's related parties, which for the purpose of this lock-up undertaking include certain of such member's family members and controlled legal entities, will not, without the prior written consent of the Joint Global Coordinators (on behalf of the Managers), as from the date of this Prospectus and for a period of 180 calendar days after completion of the Offering (i) lend, sell, transfer, pledge, lien, charge, grant any rights in respect of or security or an option over any Shares or other securities convertible into or exercisable or exchangeable for, or warrants, rights or options to purchase securities in Tryg as well as Preemptive Rights ("**Management Lock-Up Shares**") held by such member or certain of such member's related parties, or enter into any other agreement or arrangement having a similar effect, or in any way, whether directly or indirectly, dispose of the legal title to or beneficial interest in any Management Lock-Up Shares held by such member or such member's related parties, including any New Shares, or publicly disclose the intention to make any such sale, transfer, pledge, lien, charge, grant or offer; or (ii) enter into any swap or other agreement, arrangement or transaction that transfers, confers or allocates, in whole or in part, directly or indirectly, any of the economic consequences of the ownership of any Management Lock-Up Shares.

Notwithstanding the above, each member of the Supervisory Board and the Executive Board may under certain conditions, without the prior written consent of the Joint Global Coordinators, transfer any or all of the Management Lock-Up Shares to certain of such member's related parties. Further, each such member may, without the prior written consent of the Joint Global Coordinators: (i) if the holder of the Management Lock-Up Shares is a legal person and under certain conditions, transfer such Management Lock-Up Shares to the direct or indirect shareholders of the holder of the Management Lock-Up Shares, in connection with or arising out of any dividend or other distribution, or any liquidation, dissolution, reorganisation or other similar event affecting the holder of the Management Lock-Up Shares; (ii) dispose of Management Lock-Up Shares in accordance with a court order or as required by law or regulation; (iii) dispose of the Management Lock-Up Shares held by such member as a result of the death or permanent disability of such member; (iv) dispose of Management Lock-Up Shares occurring after termination of such member's employment by Tryg (or the relevant employer of the Tryg Group) or, as relevant, such member's resignation from the Supervisory Board; (v) dispose of Management Lock-Up Shares pursuant to a takeover offer for the Shares in Tryg made in accordance with the Danish takeover regulation; (vi) transfer Management Lock-Up Shares or any other security convertible into Management Lock-Up Shares as a bona fide gift or gifts, or for bona fide estate planning purposes, if applicable; (vii) subscription for Shares in Tryg as a result of exercising warrants, and other securities convertible into such Shares, provided that the Shares subscribed for shall also be Management Lock-Up Shares; (viii) on or following the date of this Prospectus, under certain conditions pledge any Management Lock-Up Shares to and in favour of a financial institution to the extent and for such an amount which such member has borrowed from such financial institution to finance the acquisition of any Management Lock-Up Shares acquired in the Offering; (ix) exercise of the Preemptive Rights granted in the Offering, provided that the Shares acquired by way of exercise of such Preemptive Rights shall be Management Lock-Up Shares; (x) sale of the Preemptive Rights received in connection with the Offering; (xi) transfer Management Lock-Up Shares to any personal pension scheme of such member; or (xii) accept to cancel existing Management Lock-Up Shares granted by Tryg under incentive programmes, where such cancellation is made in agreement with Tryg.

34.2.2 Lock-up undertakings undertaken by TryghedsGruppen

TryghedsGruppen has undertaken towards Tryg and each of the Joint Global Coordinators that until the date of admission to trading and official listing of the New

Shares under the existing ISIN code, TryghedsGruppen will, not without the prior written consent of Tryg and each of the Joint Global Coordinators, sell, transfer, dispose of, charge, pledge, encumber, grant any option over or otherwise dispose of or permit the lending, sale, transfer, disposal of, lien, charging, pledging or other disposition or creation or grant of any other encumbrance, option or right of or over all or any of 160,138,436 Shares, corresponding to 53% of the total share capital in Tryg as at the date of this Prospectus, owned by TryghedsGruppen or interest in such Shares, including to not enter into any derivative, swap (whether synthetic or with physical settlement) or other agreement or transactions, in whole or in part, directly or indirectly, having a similar economic effect as any of the foregoing, nor enter into any agreement or arrangement (whether conditional or not) to do any of the foregoing, nor accept (or permit to be accepted) any offer in respect of all or any of such Shares. The foregoing undertaking does not apply to sales of any excess Preemptive Rights which TryghedsGruppen are not required to exercise to subscribe for New Shares pursuant to the irrevocable undertaking under which TryghedsGruppen irrevocably has undertaken towards Tryg and each of the Joint Global Coordinators in connection with the Offering to subscribe for New Shares, including the TryghedsGruppen Firm Shares. See also "*Material Contracts—Material contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*".

Further, TryghedsGruppen has undertaken towards Tryg and each of the Joint Global Coordinators that as from and including the date of admission to trading and official listing of the New Shares under the existing ISIN code and during the period ending 180 calendar days after such date, TryghedsGruppen will not, without the prior written consent of Tryg and each of the Joint Global Coordinators; (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares or securities convertible into or exercisable or exchangeable for Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or any securities convertible into or exercisable or exchangeable for Shares, in cash or otherwise; or (iii) propose any General Meeting of Tryg, or convene or take action to convene any General Meeting for the purpose of proposing any resolution of Tryg authorising the issue of any Shares or other securities convertible into or exercisable or exchangeable for, or warrants, rights or options to purchase securities in Tryg or vote in favour of any such resolution. Further, TryghedsGruppen has undertaken that during the same period, TryghedsGruppen will not without the prior written consent of Tryg and each of the Joint Global Coordinators, publicly announce any intention to enter into any transaction referred to in (i) and (ii) above.

The foregoing shall not apply to: (i) transfers of Shares or any securities convertible into or exercisable or exchangeable for Shares to TryghedsGruppen's respective related parties, provided that such entities agree to adhere to identical restrictions; (ii) disposals of Shares or any securities convertible into or exercisable or exchangeable for Shares to the extent required by a court order by a competent court or applicable law or regulation or required in order for TryghedsGruppen to avoid or remedy an event of default pursuant to the terms of certain financing arrangements with Danske Bank; (iii) disposals of Shares or any securities convertible into or exercisable or exchangeable for Shares pursuant to a takeover offer for all of the Shares in Tryg made in accordance with the Danish takeover regulation or in connection with any corporate law merger involving Tryg or an entity within the Tryg Group; (iv) TryghedsGruppen voting in favour of resolutions to the General Meeting to adopt, increase and/or extend authorisations of the Supervisory Board to increase the share capital of Tryg in accordance with past practice; (v) TryghedsGruppen voting in favour of resolutions to the General Meeting to adopt, increase and/or extend authorisations of the Supervisory Board to issue warrants or restricted stock units, Shares for matching share programmes, performance share units or similar, which will entitle the holders to subscribe for or otherwise receive Shares, solely for purposes of Tryg's executive or employee share schemes or incentive plans existing on the date of

admission to trading and official listing of the New Shares under the existing ISIN code, or which may be in force after such date; (vi) TryghedsGruppen proposing (and/or voting in favour of) resolutions at the General meeting to authorise the Supervisory Board to purchase treasury shares; or (vii) the exercise of securities convertible into Shares (provided that where such securities convertible into Shares were covered by the restrictions above, the Shares subscribed for or received as a result of such exercise shall be subject to the same restrictions). See also "*Material Contracts—Material contracts in connection with the Transaction—TryghedsGruppen irrevocable undertaking to subscribe*".

Lastly, TryghedsGruppen has, in connection with its sale of 21,149,745 Existing Shares pursuant to an accelerated bookbuild offering which occurred on 23 November 2020, undertaken to the Joint Global Coordinators that, subject to certain exceptions, for the shorter of (i) 180 calendar days from the first day of trading of New Shares under the existing ISIN code; and (ii) 365 calendar days from 23 November 2020, TryghedsGruppen will not (i) sell, transfer, dispose of, charge, pledge, encumber, grant any option over or otherwise dispose of or permit the lending, sale, transfer, disposal of, lien, charging, pledging or other disposition or creation or grant of any other encumbrance, option or right of or over all or any of its shares in Tryg or interest in such shares, (ii) enter into any derivative, swap (whether synthetic or with physical settlement) or other agreement or transactions, in whole or in part, directly or indirectly, having a similar economic effect as any of the foregoing, nor enter into any agreement or arrangement (whether conditional or not) to do any of the foregoing, nor accept (or permit to be accepted) any offer in respect of all or any of the Shares held by it, without the prior written consent of the Joint Global Coordinators.

The foregoing lock-up shall not apply to any transaction mentioned in the foregoing paragraph: to the extent required by a court order by a competent court or applicable law or regulation; or from the first day of trading of New Shares under the existing ISIN code, (i) to the extent required in order for TryghedsGruppen to avoid or remedy an event of default pursuant to the terms of certain financing arrangements with Danske Bank; (ii) pursuant to a takeover offer for all of the shares in Tryg made in accordance with the Danish takeover regulation or in connection with any corporate law merger involving Tryg or an entity within the Tryg Group; or (iii) to a legal entity over which TryghedsGruppen has a controlling influence, provided that such entity agrees in writing to be bound by the lock-up undertaking.

35. EXPENSES OF THE OFFERING

The total estimated costs and expenses in relation to the Offering payable by Tryg to the Managers, other adviser fees and expenses and fees related to the Offering, are estimated to be approximately DKK 550 million. However, from the gross proceeds of the Offering, only gross proceeds that remain after the amount of DKK 36,685,090,866.97 has been paid into a DKK denominated escrow account held by Danske Bank may be used for payment of fees and cost reimbursements payable to the Managers. Any remaining fees and cost reimbursements payable to the Managers and Tryg's other advisers will be paid using other funds held by Tryg. See also "*Essential Information—Reason for the Offering and use of proceeds*".

Further, Tryg has agreed to pay a subscription commission to Danish account holding banks (unless such account holding bank is a Manager) equivalent to 0.10% of the aggregate Subscription Price of the New Shares subscribed for through the relevant account holding institution (except for the Managers), in connection with the Offering.

Neither Tryg nor the Managers will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account keeping financial institution.

36. DILUTION

As at the date of this Prospectus, Tryg has a registered nominal share capital of DKK 1,510,739,955 divided into 302,147,991 Shares with a nominal value of DKK 5 each. Each Share amount of DKK 5 equals 500 votes. Upon issue of the New Shares, the percentage of ownership of Tryg's Existing Shareholders may be reduced. If the Existing Shareholders refrain from exercising the Preemptive Rights allocated to them, they will be diluted by 54%. If the Existing Shareholders elect to partly exercise the Preemptive Rights allocated to them, the rate of dilution will be between 0 and 54%.

If the Existing Shareholders exercise their Preemptive Rights in full, they will not be diluted.

Tryg's net asset value as at 31 December 2020 was DKK 12,264 million or DKK 40.64 per Existing Share. The net asset value per Existing Share is determined by dividing the net asset value by the total number of Existing Shares. The New Shares can be subscribed for at a Subscription Price of DKK 105 per New Share in the Offering.

37. GLOSSARY

Acquisition	means the acquisition by Intact Bidco of the entire issued and to be issued share capital of RSA in accordance with the UK Takeover Code, to be implemented by means of the Scheme, or should Intact Bidco so elect (with the consent of the Panel and on the terms of the Co-operation Agreement), by means of a Takeover Offer
Acquisition Completion Holding Structure	shall have the meaning as stated in "*Details of the Proposed Transaction—The Separation"*
Ad Hoc Programmes	means an individual or collective incentive programme established by Tryg for employees of the Tryg Group who are not members of the Executive Board, Risk Takers or Other Participants
ADGM	means the Abu Dhabi Global Market
Allocation Time	means on 5 March 2021 at 5:59 p.m. CET where each holder of Existing Shares registered with VP Securities will be allocated a number of Preemptive Rights
AICPA	means the American Institute of Certified Public Accountants
AIF	means alternative investment fund
AIFM	means alternative investment fund manager
AIFM Act	means Consolidation Act no. 1047 of 14 October 2019 on Managers of Alternative Investment Funds
Alka	means Alka Forsikring A/S, now a part of Tryg
AMLD4	means Directive 2015/849/EU of 20 May 2015 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, as amended
AMLD5	means Directive 2018/843/EU of 30 May 2018 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU
AMLD6	means Directive 2018/1673/EU of 23 October 2018 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law
APM	means Alternative Performance Measures as defined in section "*Key Ratios and Alternative Performance Measures*"
Articles of Association	means the Articles of Association of Tryg
Audit Committee	means Tryg's audit committee
Auditors	means Deloitte Statsautoriseret Revisionspartnerselskab, registration no. 33 96 35 56
Board of Representatives	means the board of representatives in TryghedsGruppen

Bought Deal Private Placement	means a private placement on "bought deal" basis pursuant to an underwriting agreement be-tween Intact and a group of underwriters led by CIBC World Markets Inc. and Barclays Capital Canada Inc., for the issuance of subscription receipts of Intact for aggregate gross proceeds of CAN$1.247 billion (approximately £703 million applying the exchange rate of 1 CAN$: 0.5635 GBP)
Brexit	means the withdrawal of the UK from the EU
CAGR	means compound annual growth rate
Chairman	means the chairman of the Supervisory Board
CISA	means the Swiss Federal Act on Collective Investment Schemes
Citigroup	means Citigroup Global Markets Europe AG, Reuterweg 16, (Frankfurter-Welle), 60323 Frankfurt-Main, Germany
CJEU	means the Court of Justice of the European Union
Clearstream	means Clearstream Banking, S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg
CMD	means Tryg's Capital Markets Day
CMP Regulations 2018	means the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore
Codan Denmark	means (i) until completion of the Demerger, Codan Forsikring A/S (excluding Codan Norway and Trygg-Hansa, but including its minority interests in SOS International A/S, SOS International DK A/S and Forsikringsakademiet A/S); its wholly-owned subsidiary, Forsikringsselskabet Privatsikring A/S; and the US Branch of Codan Forsikring A/S (unless and until such US Branch is disposed of or closed in accordance with the Separation Agreement); and (ii) from completion of the Demerger (including related steps such as the distribution of the shares in NewCo to ScandiJVCo and the Share Cancellation), NewCo and any other assets or liabilities of RSA Scandinavia agreed between Intact and Tryg to relate to the Danish operations of RSA Scandinavia pursuant to the terms of the Separation Agreement
Codan Denmark Audited Combined Financial Statements	means Codan Denmark's combined carve-out financial statements (including the notes thereto) as at and for the years ended 31 December 2020, 2019 and 2018, which were prepared at the request of the management of Tryg in accordance with IFRS as adopted by the EU with exemption mentioned in "*Presentation of Financial Information—Presentation of financial information for Codan Denmark*" and as described in note 1 to the combined financial statements of Codan Denmark and audited by the RSA Scandinavia's independent auditor, KPMG Statsautoriseret Revisionspartnerselskab
Codan Norway	means (i) until completion of the Demerger, all assets and liabilities on the general ledger of the Norwegian branch of Codan Forsikring A/S; and (ii) after completion of the Demerger, all assets and liabilities on the general ledger of the Norwegian branch of Codan Forsikring A/S and any other assets or liabilities of RSA Scandinavia agreed between

	Intact and Tryg to relate to the Norwegian operations of RSA Scandinavia pursuant to the terms of the Separation Agreement
Code	means the U.S. Internal Revenue Code of 1986, as amended
Co-operation Agreement	means the co-operation agreement entered into between RSA, Intact, Intact Bidco and Tryg on 18 November 2020
Collaboration Agreement	means the collaboration agreement entered into between Intact Bidco, Intact and Tryg on 18 November 2020, pursuant to which they have agreed to co-operate to implement the Acquisition
Committed Amount	means the cash amount totalling DKK 6.0 billion that TryghedsGruppen has committed to subscribe for New Shares in the Offering
Company Securities	means warrants, restricted stock units or other options to acquire Shares in Tryg
Completion	means completion of the Acquisition
Conditional Shares	means shares allocated to the participant (without a requirement for purchase of matching Investment Shares) based on a result and performance assessment of the participant's work in the performance year as a deferred equity settled incentive payment
Consob	means the Italian Commissione Nazionale per le Società e la Borsa
Consob Regulation no. 11971	means the Italian Consob Regulation no. 11971 of 14 May 1999 as amended
Consob Regulation no. 20307	means the Italian Consob Regulation no. 20307 of 15 February 2018, as amended
Corporate Governance Recommendations	means the Recommendations on Corporate Governance of the Danish Committee on Corporate Governance issued in November 2017
Corporations Act 2001	means the Australian corporations act 2001
Court	means the High Court of Justice in England and Wales
COVID-19	means the strain of novel corona-virus disease which was declared a global pandemic by the World Health Organiation on 11 March 2020
COVID Measures	means the measures imposed by governments across the world designed to contain the outbreak of the novel corona-virus disease, COVID-19, including but not limited to business closures, restrictions on non-essential business activity, travel restrictions, quarantines and cancellations of gatherings and events
Danish AML Act	means the Danish Act No. 1782 of 27 November 2020 on Measures to Prevent Money Laundering and Financing of Terrorism
Danish Business Authority	means Erhvervsstyrelsen
Danish Capital Markets Act	means Danish Consolidated Act no. 1767 of 27 November 2020 on capital markets, as amended
Danish Companies Act	means Danish Consolidated Act no. 763 of 23 July 2019 on limited liability companies

Danish Executive Order on Adoption of IFRS	means Danish Executive Order no. 1306 of 16 December 2008 on the application of international accounting standards for companies comprised by the Danish Financial Business Act
Danish Insurance Contract Act	means Danish Consolidated Act no. 1237 of 9 November 2015 on insurance contracts
Danish Insurance Mediation Act	means Danish Consolidated Act no. 378 of 2 April 2020 on insurance mediation
Danish krone, Danish kroner or DKK	means Danish kroner, the lawful currency of Denmark
Danish Marketing Act	means Danish Act no. 426 of 3 May 2017 on marketing
Danske Bank	means Danske Bank A/S, registration (CVR) no. 61 12 62 28
DCO	means the Danish Consumer Ombudsman
DDoS	means distributed denial-of-service
DFSA	means the Danish Financial Supervisory Authority, "Finanstilsynet"
DDPA	means the Danish Data Protection Agency, "Datatilsynet"
Delegated Prospectus Regulation	means Commission delegated regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended
Demerger	means following Completion and the Scandinavia Carve-Out, a demerger of Codan Forsikring A/S to take place pursuant to which the Swedish and Norwegian businesses of Codan Forsikring A/S will be demerged into Tryg Forsikring A/S and the Danish business of Codan Forsikring A/S will be demerged into NewCo, resulting in Codan Denmark being co-owned by Intact and Tryg on a 50/50 economic basis
Deputy Chairman	means the deputy chairman of the Supervisory Board
DFBA	means the Danish Financial Business Act, Danish Consolidated Act no. 1447 of 11 September 2020 on financial business
DIFC	means the Dubai International Financial Centre
Due Proportion	means the percentage of Remaining Shares which a Manager has agreed to underwrite, as set out in the table contained in section 32.22 of this Prospectus
DXBFSA	means the Dubai Financial Services Authority
EDPB	means the European Data Protection Board
EEA	means European Economic Area
EIOPA	means the European Insurance and Occupational Pensions Authority
Employee Bonus Scheme	means Tryg's general employee bonus scheme
Enlarged Group	means as the context may require: (i) the Tryg Group and the Tryg Group's interest in RSA Scandinavia (approximately 89.3%) for the period prior to completion of the Demerger and (ii) the Tryg Group, Trygg-Hansa, Codan Norway and the

	Tryg Group's 50% interest in Codan Denmark following completion of the Demerger
Escrow Agreement	means the escrow agreement entered into between Tryg, Intact, Intact Holdco, Danske Bank and Barclays Bank PLC covering the escrow accounts described in "*Essential Information—Reason for the Offering and use of proceeds*"
ESG	means Environmental and Social Governance
ESRB	means the European Systemic Risk Board
EU	means the European Union
Euro or EUR	means the euro, the lawful currency of the participating member states in the Third Stage of the European and Monetary Union of the Treaty Establishing the European Community.
Euroclear	means Euroclear Bank S.A./N.A., 1, Boulevard de Roi Albert II, B-1210 Brussels, Belgium
Exchange Act	means the U.S. Securities Exchange Act of 1934, as amended
Executive Board	means the executive board of Tryg at any given time
Executive Board Deferral Period	means the period of four years in which a member of the Executive Board's receipt of Conditional Shares are deferred following the time of allotment under an INP
Existing Shareholders	means shareholders in Tryg registered with VP Securities on 5 March 2021 at 5:59 p.m. CET
Existing Shares	means 302,147,991 Shares of nominally DKK 5 in Tryg, being the entire issued share capital of Tryg as at the date of this Prospectus
FDM	means the Federation of Danish Motorists
FINMA	means the Swiss Financial Market Supervisory Authority FINMA
FinSA	means the Swiss Federal Financial Services
FoE	means Freedom of Establishment
FPK	means Försäkringsbranschens Pensionskassa
Free Shares	means the number of free Shares the participant receives in Tryg after the end of the Deferral Period of three or four years (the matching date), corresponding to the number of Investment Shares, that the participant bought.
FSRA	means the ADGM Financial Services Regulatory Authority
FTP Plan	means the multi-employer pension plan that the Tryg Group's Swedish brache is a part of along with other financial institutions in Sweden
GDP	means gross domestic product
GDPR	means General Data Protection Regulation (Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data)
GHG Protocol	means the standards for calculating carbon emissions in accordance set forth by the Greenhouse Gas Protocol

	Initiative developed by the World Resources Institute and World Business Council for Sustainable Development
General Meeting	means a general meeting of shareholders of Tryg
HSBC	means HSBC Continental Europe, 38, avenue Kléber, 75116 Paris, France
IBA	means the Swedish Insurance Business Act (Sw. försäkringsrörelselagen (2010:2043))
IDA	means the Danish Society of Engineers
IFRS	means International Financial Reporting Standards as adopted by EU
INPs	means Tryg's general incentive programmes
IMF	means the International Monetary Fund
Insurance Holding Company	has the meaning given to it in Solvency II (where appropriate, as implemented in the DFBA
Intact	means Intact Financial Corporation
Intact Bidco	means Regent Bidco Limited, a private limited company incorporated in England and Wales with registered number 12998759, and a wholly-owned indirect subsidiary of Intact
Intact Bridge Facilities	means Intact bridge facilities with aggregate total commitments of £388 million (reduced from £1,465 million following the closing of the Bought Deal Private Placement, and the MTN Private Placements)
Intact Group	means Intact and its consolidated subsidiaries
Intact Holdco	means 283485 Alberta Ltd, a private limited company incorporated and registered in Alberta, Canada with corporate access number 2022834853, and a wholly-owned indirect subsidiary of Intact
Interim Shares	means the interim shares corresponding to and representing New Shares which have been subscribed for based on Preemptive Rights and which will be recorded on subscribers for New Shares' accounts with VP Securities after the subscription has been effected
Internal Model	means the RSA Group's internal capital model
Investin Alternatives	means Investin Alternatives AIF SIKAV - TI Real Estate
Investment Share	means a Share bought by a participant in one of Tryg's incentive programmes that, subject to fulfilment of the terms and conditions in the relevant incentive programme, entitles the participant to receive a Matching Share
IRS	means the U.S. Internal Revenue Service
ISIN	means International Security Identification Number
IT-Data Committee	means Tryg's IT-data committee
Joint Global Coordinators	means Danske Bank and Morgan Stanley
Joint Lead Managers	means Citigroup Global Markets Europe AG, HSBC Continental Europe and Nordea Danmark, filial af Nordea Bank Abp, Finland
Long Stop Date	means 18 November 2021 (or such later date as may be agreed between Intact Bidco, Tryg and RSA, and if required

	as the Panel and the High Court of Justice in England and Wales may allow)
Management Lock-up Shares	means the Shares or other securities convertible into or exercisable or exchangeable for, or warrants, rights or options to purchase securities in Tryg as well as the Preemptive Rights which are subject to the lock-up undertakings undertaken by the members of the Supervisory Board and Executive Board as further set out in "*Selling Securities Holders and Lock-up—Lock-up agreements in connection with the Offering—Lock-up undertakings undertaken by Tryg and the members of the Supervisory Board and Executive Board*".
Managers	means the Joint Global Coordinators and the Joint Lead Managers
Matching Shares	means Shares allocated to a participant in one of Tryg's incentive programmes
MCR	means the minimum capital requirement as defined in Solvency II
MiFID II	means Directive 2014/65/EU of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended
MiFID II Product Governance Requirements	means MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing MiFID II with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits and local implementing procedures
Mixed-Activity Insurance Holding Company	has the meaning given to it in Solvency II (where appropriate, as implemented in the DFBA)
Morgan Stanley	means Morgan Stanley & Co. International plc, registration no. 02068222, located at 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom
MTN Private Placements	means private placements by Intact of CAN$300 million (approximately £169.1 million applying the exchange rate of 1 CAN$: 0.5635 GBP) principal amount of Series 9 1.928% fixed rate unsecured medium term notes due 16 December 2030 and CAN$300 million principal amount of Series 10 2.954% fixed rate unsecured medium term notes due 16 December 2050
Nasdaq Copenhagen	means Nasdaq Copenhagen A/S
New RT1 Notes	means the SEK 1,000 million floating rate perpetual restricted Tier 1 capital notes issued by Tryg Forsikring A/S on 26 February 2021
New Shares	means 352,505,989 new shares to be issued by Tryg in the Offering
NewCo	means Chopin NewCo, CVR no. 41 96 39 48, being the entity holding the Danish assets and liabilities of RSA Scandinavia following the implementation of the Demerger, such assets and liabilities including any assets or liabilities agreed between Intact and Tryg to relate to the Danish operations

	of RSA Scandinavia pursuant to the terms of the Separation Agreement
NFEA	means the Norwegian Financial Enterprises Act of 10 April 2015
NFSA	means the Norwegian Financial Supervisory Authority, "Finanstilsynet"
NI 33-105	means the Canadian National Instrument 33-105 Underwriting Conflicts
NIAA	means the Norwegian Insurance Activity Act of 10 June 2005
NICA	means the Norwegian Insurance Contracts Act of 16 June 1989
NITO	means Norwegian Society of Engineers and Technology
Nomination Committee	means Tryg's nomination committee
Nordea	means Nordea Danmark, filial af Nordea Bank Abp, Finland
Nordic Main Market Rulebook	means Nasdaq Copenhagen's incorporated Corporate Governance Recommendations in the Nordic Main Market Rulebook for Issuers of Shares of 1 May 2020, as revised with effect from 1 February 2021
Norwegian Corporate Shareholders	means shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian Individual Shareholders	means shareholders who are individuals resident in Norway for tax purposes
Norwegian Pool	means the Norwegian Natural Perils Pool
NWP	means net written premiums
Nykredit	means Nykredit Portefølje Administration A/S
OBOS	means OBOS Forsikring AS
Offering	means the public offering of the New Shares by Tryg
Omnibus II	means Directive 2014/51/EU of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority)
Order	means the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
ORSA	means Tryg's own risk and solvency assessment based on the Solvency II principles
Other Participants	means a participant in an INP that is not a Risk Taker or a member of the Executive Board
Other Participant Deferral Period	means the period of three years following the purchase of an Investment Share in which an Other Participant's receipt of Matching Shares under an INP is deferred, subject to the terms and conditions in the INP for receipt of the Matching Share having been fulfilled
Panel	means the UK Panel on Takeovers and Mergers
Parent-Subsidiary Directive	means Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent

	companies and subsidiaries of different Member States, as amended
PFIC	means passive foreign investment company as defined for U.S. federal income tax purposes
Preemptive Rights	means preemptive rights allocated to Existing Shareholders to subscribe for New Shares on the terms set out in this Prospectus
PRC	means the People's Republic of China
Pro Forma Regulation	means the Delegated Prospectus Regulation, Annex 1, "Registration Document for Equity Securities" Section 18.4, "Pro forma financial information" and Annex 20, "Pro forma information"
Prospectus	means this Prospectus, which has been approved by the DFSA
Prospectus Regulation	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/E, as amended
QEF	means a qualified electing fund as defined for U.S. federal income tax purposes
QIBs	means qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act
QIC	means a qualifying insurance company as defined for U.S. federal income tax purposes
Regulation S	means Regulation S under the U.S. Securities Act
REITs	means real estate investment trusts
Relevant State	means any member state of the EEA, other than Denmark, Norway and Sweden
Relevant Persons	means persons who are "qualified investors" (as defined in Article 2(e) of the UK Prospectus Regulation) and who are: (i) persons having professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Order; (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2)(a) to (d) of the Order; and/or (iii) persons to whom it may otherwise lawfully be communicated under the Order
Remaining Shares	means any New Shares that have not been subscribed for by the Existing Shareholders through the exercise of their allocated or acquired Preemptive Rights or by other investors through the exercise of their acquired Preemptive Rights before the expiry of the Subscription Period
Remuneration Committee	means Tryg's remuneration committee
Rights Trading Period	means the trading period for the Preemptive Rights, which commences on 4 March 2021 at 9:00 a.m. CET and closes on 17 March 2021 at 5:00 p.m. CET
Risk Committee	means Tryg's risk committee

Risk Takers	means, with regard to Tryg's INPs, employees whose activities have a significant impact on the risk profile
Risk Taker Deferral Period	means the period of three years in which a Risk Taker's receipt of cash payment and Conditional Shares is deferred following the time of allotment under an INP
RSA	means RSA Insurance Group plc
RSA Group	means RSA and its consolidated subsidiaries
RSA Scandinavia	means Codan A/S together with its direct and indirect subsidiaries and associated entities including the branches of such subsidiaries
Rule 144A	means Rule 144A under the U.S. Securities Act
S&P	means Standard & Poor's
SCA	means the UAE Securities and Commodities Authority
Scandinavia Carve-Out	means the separation of RSA Scandinavia from the RSA Group (upon Completion)
ScandiJVCo	means Scandi JV Co A/S, registration (CVR) no. 41 85 33 01
ScandiJVCo2	means Scandi JV Co 2 A/S, registration (CVR) no. 41 85 32 71
Scheme	means the RSA scheme of arrangement to implement the Acquisition
Scheme Court Hearing	means the hearing at which the High Court of Justice in England and Wales sanctions the Scheme
Schrems II	means CJEU Case C-311/18 Data Protection Commissioner v Facebook Ireland Limited and Max-imillian Schrems of 16 July 2020
SCR	means solvency capital requirement
SEK Tier 2 Notes	means the existing SEK 1,000 million subordinated floating rate Tier 2 bonds issued by Tryg Forsikring A/S in May 2016
Separation	means the Scandinavia Carve-Out and Demerger
Separation Agreement	means the separation agreement entered into between Intact, Intact Bidco, Tryg, ScandiJVCo and ScandiJVCo2 on 18 November 2020 in connection with the Separation
SFA	means the Singapore Securities and Futures Act
SFSA	means the Swedish Financial Supervisory Authority, "Finansinspektionen"
Share Cancellation	means the buyback or buyback and cancellation of ScandiJVCo2's shares in ScandiJVCo against consideration to ScandiJVCo2 in the form of ScandiJVCo's shares in NewCo
Shareholders	means Tryg's shareholders at any given time
Shareholders' Agreement	means the shareholders' agreement expected to be entered into between Intact, Intact Holdco, Tryg and ScandiJVCo2 at Completion pursuant to the terms of the Separation Agreement
Shares	means the outstanding shares of Tryg at any given time
SICA	means the Swedish Insurance Contracts Act (Sw. försäkringsavtalslag (2005:104))

SIDA	means the Swedish Insurance Distribution Act (Sw. lag (2018:1219) om försäkringsdistribution)
SMEs	means small and medium sized enterprises
Solvency II	means directive 2009/138/EC of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance
Solvency II Regulation	means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as amended
Standard Model	means the standard model as defined in Solvency II
Standby Underwriting Commitment	means the standby underwriting commitment in favour of Tryg entered into between Tryg and the Joint Global Coordinators on 18 November 2020
Subscription Period	means the period from 9:00 a.m. CET on 8 March 2021 until 19 March 2021 at 5:00 p.m. CET
Subscription Price	means DKK 105 per New Share
Supervisory Board	means the supervisory board of Tryg at any given time
Takeover Offer	means subject to the consent of the Panel and the terms of the Co-operation Agreement, should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the UK Companies Act 2006, the offer to be made by or on behalf of Intact Bidco to acquire the entire issued and to be issued share capital of RSA and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
Target Market Assessment	shall have the meaning as stated in "*Certain information with regard to the Prospectus—Information to distributors*"
TFEU	means the Treaty on the Functioning of the European Union
TIRE	means TI Real Estate
TNPS	means transactional net promoter score
Transaction	means completion of the Acquisition and the Separation
Treaty	means the income tax treaty entered into between the United States and Denmark
Troll	means Troll Forsikring AS
Tryg	means Tryg A/S, registration (CVR) no. 26 46 02 12
Tryg Audited Consolidated Financial Statements	means the Tryg Group's consolidated financial statements (including the notes thereto) as at and for each of the years ended 31 December 2020, 2019 and 2018, which were prepared by the Tryg Group in accordance with IFRS as adopted by the EU and in accordance with the Danish Executive Order no. 1306 of 16 December 2008 on the application of international accounting standards for companies comprised by the Danish Financial Business Act and audited by Tryg's independent auditor, Deloitte Statsautoriseret Revisionspartnerselskab

Tryg Consideration Shares	means the number of shares in ScandiJVCo that Intact Holdco has agreed to transfer to Tryg pursuant to the Tryg SPA
Tryg Factor	means a factor of 0 to 1.4 that the result and performance assessment score under an INP may be regulated with
Tryg Group	means Tryg and its consolidated subsidiaries
Trygg-Hansa	means (i) until completion of the Demerger, all assets and liabilities on the general ledger of the Swedish branch of Codan Forsikring A/S, together with Codan Forsikring A/S' shares in CAB Group AB and Holmia Livförsäkring AB; and (ii) after completion of the Demerger, all assets and liabilities on the general ledger of the Swedish branch of Codan Forsikring A/S, Holmia Livförsäkring A/B and RSA Scandinavia's shares in CAB Group AB, and any other assets or liabilities of RSA Scandinavia agreed between Intact and Tryg to relate to the Swedish operations of RSA Scandinavia pursuant to the terms of the Separation Agreement
Trygg-Hansa and Codan Norway Audited Combined Financial Statements	means combined carve-out financial statements of Codan A/S, Trygg-Hansa and Codan Norway (including the notes thereto) as at and for the years end-ed 31 December 2020, 2019 and 2018, which were prepared at the request of the management of Tryg in accordance with IFRS as adopted by the EU with the exemption mentioned in "*Presentation of Financial Information—Presentation of financial information for Trygg-Hansa and Codan Norway*" and as described in note 1 to the combined carve-out financial statements of Trygg-Hansa and Codan Norway and audited by RSA Scandinavia's independent auditor, KPMG Statsautoriseret Revisionspartnerselskab
Tryg Invest	Means Tryg Invest A/S, registration (CVR) no. 38 74 42 08
Tryg SPA	means the share purchase agreement entered into between Tryg and Intact Holdco on 18 November 2020 pursuant to which Intact Holdco shall (following the satisfaction of certain conditions) transfer the Tryg Consideration Shares to Tryg
TryghedsGruppen	means TryghedsGruppen smba
TryghedsGruppen Firm Shares	means the number of shares that TryghedsGruppen has committed to subscribe for in connection with the Offering for the amount of DKK 12,585,329,264
TUF	means the Italian Legislative Decree n. 58 of 24 February 1998, as amended
UAE	means the United Arab Emirates
UK or United Kingdom	means the United Kingdom of Great Britain and Northern Ireland
UK Prospectus Regulation	means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018
UK Takeover Code	means the City Code on Takeovers and Mergers as amended from time to time
U.S. or United States	means United States of America

U.S. Holder	shall have the meaning as stated in "*Taxation—Certain U.S. federal income tax considerations*"
U.S. Securities Act	means U.S. Securities Act of 1933, as amended
Unaudited Pro Forma Financial Information	means the unaudited condensed combined pro forma financial information for the Enlarged Group has been prepared and is presented for the sole purpose of giving an inherently illustrative estimated and hypothetical presentation of the Enlarged Group's assets, liabilities, financial position and results of operations assuming the Transaction occurred as at 31 December 2020 for purposes of the unaudited pro forma consolidated statement of financial position and on 1 January 2020 for purposes of the unaudited pro forma consolidated statement of income
Underwriting Agreement	means the underwriting agreement entered into between Tryg and the Managers on the date of this Prospectus
VP Securities	means VP Securities A/S

38. FINANCIAL INFORMATION

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Statement by the Management on the Combined Carve-Out Financial Statements

The Board of Management of Tryg have today considered and approved the combined carve-out financial statements of Trygg-Hansa and Codan Norway for the financial years 1 January to 31 December 2020, 2019 and 2018.

The combined carve-out financial statements are presented in accordance with the basis of preparation set out in Note 1.

In our opinion, the accounting policies applied are appropriate so that the financial statements gives a true and fair view of the financial position, cash flows and financial performance of Trygg-Hansa and Codan Norway for the three years ended 31 December 2020, 2019 and 2018.

Copenhagen, 1 March 2021.

Executive Board

Morten Hübbe *CEO*	Barbara Plucnar Jensen *CFO*	Lars Bonde *COO*

Johan Kirstein Brammer
CCO

Independent auditor's report

To the Executive Board of Tryg A/S

Opinion

In our opinion, the accompanying combined carve-out financial statements give a true and fair view of Codan A/S and Trygg-Hansa, Holmia Livförsäkring AB and Codan Norway, which are components of Codan A/S' subsidiary Codan Forsikring A/S ("Trygg-Hansa and Codan Norway")'s assets, liabilities and financial position at 31 December 2020, 2019 and 2018 and of the results of Trygg-Hansa and Codan Norway's operations and cash flows for the financial years 1 January – 31 December 2020, 2019 and 2018 in accordance with the Basis of preparation including accounting policies as described in Note 1.

Audited financial statements

The combined carve-out financial statements of Trygg-Hansa and Codan Norway comprise the combined carve-out statements of financial position for the years ended 31 December 2020, 2019 and 2018, combined carve-out statements of profit or loss and comprehensive income, combined carve-out statements of changes in equity and combined carve-out cash flow statements for the years then ended, and notes to the combined carve-out financial statements, including summary of significant accounting policies. The combined carve-out financial statements are prepared in accordance with the Basis of preparation as described in Note 1.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 combined carve-out financial statements" section of our report.

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

Independence

We are independent of Trygg-Hansa and Codan Norway in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Emphasis of Matter - Basis of preparation

We draw attention to Note 1 to the combined carve-out financial statements, which describes the Basis of preparation, including the approach to and purpose of preparing them. Consequently, Trygg-Hansa and Codan Norway's combined carve-out financial statements may not necessarily be indicative of the financial performance that would have been achieved if Trygg-Hansa and Codan Norway had operated as an independent entity, nor may they be indicative of the results of operations of Trygg-Hansa and Codan Norway for any future period. The combined carve-out financial statements are prepared specifically for the purpose of the prospectus. As a result, the combined carve-out financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Emphasis of Matter - Premium receivables

We draw attention to Note 1 in the combined carve-out financial statements, which describes the write-off of Swedish premium receivables and bad debt amounting to DKK 266m before tax and the detailed description of the adjustment and impact on the combined carve-out financial statements.

Our opinion is not modified in respect of this matter.

Management's responsibility for the combined carve-out financial statements

The Executive Board of Tryg A/S (Management) is responsible for the preparation of the combined carve-out financial statements in accordance with the Basis of preparation set out in Note 1. These combined carve-out financial statements contain financial information relating to Trygg-Hansa and Codan Norway. Management's responsibility includes determining the acceptability of the Basis of preparation in the circumstances, and for such internal control as Management determines is necessary to enable the preparation of combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined carve-out financial statements, Management is responsible for assessing Trygg-Hansa and Codan Norway's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Management either intends to liquidate Trygg-Hansa and Codan Norway or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the combined carve-out financial statements.

Our objectives are to obtain reasonable assurance about whether the combined carve-out 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 the 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 combined carve-out financial statements.

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

- identify and assess the risks of material misstatement of the combined carve-out 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 Trygg-Hansa and Codan Norway's internal control;
- evaluate the appropriateness of Basis for preparation and 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 preparing the combined carve-out 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 Trygg-Hansa and Codan Norway'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 combined carve- out 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 Trygg-Hansa and Codan Norway to cease to continue as a going concern; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Trygg-Hansa and Codan Norway to express an opinion on the combined carve-out financial statements. We are responsible for the direction, supervision and performance of the 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 government with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Copenhagen, 1 March 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik Barner Christiansen	Kim Moeslund Schmidt
State Authorised	State Authorised
Public Accountant	Public Accountant
mne10778	mne34552

Combined Carve-Out Statement of Profit or Loss for the Years Ended 31 December 2020, 2019 and 2018

DKKm	Note	Year Ended 31 December 2020	2019	2018
General Insurance				
Gross premiums written		9,846	10,041	10,051
Ceded insurance premiums		–226	–228	–249
Change in premium provisions		0	–51	–10
Change in reinsurer's share of premium provision		–1	–4	10
Premium income, net of reinsurance	4	**9,619**	**9,758**	**9,802**
Insurance technical interest, net of reinsurance	5	**–12**	**–12**	**–10**
Claims paid		–6,598	–6,789	–6,608
Reinsurance cover received		135	196	139
Change in claims provisions		350	482	269
Change in the reinsurers' share of claims provision		7	12	–109
Claims, net of reinsurance	6	**–6,106**	**–6,099**	**–6,309**
Bonus and premium discounts		**–3**	**–3**	**–4**
Acquisition costs		–1,008	–1,062	–1,111
Administration expenses		–526	–405	–389
Acquisition costs and administration expenses		**–1,534**	**–1,467**	**–1,500**
Reinsurance commissions and profit participation		11	23	21
Insurance operating costs, net of reinsurance	7	**–1,523**	**–1,444**	**–1,479**
Technical result		**1,975**	**2,200**	**2,000**
Investment activities				
Income from associates	14	7	19	5
Interest income and dividends	8	596	648	713
Value adjustments	9	–474	471	–492
Interest expenses	8	–204	–176	–182
Investment management expenses		–36	–31	–38
Total Investment return		**–111**	**931**	**6**
Return on insurance provisions		**–507**	**–570**	**–351**
Total investment return after insurance technical interest		**–618**	**361**	**–345**
Other costs	10	–120	—	–58
Profit/loss before tax		**1,237**	**2,561**	**1,597**
Tax	11	–358	–560	–546
Profit/loss for the year		**879**	**2,001**	**1,051**

Combined Carve-Out Statement of Comprehensive Income for the Years Ended 31 December 2020, 2019 and 2018

DKKm	Note	Year Ended 31 December 2020	2019	2018
Profit for the year		**879**	**2,001**	**1,051**
Other comprehensive income				
Currency translation adjustment, foreign subsidiaries		—	–13	–5
Currency translation adjustment, foreign branches		278	–121	–93
Currency translation adjustment, foreign associated entities		—	–1	–1
Unrealised gain/loss operational hedge		–4	3	1
Tax re operational hedge		1	–1	—
Other comprehensive income		29	–16	3
Other comprehensive income		**304**	**–149**	**–95**
Total comprehensive income		**1,183**	**1,852**	**956**

Combined Carve-Out Statement of Financial Position for the Years Ended 31 December 2020, 2019 and 2018

DKKm	Note	Year Ended 31 December 2020	2019	2018
Assets				
Intangible assets	12	**1,321**	**1,346**	**1,275**
Operating equipment		46	124	24
Owner-occupied property		197	169	—
Property, plant and equipment	13	**243**	**293**	**24**
Equity investments in associates	14	35	26	25
Total investments in associates		**35**	**26**	**25**
Equity investments		1,329	1,684	1,449
Unit trust		701	540	471
Bonds		22,941	21,396	20,724
Other lending		576	504	—
Derivative financial instruments		268	11	91
Total other financial investment assets		**25,815**	**24,135**	**22,735**
Deposits with ceding undertakings		1	1	1
Total investment assets	15	**25,851**	**24,162**	**22,761**
Reinsurers' share of premium provisions		53	57	61
Reinsurers' share of claims provisions		320	321	307
Total reinsurers' share of provisions for insurance contracts		**373**	**378**	**368**
Receivables from policyholders		206	436	393
Receivables from brokers		4	22	143
Total receivables in connection with direct insurance contracts		**210**	**458**	**536**
Receivables from insurance enterprises		50	52	74
Receivables from related parties	27	502	1,431	1,339
Other receivables		94	107	56
Total receivables		**1,229**	**2,426**	**2,373**
Other assets		2	2	2
Current tax assets	16	171	12	260
Deferred tax assets	20	16	77	55
Cash at bank and in hand		529	332	675
Total other assets		**718**	**423**	**992**
Interest and rent receivable		197	201	241
Other prepayments and accrued income		79	72	57
Total prepayments and accrued income		**276**	**273**	**298**
Total assets		**29,638**	**28,923**	**27,723**

DKKm	Note	Year Ended 31 December 2020	2019	2018
Equity and liabilities				
Equity	25	**1,984**	**294**	**71**
Premium provisions	17	2,006	1,954	1,947
Claims provisions	18	17,892	17,112	17,567
Total provisions for insurance contracts		**19,898**	**19,066**	**19,514**
Pensions and similar obligations	19	1	8	13
Deferred tax liability	20	896	870	831
Other provisions	21	23	5	35
Total provisions		**920**	**883**	**879**
Debt relating to direct insurance		42	142	127
Debt relating to reinsurance		1	22	24
Amounts owed to credit institutions	22	408	889	—
Debt to related parties	27	5,126	6,712	6,376
Lease liability		221	272	—
Current tax liabilities	16	—	24	—
Other payables		889	607	674
Total payables	23	**6,687**	**8,668**	**7,201**
Accruals and deferred income		**149**	**12**	**58**
Total equity and liabilities		**29,638**	**28,923**	**27,723**

Combined Carve-Out Statement of Changes in Equity for the Years Ended 31 December 2020, 2019 and 2018

DKKm	Note	Total equity
2020		
Equity at the beginning of the year		**294**
Profit/loss for the year		879
Other comprehensive income		304
Total comprehensive income		1,183
Received dividend, subsidiaries		500
Branch capitalisation		207
Distributed dividend		—
Dividend paid		–200
Changes in equity in 2020		**1,690**
Equity at the end of the year		**1,984**
2019		
Equity at the beginning of the year		**71**
Profit/loss for the year		2,001
Other comprehensive income		–149
Total comprehensive income		1,852
Received dividend, subsidiaries		50
Branch capitalisation		–287
Distributed dividend		—
Dividend paid		–1,392
Changes in equity in 2019		**223**
Equity at the end of the year		**294**
2018		
Equity at the beginning of the year		**674**
Profit/loss for the year		1,051
Other comprehensive income		–95
Total comprehensive income		956
Received dividend, subsidiaries		407
Branch capitalisation		–309
Distributed dividend		—
Dividend paid		–1,657
Changes in equity in 2018		**–603**
Equity at the end of the year		**71**

Combined Carve-Out Cash Flow Statement for the Years Ended 31 December 2020, 2019 and 2018

DKKm	Note	Year Ended 31 December 2020	2019	2018
Cash from operating activities				
Premiums		9,842	10,038	10,048
Change in insurance debtors		249	78	–378
Claims		–6,598	–6,789	–6,608
Change in insurance payables		–100	15	5
Ceded business		–92	–32	–109
Change in reinsurance receivables/payables		–18	19	–51
Costs		–1,559	–1,475	–1,517
Depreciation and amortisation		122	128	40
Change in other payables and other amounts receivable		161	–181	128
Change in amounts owed to/from Group entities		842	245	462
Cash flow from insurance activities		**2,849**	**2,046**	**2,020**
Interest income		603	668	718
Interest expense		–204	–176	–182
Dividend received		550	50	400
Taxes		–453	–272	–465
Total cash flow from operating activities		**3,345**	**2,316**	**2,491**
Investment				
Purchase and refurbishment of property		–8	–5	—
Purchase/sale of equity investments and unit trust		–188	–2	–100
Purchase/sale of bonds		–433	–1,396	–191
Other loans and other investment assets		–127	–539	31
Purchase/sale of operating equipment		–5	–3	–1
Acquisition of intangible assets		–131	–134	–86
Total investments		**–891**	**–2,078**	**–347**
Financing				
Dividend paid		–200	–1,392	–1,650
Lease payments		–75	–77	—
Changes in loans from Group Companies		–1,500	—	—
Changes in amounts owed to credit institutions	22	–481	889	–748
Total financing		**–2,256**	**–580**	**–2,398**
Change in cash and cash equivalents, net		**197**	**–342**	**–255**
Exchange rate adjustments		—	**—**	**—**
Change in cash and cash equivalents, gross		**197**	**–343**	**–254**
Cash and cash equivalents 1 January		332	675	929
Cash and cash equivalent 31 December		**529**	**332**	**675**

Notes to the financial statements

1. Accounting policies

Background to the Transaction

On 18 November 2020, Tryg A/S ("Tryg") announced that it had agreed to the terms of a proposed transaction with Intact Financial Corporation ("Intact") and RSA Insurance Group plc ("RSA") pursuant to which the intention is for:

- Intact, through a wholly owned subsidiary, to acquire the entire issued and to be issued share capital of RSA through a recommended takeover of RSA under the UK Takeover Code (the "**Acquisition**");
- The subsidiaries of RSA that operate in Denmark, Norway and Sweden ("**RSA Scandinavia**") to be separated from the RSA (the "**Scandinavia Carve-Out"**) upon completion of the Acquisition ("**Completion**"); and
- following Completion and the Scandinavia Carve-Out, a demerger to take place to deliver the Swedish and Norwegian businesses of RSA Scandinavia (being Trygg-Hansa and Codan Norway) to Tryg, and the Danish business (being Codan Denmark) to a newly established Danish wholly-owned limited liability subsidiary ("**NewCo**") of ScandiJVCo A/S with the Danish business of RSA Scandinavia (being Codan Denmark) being co-owned by Intact and Tryg on a 50/50 economic basis (the "**Demerger**", with the Demerger and the Scandinavia Carve-Out referred to as the "**Separation**").

Trygg-Hansa and Codan Norway, that are carved-out of RSA Scandinavia, consists of all of the assets and liabilities of the following companies and branches:

(i) (a) all assets and liabilities on the general ledger of the Swedish branch of Codan Forsikring A/S, (b) Holmia Livförsakring AB, the Swedish-incorporated entity wholly-owned by Codan Forsikring, and (c) Codan Forsikring's minority interest (of approximately 27%) in the Swedish-incorporated entity CAB Group AB ("**Trygg-Hansa**");

(ii) all assets and liabilities on the general ledger of the Norwegian branch of Codan Forsikring A/S ("**Codan Norway**"); and

(iii) Codan A/S, the ultimate parent entity of RSA Scandinavia, which owns 100% of the shares in Codan Forsikring A/S.

Nature of the business

RSA Scandinavia offers a broad range of general non-life insurance products as well as accident and health insurance to the Scandinavian private and commercial markets and conducts cross-border activities in all EU countries through multiple distribution channels. RSA Scandinavia distributes its general insurance products primarily through direct channels, including call centres, tied agents and the Internet. RSA Scandinavia also distributes its non-life insurance products through strategic partnership agreements with financial institutions, trade unions, professional associations and other affinity or shared-interest groups as well as making use of intermediaries such as brokers. In addition, RSA Scandinavia has agreements with brokers in the commercial market. RSA Scandinavia's products for personal customers include personal motor, home, personal accident and health and travel insurance. RSA Scandinavia's products for commercial customers include construction and engineering, power and renewable energy, motor, casualty, or liability, professional financial, marine, health and property insurance.

Basis of preparation

Trygg-Hansa and Codan Norway has not previously constituted a legal group for the years ended 31 December 2020, 2019 and 2018 and hence historical financial statements have not previously been presented for these combined carved-out operations. Accordingly, the combined carve-out financial statements, which have been prepared specifically for the purpose of meeting the requirements of the EU Prospectus Regulation, are prepared on a basis that combines the results, assets and liabilities, and cash flows of Trygg-Hansa and Codan Norway by the applying underlying principles of consolidation described IFRS 10 'Consolidated Financial Statements'.

The combined carve-out financial statements for 2020, 2019 and 2018 do not constitute a sets of general purpose financial statements under IAS 1 because Trygg-Hansa and Codan Norway does not constitute a legal entity or group as defined by IFRS 10 which as a general principle requires a parent entity to prepare consolidated financial statements under the concept of 'control.' and therefore do not include an unreserved statement of compliance with IFRS. Thus the combined carve-out financial statements are not considered first IFRS financial statements in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards.

Trygg-Hansa and Codan Norway combined carve-out financial statements have been prepared for illustrative purposes only and address a hypothetical situation, therefore they do not necessarily reflect the actual financial position or results of operations of Trygg-Hansa and Codan Norway that would have been realised had Trygg-Hansa and Codan Norway been a separate entity or the future results of Trygg-Hansa and Codan Norway as it will exist upon completion of the transaction.

The combined carve-out financial information for Trygg-Hansa and Codan Norway has been extracted from the consolidated financial statements of RSA for 2020, 2019 and 2018, respectively. The financial statements of RSA are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and as applied in accordance with the provisions of the UK Companies Act 2006.

The combined carve-out financial statements of Trygg-Hansa and Codan Norway for 2020, 2019 and 2018, have been prepared in accordance with IFRS as adopted by EU and the Danish Statutory Order on adoption of IFRS, except for:

- IFRS 10 'Consolidated Financial Statements'—IFRS 10 establishes a general principle that parent entities should present consolidated financial statements when it controls one or more entities. Trygg-Hansa and Codan Norway has not previously constituted a legal group and consequently, Trygg-Hansa and Codan Norway is not permitted by IFRS 10 to present consolidated financial statements. The combined carve-out financial statements have been prepared by applying the underlying principles of IFRS 10 for consolidation procedures. Furthermore, a consequence of segregation of legal entities included in the combined group disclosures on equity and profit or loss of subsidiaries have not been provided as required by IFRS 12, Disclosure of Interests in Other Entities; and
- IAS 10 'Events After the Reporting Period'—Post balance sheet events have only been incorporated in these combined carve-out financial statements up to the date of signature of the RSA Insurance Group plc consolidated financial statements for 2020, 2019 and 2018 respectively, since the combined carve-out financial statements have been prepared under the extraction approach. Thus, estimates have not been updated subsequent to the date of the original signing of the 2019 and 2018 consolidated financial statements of the RSA Group.

Furthermore the following disclosure requirement in the IFRS standards have not been complied with in all aspects as the information is not readily available for the Trygg-Hansa and Codan Norway perimeter:

- Goodwill impairment assessments are performed by RSA Group and the disclosures are derived from the consolidated financial statements of the RSA Group. Therefore, certain quantification of parameters and historical data of Trygg-Hansa and Codan Norway as the basis for the projection of future cash flows has not been disclosed as required by IAS 36, Impairment of Assets, paragraph 134(d)(ii);
- As Trygg-Hansa and Codan Norway does not constitute a legal group it does not manage risk and capital on a stand-alone basis and does not have specific solvency requirements that are generally applicable to groups or legal entities. Thus, disclosures of risk and capital management are presented in note 2 to the extent such information is available but not all disclosures of risk and capital management required by IAS 1, IFRS 4 and IFRS 7 can be provided for Trygg-Hansa and Codan Norway on a stand-alone basis;
- Information on related party transactions required by IAS 24, Related Party Disclosures, have been considered based on legal entities within RSA Scandinavia rather than the branches and business areas on which the combined carve-out financial information for Trygg-Hansa and Codan Norway are derived. Related party transactions of those legal entities along with

remuneration of key management personnel are disclosed but no artificial split between perimeters is made;

- Derivative contracts are entered into by legal entities within RSA Scandinavia and have been allocated to Trygg-Hansa and Codan Norway if they are direct attributable to Trygg-Hansa and Codan Norway but the underlying systems do not support the disclosure requirements on the segregated basis, thus the combined carve-out financial statements do not include all disclosures on derivatives required by IFRS 7, Financial Instruments: Disclosures. Similarly, disclose of valuation techniques used in measuring level 2 and level 3 fair values and the significant unobservable inputs used has not been provided in the combined carve-out financial information for Trygg-Hansa and Codan Norway;
- As long-term incentive plans offered to employees of Trygg-Hansa and Codan Norway are not linked explicit to equity instruments of Trygg-Hansa and Codan Norway but to equity instruments of the RSA Group the combined carve-out financial statements do not include disclosures on long-term incentive plans as required by IFRS 2, Share-based Payment;
- Disclosures of audit fees and average number of employees required by the Danish Statutory Order on adoption of IFRS have not been provided in the combined carve-out financial statements as this information is not readily available to the separate perimeters of the RSA Scandinavia operations; and
- As the combined carve-out financial statements represent segregation of legal entities within RSA Scandinavia the split of equity reserves into reserve line items has not and cannot be performed on a relevant and reliable basis.

As required by the EU Prospectus Regulation, the combined carve-out financial statements for Trygg-Hansa and Codan Norway has been adjusted to apply accounting policies that are consistent with those applied by the issuer of the prospectus. The most material adjustments which have been made are:

- Financial assets classified as available for sale (AFS) in the financial statements of RSA are measured at fair value through other comprehensive income. The combined carve-out financial statements measure these financial assets at fair value through profit and loss;
- Claims provisions and Reinsurers' share of claims provision have been adjusted to reflect estimate as required by Danish regulation, which is in accordance with the principles of Solvency II;
- Deferred acquisition costs which are capitalised in the financial statements of RSA have been expensed in the combined carve-out financial statements of Trygg-Hansa and Codan Norway;
- Written premium is recognised by RSA in the period in which the policy is legally bound. The combined carve-out financial statements recognise written premium at the earlier of premium due date, premium received date or inception of coverage. This has no impact on the results of Trygg-Hansa and Codan Norway as the additional written premium recognised by RSA is on unincepted business and therefore unearned;
- Deferred tax is not recognised on the contingency fund provision in the financial statements of RSA. Deferred tax on the contingency fund has been recognised in the combined carve-out financial statements by applying the applicable tax rate to the provision; and
- The presentation of the combined carve-out financial statements is in accordance with the executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA, which differs to the financial statement presentation of RSA Insurance Group plc. Both choices of presentation are within the framework of IFRS as adopted by the EU.

Basis of combination

The following accounting and other principles have also been applied in the preparation of combined carve-out financial statements for Trygg-Hansa and Codan Norway:

- Intercompany transactions between Trygg-Hansa, Codan Norway and Codan A/S have been eliminated from these combined carve-out financial statements. The carve-out financial

statements include Trygg-Hansa and Codan Norway's transactions with other RSA Group entities previously considered as intercompany transactions by RSA have been treated as transactions with related parties;

- Direct and overhead costs are centrally managed by the Danish branch of Codan Forsikring A/S and include services such as finance and accounting, information technology and human resources. Centrally provided services have historically been recharged from the Danish branch of Codan Forsaking A/S to individual branches and legal entities within RSA Scandinavia. These historically recharged costs are included in the combined carve-out financial statements of Trygg-Hansa and Codan Norway. These cost allocations were affected by arrangements that existed in RSA Group and therefore do not necessarily reflect the representative position of Trygg-Hansa and Codan Norway had it been a separate entity during the reporting or position that will prevail upon completion of the transaction;
- Trygg-Hansa and Codan Norway has not in the past constituted a separate legal group nor presented any stand-alone consolidated financial statements, accordingly it is not meaningful to present share capital or an analysis of reserves. Equity of Trygg-Hansa and Codan Norway is made up of combined carve-out assets less combined carve-out liabilities that have been identified as belonging to the operations and entities being combined (net parent investment). As the combined carve-out operations and entities do not constitute one legal entity or group, equity is theoretical and cannot be reconciled to information of identifiable legal entities;
- Codan Forsikring A/S is a subsidiary of Codan A/S. Codan Forsikring A/S, including the Danish insurance business and Forsikringsselskabet Privatsikring A/S, is not included in the combined carve-out financial statements and has been carved out without any compensation to Codan A/S. The resulting adjustment has been recognised in equity on 1 January 2018;
- Trygg-Hansa and Codan Norway participates in the share-based incentive plans established by RSA with members of the board of management and material risk takers eligible for scheme. The combined-carve out financial statements include employee cost allocations related to these participations as part of allocation of centrally managed costs as described above. These cost allocations may not be indicative of future expenses that will be incurred through incentive schemes for key personnel upon completion of the transaction;
- Codan Forsikring A/S uses a centralised approach to cash management and financing its operations. Cash and debt balances along with related interest income and expenses have been included in the combined carve-out financial statements of Trygg-Hansa and Codan Norway based on amounts historically recorded by the individual branches and legal entities;
- Derivatives contracts are entered into by legal entities within RSA Scandinavia and have been allocated to Trygg-Hansa and Codan Norway if they are direct attributable to Trygg-Hansa and Codan Norway. Derivatives financial instruments allocated to the combined carve-out financial statements comprise foreign exchange contracts, repo contracts and inflation swaps; and
- The income tax charges included in the combined carve-out financial statements reflects the aggregate of the income tax charges actually incurred by Trygg-Hansa and Codan Norway. The tax positions includes the benefit, reliefs and charges which arose as being part of RSA Group and are therefore not necessarily representative of the tax position under separate ownership. Tax is calculated on adjustments applied in the preparation of the combined carve-out financial statements using a tax rate of 21%.

Material changes in accounting policies since 1 January 2018

IFRS 16 'Leases'

IFRS 16 'Leases' has been adopted from the effective date of 1 January 2019 applying the modified retrospective approach. Under this method, the cumulative effect of initially applying the standard is recognised on 1 January 2019. Right-of-use assets and lease liabilities have been recognised for those leases previously classified as operating leases, except for short-term leases and leases of low value assets. The right-of-use assets have been recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted

using the incremental borrowing rate as of 1 January 2019. The comparative information has not been restated. All leases have been classified as operating leases 31 December 2018. The implementation of IFRS 16 has no significant impact on either profit or loss or equity.

The total impact on the balance sheet 1 January 2019, using the modified retrospective approach was:

Assets (DKKm)	
Equipment (ROU)	117
Land & Buildings (ROU)	211
Total assets	329
Liabilities (DKKm)	
Lease liability	329
Total equity and liabilities	329

IFRIC 23 'Uncertainty over Income Tax Treatments'

IFRIC 23 'Uncertainty over income tax treatment' specifies how to reflect the effect of uncertainty in accounting for income taxes where it may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a tax treatment. The interpretation has not had a significant impact on the combined carve-out financial statements.

Other standards

There have not been any other new or amended standards and interpretations that have significantly affected the combined carve-out financial statements of Trygg-Hansa and Codan Norway.

Accounting standards in issue but not yet effective with effect on Trygg-Hansa and Codan Norway

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' has been issued to replace IAS 39 'Financial Instruments: 'Recognition and Measurement' and primarily changes' the classification and measurement of financial assets. In preparing the combined carve-out financial statements the option available to insurance companies to defer adoption of IFRS 9 to 1 January 2023 alongside IFRS 17 'Insurance Contracts' has been applied. The implementation of IFRS 9 (Financial Instruments) is not expected to have a significant impact Trygg-Hansa and Codan Norway's statement of financial position or profit and loss as all financial instruments are measured at fair value through profit and loss.

IFRS 17 'Insurance Contracts'

IFRS 17 'Insurance Contracts' is expected to enter into force for the accounting year commencing 1 January 2023. The impact of IFRS 17 (Insurance Contracts) is currently being assessed in a structured and formal manner and is expected to be concluded in due course ahead of the implementation date.

Other standards

There are a number of amendments to IFRS that have been issued by the IASB that become mandatory in a subsequent accounting period. Trygg-Hansa and Codan Norway has evaluated these changes and none are expected to have a significant impact on the combined carve-out financial statements.

Correction of misstatements from prior years

During 2020 it was identified that a portion of the Swedish debtor balance was not supported by underlying information from the Swedish policy systems. A dedicated task force was formed to analyse and investigate the root cause and magnitude of the issue. In summary, this led to a total net write off of DKK 266m before tax. Analyses show that the error has accumulated over several years but despite significant effort it has been impracticable, even with the lowest degree of certainty, to conclude which accounting year(s) the errors in the Swedish debtor balances should be allocated to. As a consequence of this, the correction has been made through the income statement in 2020 in

accordance with IAS 8. As the extraction approach has been used for the preparation of combined carve-out financial statements including subsequent events (re Basis of Preparation), adjustments of the error have not been made to the combined carve-out financial statements for 2018 and 2019.

As the root cause behind the SE debtor issue is lack of data insight the allocation of the write off between premium and bad debt is based on extrapolation from data analyses made. From the insights gained through all the work, however, it is clear that a higher proportion of the issue relates to premium rather than bad debt. By using reasonable approximation techniques, the split of the write-off by line items has been assessed as:

	DKKm	
Profit and loss:		
GWP/GEP	180	(debit)
Administration expense (bad debt)	86	(debit)
Result before tax	–266	
Tax	57	
Result after tax	–209	
Balance sheet:		
Receivables from policyholders	–278	
Current tax assets	59	
Total assets	**–218**	
Translation reserve	–9	
Retained earnings	209	
Total equity and liabilities	**–218**	

Significant accounting estimates and judgements

The preparation of the combined carve-out financial statements requires the use of certain critical accounting estimates and requires management to exercise its judgement in application of accounting policies. Estimates are based on management's best knowledge of current circumstances and expectation of future events and actions, which may subsequently differ from those used in determining the accounting estimates.

Estimates made in preparing the financial information reflect the facts and circumstances which existed at the time such estimates were made.

The most significant estimates are as follows. Additional information on estimation techniques and assumptions is presented in the relevant note in order to provide context to the figures presented:

- Valuation of insurance contract liabilities: the eventual outcome of the claims that have occurred by the end of the reporting period but remain unsettled—refer to note 18 for additional information;
- Measurement of defined benefit obligations: key actuarial assumptions—refer to note 19 for additional information;
- Fair value of financial assets and liabilities: measurement of financial assets and liabilities that rely on use of significant unobservable inputs—refer to note 15 for additional information;
- Recognition of deferred tax assets: availability of future taxable profits against which deductible temporary differences and tax losses carried forward can be utilised—refer to note 20 for additional information; and
- Measurement and impairment of goodwill and intangible assets: key assumptions applied in the valuation of the recoverable amount and the estimation of useful economic life—refer to note 12 for additional information.

Foreign currency translation

The functional currencies used by Trygg-Hansa and Codan Norway branches in Sweden and Norway are the currencies of the respective countries.

On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Exchange differences resulting from translation at the exchange rate prevailing at the date of transaction and the exchange rate prevailing at the date of payment are recognised in the combined carve-out statements of profit or loss as value adjustments.

Receivables, payables, other monetary items as well as non-monetary items recognised on the basis of the fair value in foreign currency are translated at the exchange rate prevailing at the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the time when such receivables or payables arose or were recognised in the latest annual report is recognised in the combined carve-out statements of profit or loss as value adjustments.

Results of foreign branches are translated into the presentation currency (DKK) at the exchange rate prevailing at the date of transaction. An average exchange rate for the period is used as the exchange rate at the date of transaction to the extent that this does not significantly distort the presentation. The value of foreign branches is translated at the exchange rates prevailing at the balance sheet date. Currency translation differences are recognised directly in equity as part of the translation reserve. The translation reserve is not presented separately in the Statement of Changes in Equity for the reasons set out in the Basis of preparation.

Income statement

Premiums

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

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

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

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

Technical interest

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

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

Claims

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

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

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

Bonus and premium discounts

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

Insurance operating costs

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

Long-term incentive plan

Long-term incentive plan (Performance Share Plan) schemes are operated for key employees based on various performance targets. The fair value of the employee services received in exchange for the grant of options or shares is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or shares granted. The fair value is determined at the grant date. At each balance sheet date, Trygg-Hansa and Codan Norway revises the estimates of the number of options expected to be exercised. Trygg-Hansa and Codan Norway recognises the impact of the revision of original estimates, if any, in the combined carve-out statements of profit or loss and a corresponding adjustment to equity over the remaining vesting period.

Investment activities

Income from associates includes Trygg-Hansa and Codan Norway 's share of the associates' net profit.

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

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

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

Other costs

Other costs include expenses which cannot be ascribed to Trygg Hansa and Codan Norway´s insurance portfolio or investment assets, including impairment of goodwill.

Other comprehensive income

In a separate section named "Other comprehensive income", following the income statement, the below listed value changes are recognised:

- Fair value revaluation related to group occupied property and reversal of previous revaluations;
- Exchange rate adjustments arising from revaluation of transactions and balance sheet items, including goodwill, for entities with a functional currency that differs from the presentational currency Trygg-Hansa and Codan Norway (DKK);
- Changes in value of hedges instruments which relates to hedging of fluctuations in future cash flow;
- Changes in value of hedges instruments which relates to hedging of currency exposure on investments in foreign entities; and

- Changes in actuarial gains and losses related to pension obligations.

For each item recognised under other comprehensive income the related tax effects are recognised as separate items under Other comprehensive income as well.

Statement of financial position

Intangible assets

Goodwill

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

Customer lists

Customer lists acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment losses. The amortisation period for customer lists is five years.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Acquired computer software licences are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. The depreciation period is usually three years.

Development projects

Development projects that are clearly defined and identifiable, where the technical rate of utilisation, adequate resources and development opportunities can be demonstrated, and where the intention is to produce or use the project outcome, are recognised as intangible assets, provided that the cost can be determined reliably and that there is sufficient certainty that the asset will generate economic benefits exceeding costs.

Costs include materials and services attributable to development activities.

All other costs associated with developing or maintaining computer software are recognised in the income statement as incurred.

Completed development projects are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. The amortisation period is usually three years but can be five to seven years. Development projects in progress are measured at cost less any impairment losses.

Development activities include the development of IT programs and platforms as well as major strategic efforts within insurance systems.

Property, plant and equipment

Equipment is measured at cost less accumulated depreciation and impairment losses, if any.

Cost comprises the acquisition cost and costs directly attributable to the acquisition up to the date when the asset is available for use. Subsequent costs are included in the carrying amount when it is probable that they will result in future economic benefits and can be measured reliably. Costs of normal repairs and maintenance are charged to the income statement.

The basis of depreciation is the cost less the residual value and any impairment losses, and depreciation is charged on a straight-line basis over the estimated useful lives of the assets, which are mainly in the range from three to ten years. The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on assets disposed of or scrapped are determined by comparing proceeds with the carrying amount. Gains and losses are recognised in the income statement.

Leasing

Year ended 31 December 2018

Assets held under finance leases are recognised on equal terms with other equipment from the time when the Company is entitled to use the leased asset. On initial recognition, the asset is measured at the lower of the fair value and the present value of the agreed lease payments. When calculating the present value, the interest rate implicit in the lease is used as discount rate or an approximate value for this. Changes in present values during the financial year are recognised as financial expenses.

The capitalised remaining lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is charged to the income statement as incurred.

Assets held under operating leases are not recognised in the balance sheet, and lease payments are re-cognised in the combined carve-out statements of profit or loss on a straight-line basis over the period of the lease.

Year(s) ended 31 December 2019, 2020

Right-of-use-assets

At inception of a contract, contracts are assessed as to whether a contract is, or contains, a lease. This has the following prerequisites:

- The underlying asset is identifiable;
- Trygg-Hansa and Codan Norway has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- Trygg-Hansa and Codan Norway has the right to direct the use of the asset.

A right-of-use asset (ROU asset) and a corresponding lease liability with respect to all lease agreements in which Trygg-Hansa and Codan Norway is lessee, excluding short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

At inception or on reassessment of a contract that contains lease components, the consideration in the contract is allocated to each lease component based on their relative stand-alone prices.

Right-of-use asset and lease liability are recognised at the lease commencement date. The ROU asset is initially measured the cost, which comprises the initial amount of the lease liability adjusted for:

- lease payments made at or before the commencement date;
- any initial direct cost incurred;
- estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset; and
- lease incentives received.

ROU assets are tested for impairment.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments. A corresponding adjustment is made to the carrying amount of the ROU asset.

Impairment test for intangible assets, property, plant and equipment

Operating equipment and intangible assets are assessed at least once per year to ensure that the depreciation method and the depreciation period that is used are connected to the expected economic

lifetime. This also applies to the salvage value. Write-down is performed if impairment has been demonstrated.

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

Equity investments in associates

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

Profit after tax from equity investments in associates is included as a separate line in the combined carve-out statements of profit or loss. Income is made up after elimination of unrealised intra-group profits and losses.

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

Investments

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

Financial assets measured at fair value with recognition of value adjustments in the combined carve-out statements of profit or loss comprise assets that form part of a trading portfolio and financial assets designated at fair value with value adjustment via the combined carve-out statements of profit or loss.

Financial assets at fair value recognised in combined carve-out statements of profit or loss

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

Realised and unrealised profits and losses that may arise because of changes in the fair value for the category financial assets at fair value are recognised in the combined carve-out statements of profit or loss in the period in which they arise.

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

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

Derivative financial instruments

For financial derivatives, which do not qualify for hedge accounting, changes in fair value are recognised in the combined carve-out statements of profit or loss.

The fair value of financial derivatives is determined on the basis of the closing price at the balance sheet date, or, if such a price is not available, another public price which is deemed to be the closest possible equivalent.

Financial derivatives comprise foreign exchange contracts, repo contracts and inflation swaps.

Reinsurers' share of provisions for insurance contracts

Contracts entered into with reinsurers under which Trygg-Hansa and Codan Norway is compensated for losses on one or more contracts issued by Trygg-Hansa and Codan Norway and that meet the classification requirements for insurance contracts are classified as reinsurers' share of provisions for insurance contracts. Contracts that do not meet these classification requirements are classified as financial assets. The benefits to which Trygg-Hansa and Codan Norway is entitled under its reinsurance contracts held are recognised as assets and reported as reinsurers' share of provisions for insurance contracts.

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

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

Trygg-Hansa and Codan Norway continuously assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, Trygg-Hansa and Codan Norway reduces the carrying amount of the reinsurance asset to its recoverable amount. Impairment losses are recognised in the combined carve-out statements of profit or loss.

Earned premiums, claims incurred, and technical provisions are shown on a gross basis in the combined carve-out statements of profit or loss and the balance sheet, i.e. gross of reinsurance.

Receivables

Total receivables comprise accounts receivable from policyholders and insurance companies as well as other accounts receivable.

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

Receivables are recognised initially at fair value and are subsequently assessed at amortised cost. The combined carve-out statements of profit or loss includes an estimated reservation for expected unobtainable sums when a clear indication of asset impairment is observed. The reservation entered is assessed as the difference between the carrying amount of an asset and the present value of expected future cash flows.

Other assets

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

Prepayments and accrued income

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

Equity

Contingency fund reserves

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

Dividends

Proposed dividend is recognised as a liability once declared until paid.

Provision for insurance contracts

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

Claims and claims handling costs are expensed in the combined carve-out statements of profit or loss as incurred based on the estimated liability for compensation owed to policyholders or third parties sustaining losses at the hands of the policyholders. 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 Trygg-Hansa and Codan Norway. Claims provisions are estimated using the input of assessments for individual cases reported to Trygg-Hansa and Codan Norway 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 estimated using previous claims experience with similar cases, historical payment trends, the volume and nature of the insurance underwritten by Trygg-Hansa and Codan Norway and current specific case reserves. Also considered are developing loss payment trends, the potential longer term significance of large events, and the levels of unpaid claims, legislative changes, judicial decisions and economic, political and regulatory conditions.

Trygg-Hansa and Codan Norway uses a number of commonly accepted actuarial projection methodologies to determine the appropriate provision to recognise. These include methods based upon the following:

- The development of previously settled claims, where payments to date are extrapolated for each prior year;
- Estimates based upon a projection of claims numbers and average cost;
- Notified claims development, where notified claims to date for each year are extrapolated based upon observed development of earlier years;
- Expected loss ratios;
- Bornhuetter-Ferguson method, which combines features of the above methods; and
- Bespoke methods for specialist classes of business, a frequency/severity model based upon transition matrices between the various stages of a claim.

In selecting the method and estimate appropriate to any one class of insurance business, Trygg-Hansa and Codan Norway considers the appropriateness of the methods and bases to the individual circumstances of the provision class and underwriting year.

Individually large and significant claims are generally assessed separately, being measured either at the face value of the loss adjusters' estimates, or projected separately in order to allow for the future development of large claims.

Claims provisions are discounted based upon the Solvency II yield curve published by EIOPA. No matching adjustment or volatility adjustments are made.

Employee benefits

Trygg-Hansa and Codan Norway has entered into pension agreements and similar agreements with the majority of its employees. Contributions to defined-contribution schemes under which fixed contributions are paid to independent pension funds on an ongoing basis are recognised in the combined carve-out statements of profit or loss in the period to which they relate, and any

contributions payable are recognised in the balance sheet as other payables. When contributions to defined-contribution schemes have been paid, the Company has no further obligations to present or former employees.

Income tax and deferred tax

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

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

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

Deferred income tax is provided on temporary differences concerning investments, except where Trygg-Hansa and Codan Norway 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 Trygg-Hansa and Codan Norway has a legal or constructive obligation because 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 Trygg-Hansa and Codan Norway. Provisions are measured at the best estimate by management of the expenditure required to settle the present obligation.

Debt

Amounts owed to credit institutions are initially recognised at fair value, which usually corresponds to the nominal value, and are subsequently stated at amortised cost. Other financial liabilities are measured at amortised cost, which usually corresponds to the nominal value in respect of short-term non-interest-bearing payables.

Methods for calculating financial ratios

The financial ratios have been calculated in accordance with the he Danish Financial Business Act, including the Danish Financial Supervisory Authority's executive orders no. 937 of 7 July 2015 and no. 688 of 1 June 2016 on Financial Reports for Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds). The ratios included in the five-year summary have been calculated as follows:

Gross claims ratio	The relation between claims incurred and earned premiums. Earned premiums are reduced by bonuses and rebates.
Gross expense ratio	The relation between operating expenses and earned premiums. Earned premiums are reduced by bonuses and rebates. Operating expenses are calculated as the sum of acquisition costs and administrative expenses.
Net reinsurance ratio	The relation between profit or loss from reinsurance and earned premiums. Earned premiums are reduced by bonuses and rebates.
Combined ratio	The sum of the gross claims ratio, the gross expense ratio and the net reinsurance ratio, which shows profit/loss from reinsurance in proportion to gross earned premiums less bonuses and rebates.
Operating ratio	Calculated as the combined ratio, but based on the claims ratio, the expense ratio and the net reinsurance ratio where the allocated

	investment return has been added to earned premiums in the denominator.
Relative run-off result . . .	The run-off result in relation to the corresponding opening provision.

2. Risk and capital management

As an insurance company, Trygg-Hansa and Codan Norway is in the business of actively seeking risk with a view to adding value by managing it. Trygg-Hansa and Codan Norway's risk management involves the assessment of a large number of risks affecting its activities.

Insurance risk

Insurance risk is the risk relating to unexpected or unplanned losses entering into contracts of insurance. To facilitate identification and control, Trygg-Hansa and Codan Norway divide Insurance Risk into Underwriting Risk, Reserving Risk, Catastrophe Risk and Reinsurance Risk:

- Underwriting Risk covers the (non-catastrophe) risks of unexpected or unplanned losses arising from acceptance of risk that deviates from target risk mix or portfolio strategy, inaccurate pricing or inadequate control over risk accumulation;
- Catastrophe Risk covers the risk of unexpected or unplanned losses arising from natural catastrophe events this can arise from bad experiences, ineffective exposure control, poor risk selection or failure to underwrite or handle claims effectively due to management inefficiencies or process deficiencies;
- Reserving Risk covers the risks that claims provisions at the valuation date are not enough to cover claims which occur prior to the evaluation date. This can arise from adverse experience, third party interventions, unanticipated market conditions, failure to handle claims effectively due to management information or process deficiencies and ineffective technical reserving; and
- Reinsurance Risk covers the risk of unexpected or unplanned losses arising from the reinsurance protection that deviates from the reinsurance strategy.

Market risk

Market risk is the risk that volatility of financial markets, including fluctuations in interest rates, equity markets and currency exchange rates and/or macroeconomic factors impact its results of operations and financial condition. Trygg-Hansa and Codan Norway applies a Market Risk Policy and a Liquidity Risk Policy that set out the minimum requirements for the identification, measurement, monitoring and reporting of Market and Liquidity Risk for its investment portfolio. A set of key risk indicators in the form of an Investment Limits framework has been developed alongside the investment policy—the policy refers to this for investment risk management and reporting purposes.

Interest rate risk arises primarily from investments in long-term debt and fixed income securities and their movement relative to the value placed on insurance liabilities. This impacts both the fair value and amount of variable returns on existing assets as well as the cost of acquiring new fixed maturity investments.

Currency risk may arise as a result of a mismatch in the value of assets and liabilities in the same foreign currency. If currency exposure is outside certain defined limits, it is minimised through currency derivatives. Trygg-Hansa and Codan Norway is exposed to currency risk through foreign branches and which it mitigates through the use of FX forward contracts.

The table below shows the sensitivity of financial assets and liabilities to different external market events, as at 31 December 2020, 2019 and 2018:

DKKm	Year Ended 31 December 2020	2019	2018
Sensitivity analysis			
I**nterest rate markets** — Effect of 1% increase in interest curve			
Impact on of interest-bearing securities	–1,470	–1,380	–1,291
Higher discounting of claims provisions	1,294	1,240	1,249
Net effect of interest rate rise	–176	–140	–42
Equity markets			
15% decline in equity markets	199	268	221
Impact of derivatives and related thereto	—	—	—
Real estate markets			
Currency markets			
Equity:			
15% decline in exposed currencies (exclusive of EUR) relative to Danish DKK	46	157	139
Impact of derivatives	—	64	55
Net impact of exchange rate decline	—	93	84

Liquidity risk

Liquidity risk refers to the risk of loss to Trygg-Hansa and Codan Norway as a result of assets not being available in a form that can immediately be converted into cash, and therefore the consequence of not being able to pay its obligations when due. Trygg-Hansa and Codan Norway's short-term liquidity is monitored through ongoing cash management. Long-term cash management is handled through Asset Liability Management (ALM).

Trygg-Hansa and Codan Norway's exposure with respect to fixed income assets and various liabilities is shown in the table below:

Contractual repricing or maturity dates

DKKm	<1 yr	1-5 yrs	5-10 yrs	10-20 yrs	>20 yrs	Total
2020						
Bonds	2,475	8,025	5,644	6,333	464	22,941
Deposits with credit institutions, call deposits etc	529	—	279	297	—	1,105
Other	50	—	39	179	—	268
Receivables from Group entities	502	—	—	—	—	502
Financial assets	**3,556**	**8,025**	**5,962**	**6,809**	**464**	**24,816**
Amounts owed to Group entities	5,126	—	—	—	—	5,126
Debt to credit institutions	408	—	—	—	—	408
Lease payables	70	149	2	—	—	221
Financial liabilities	**5,604**	**149**	**2**	**—**	**—**	**5,755**
2019						
Bonds	4,785	6,738	4,597	4,818	458	21,396
Deposits with credit institutions, call deposits etc	332	—	280	224	—	836
Other	2	2	–1	—	8	11
Receivables from Group entities	1,431	—	—	—	—	1,431
Financial assets	**6,550**	**6,740**	**4,876**	**5,042**	**466**	**23,674**
Amounts owed to Group entities	6,712	—	—	—	—	6,712
Debt to credit institutions	889	—	—	—	—	889
Lease payables	72	190	10			272
Financial liabilities	**7.673**	**190**	**10**	**—**	**—**	**7,873**
2018						
Bonds	1,887	9,518	3,721	4,247	1,352	20,725
Deposits with credit institutions, call deposits etc	675	—	—	—	—	675
Other	—	1	37	18	35	91
Receivables from Group entities	1,339	—	—	—	—	1,339
Financial assets	**3,901**	**9,519**	**3,758**	**4,265**	**1,387**	**22,830**
Amounts owed to Group entities	6,376	—	—	—	—	6,376
Debt to credit institutions	—	—	—	—	—	—
Lease payables	—	—	—			—
Financial liabilities	**6,376**	**—**	**—**	**—**	**—**	**6,376**

Credit risk

Credit risk is the risk that a counterparty fails to live up to financial obligations towards Trygg-Hansa and Codan Norway. Trygg-Hansa and Codan Norway is exposed to credit risk in respect of its reinsurance contracts; insurance operations (where counterparties include brokers, policy holders and suppliers); and investments (where counterparties include governments and corporate bond issuers).

Trygg-Hansa and Codan Norway's investment portfolio primarily consists of AAA-rated government and mortgage bonds. The credit quality of Trygg-Hansa and Codan Norway's bond portfolio based on S&P ratings is shown in the following table:

	Year Ended 31 December		
DKKm	2020	2019	2018
Rating			
AAA	17,994	18,209	17,701
AA	3,240	2,417	2,289
A	1,093	536	442
BBB	614	235	293
	22,941	**21,397**	**20,725**

The maximum exposure to credit risk is shown in the table below:

	Year Ended 31 December		
DKKm	2020	2019	2018
Maximum credit risk			
Bonds	22,941	21,396	20,724
Other loans, deposits with credit institutions and call deposits etc	1,105	836	675
Other	268	11	91
Deposits with ceding undertakings	1	1	1
Reinsurers' share of provision for claims	320	321	307
Receivables from policyholders	206	436	393
Receivables from brokers	4	22	143
Receivables from insurance companies	50	52	74
Receivables from Group entities	502	1,431	1,339
Other receivables	94	107	56
Current tax assets	171	12	260
Accrued interest and rent	276	273	298
Maximum credit risk	**25,938**	**24,898**	**24,361**

Operational risk

Operational risk is the risk of failures in internal procedures, IT systems, process errors, internal and external fraud, and other risks affiliated with operations that are not covered by the financial risks and strategic risks. Operational risk exists in almost every aspect of business within Trygg-Hansa and Codan Norway, and the effective management of operational risk plays a significant role in enabling the business to meet its strategic objectives. The Risk Management Policy documents both the policy requirements for the identification, measurement, management, monitoring and reporting of operational risk, as well as setting out the processes and procedures for the effective operation of the risk management system. The Risk Management System sets out Trygg-Hansa and Codan Norway's approach to minimizing and/or preventing the risk of material loss, reputational damage or liability arising from the failure to comply with risk requirements with a particular focus on operational risk.

Capital management

Regulatory solvency requirements are generally only applicable to groups or solo legal entities and not individual business units. During the period under review, Trygg-Hansa and Codan Norway were not a stand-alone group of legal entities and as such did not have a specific solvency requirement applying to them. Codan A/S and its subsidiaries, of which Trygg-Hansa and Codan Norway form a part, were subject to such solvency requirements and the discussion below relates to these legal entities.

To ensure entities within RSA Scandinavia are adequately capitalized, the boards of directors of Codan A/S and its subsidiaries have defined capital measures which are regularly monitored. Capital measures include accounting equity, own funds and capital requirements as set out in Danish Financial Supervisory Authority's regulation and the Solvency II regulation. The solvency capital requirements are calculated using an Internal Model, and are validated by stresses on selected scenarios.

For capital management purposes the Internal Model is used to assess and calculate SCRs and scenarios. The Internal Model is used to calculate the SCR and for performance review purposes capital allocations are derived from the model. The Internal Model is further used for assessing impact of major strategic decisions and updates to the operational plan. The Internal Model is tailored to Codan Forsikring and its subsidiaries and is continuously developed, which includes an annual re-parameterization. The Internal Model is a cash flow-based stochastic model, which models underwriting risk, reserving risk, catastrophe risk, counterparty risk, investment risk and operational risk. As well as being used to calculate the SCR, the Internal Model is also used to allocate capital to individual lines of business, help assess reinsurance purchases and evaluate the impact of strategic decisions.

Codan A/S and its subsidiaries have been adequately capitalised throughout the reported periods presented.

Own Risk and Solvency Assessment

Codan Forsikring annually conducts an ORSA based on Solvency II principles. The ORSA requires that Codan Forsikring assesses all material risks that each are or may be exposed to and assess whether the SCR is reasonable and reflects and its actual risk profile. The ORSA consists of a range of specific activities and decisions carried out at different times of the year as part of an annual cycle, supplemented as necessary by ad hoc assessments of the impact of external events and developments and of internal business proposals. The information contained in those papers and the associated decisions taken are summarised in an annual ORSA report. In addition, outputs of the internal model are used by the ORSA Committee and the Supervisory Board as an integral part of its decision making, to setting the risk appetite, adjusting investment exposure and hedges, reinsurance strategy, insurance portfolio risk assessment, and key strategic decisions such as disposals.

3. Segmental analysis

Technical result, net of reinsurance by operating segment

DKKm	Personal	Commercial
2020		
Gross premium income	6,497	3,346
Gross claims incurred	–4,042	–2,206
Gross operating expenses	–926	–608
Profit/loss on gross business	1,529	532
Profit/loss from reinsurance	2	–75
Insurance technical interest, net of reinsurance	–8	–4
Technical result	**1,523**	**452**
Gross claims ratio	62.2%	65.9%
Net reinsurance ratio	0.0%	2.2%
Claims ratio, net of ceded business	62.2%	68.2%
Gross expense ratio	14.3%	18.2%
Combined ratio	76.4%	86.3%
2019		
Gross premium income	6,677	3,310
Gross claims incurred	–3,970	–2,337
Gross operating expenses	–817	–650
Profit/loss on gross business	1,890	323
Profit/loss from reinsurance	–17	16
Insurance technical interest, net of reinsurance	–9	–4
Technical result	**1,864**	**336**
Gross claims ratio	59.5%	70.6%
Net reinsurance ratio	0.3%	–0.5%
Claims ratio, net of ceded business	59.7%	70.1%
Gross expense ratio	12.2%	19.6%
Combined ratio	71.9%	89.8%
2018		
Gross premiums income	6,696	3,341
Gross claims incurred	–4,145	–2,194
Gross operating expenses	–898	–602
Profit/loss on gross business	1,653	545
Profit/loss from reinsurance	–11	–177
Insurance technical interest, net of reinsurance	–8	–2
Technical result	**1,634**	**366**
Gross claims ratio	61.9%	65.7%
Net reinsurance ratio	0.2%	5.3%
Claims ratio, net of ceded business	62.1%	71.0%
Gross expense ratio	13.4%	18.0%
Combined ratio	75.5%	89.0%

Technical result, net of reinsurance by line of business

DKKm	Personal Accident	Health Insurance	Workers' Compensation	Motor Third Party Liability
2020				
Gross premiums written	2,797	178	42	842
Gross premiums earned	**2,800**	**179**	**42**	**848**
Gross claims incurred	–1,715	–117	–31	–466
Bonuses and rebates	—	—	—	—
Operating expenses, gross	–338	–49	–10	–157
Profit/loss from reinsurance	–3	—	—	10
Technical interest	–6	—	—	–2
Balance on technical account	**738**	**13**	**1**	**233**
Number of claims paid	100,898	10,383	—	40,288
Average claims paid in DKK	17.0	11.3	—	11.6
Claims frequency	5.5%	15.6%		5.5%

DKKm	Motor, Accidental Damage, Fire and Theft	Marine, Aviation and Cargo	Fire and Contents (Personal)	Fire and Contents (Commercial)
2020				
Gross premiums written	2,637	151	1,645	1,206
Gross premiums earned	**2,636**	**151**	**1,667**	**1,179**
Gross claims incurred	–1,692	–108	–1,158	–740
Bonuses and rebates	–2	—	–1	—
Operating expenses, gross	–382	–21	–325	–198
Profit/loss from reinsurance	—	–2	5	–78
Technical interest	–1	—	–1	–1
Balance on technical account	**559**	**20**	**187**	**162**
Number of claims paid	196,755	4,349	112,075	8,814
Average claims paid in DKK	8.6	24.7	10.3	84.0
Claims frequency	21.2%	35.0%	17.1%	6.4%

DKKm	Liability	Tourist Assistance*	Other insurance	Total general insurance
2020				
Gross premiums written	294	19	35	9,846
Gross premiums earned	**290**	**19**	**35**	**9,846**
Gross claims incurred	–162	–33	–26	–6,248
Bonuses and rebates	—	—	—	–3
Operating expenses, gross	–45	—	–9	–1,534
Profit/loss from reinsurance	–5	—	–1	–74
Technical interest	–1	—	—	–12
Balance on technical account	**77**	**–14**	**–1**	**1,975**
Number of claims paid	2,976	736		477,296
Average claims paid in DKK	54.5	44.3		13.1
Claims frequency				10.7%

DKKm	Personal Accident	Health Insurance	Workers' Compensation	Motor Third Party Liability
2019				
Gross premiums written	2,643	198	45	878
Gross premiums earned	**2,640**	**187**	**46**	**886**
Gross claims incurred	–1,262	–126	–29	–663
Bonuses and rebates	—	—	—	–1
Operating expenses, gross	–267	–42	–15	–183
Profit/loss from reinsurance	–1	—	—	–13
Technical interest	–7	—	—	–3
Balance on technical account	**1,103**	**19**	**2**	**23**
Number of claims paid	107,881	10,997	232	56,085
Average claims paid in DKK	11.7	11.5	122.8	11.8
Claims frequency	6.2%	13.4%	0.3%	6.8%

DKKm	Motor, Accidental Damage, Fire and Theft	Marine, Aviation and Cargo	Fire and Contents (Personal)	Fire and Contents (Commercial)
2019				
Gross premiums written	2,759	162	1,852	1,122
Gross premiums earned	**2,708**	**164**	**1,860**	**1,096**
Gross claims incurred	–1,899	–140	–1,190	–863
Bonuses and rebates	–2	—	–1	—
Operating expenses, gross	–422	–34	–243	–194
Profit/loss from reinsurance	—	41	–4	50
Technical interest	—	—	—	–1
Balance on technical account	**385**	**31**	**422**	**88**
Number of claims paid	245,659	5,375	139,950	10,938
Average claims paid in DKK	7.7	26.1	8.5	78.9
Claims frequency	15.8%	34.4%	19.2%	13.7%

DKKm	Liability	Tourist Assistance*	Other insurance	Total general insurance
2019				
Gross premiums written	292	46	44	10,041
Gross premiums earned	**291**	**67**	**45**	**9,990**
Gross claims incurred	–138	–45	48	–6,307
Bonuses and rebates	—	—	1	–3
Operating expenses, gross	–47	–8	–12	–1,467
Profit/loss from reinsurance	–6	—	–68	–1
Technical interest	–1	—	—	–12
Balance on technical account	**99**	**14**	**14**	**2,200**
Number of claims paid	3,090	12,456		592,776
Average claims paid in DKK	44.7	3.6		10.6
Claims frequency	113.4%			11.4%

(*) Tourist assistance include collective insurance contract.

DKKm	Personal Accident	Health Insurance	Workers' Compensation	Motor Third Party Liability
2018				
Gross premiums written	2,618	183	48	898
Gross premiums earned	**2,616**	**235**	**48**	**903**
Gross claims incurred	–1,572	–104	12	–444
Bonuses and rebates	—	—	—	–1
Operating expenses, gross	–247	–35	–15	–202
Profit/loss from reinsurance	–3	—	—	–4
Technical interest	–9	—	—	–2
Balance on technical account	**785**	**96**	**45**	**251**
Number of claims paid	105,813	10,612	202	59,730
Average claims paid in DKK	14.9	9.8	–57.4	7.4
Claims frequency	6.1%	12.3%	5.3%	6.9%

DKKm	Motor, Accidental Damage, Fire and Theft	Marine, Aviation and Cargo	Fire and Contents (Personal)	Fire and Contents (Commercial)
2018				
Gross premiums written	2,678	148	1,868	1,250
Gross premiums earned	**2,645**	**175**	**1,876**	**1,110**
Gross claims incurred	–1,761	–123	–1,225	–962
Bonuses and rebates	–2	—	–1	—
Operating expenses, gross	–447	–25	–266	–190
Profit/loss from reinsurance	–1	–19	–6	–50
Technical interest	1	—	—	—
Balance on technical account	**435**	**8**	**378**	**–92**
Number of claims paid	238,470	5,055	139,822	11,076
Average claims paid in DKK	7.4	24.3	8.8	86.8
Claims frequency	14.8%	26.4%	19.0%	8.1%

DKKm	Liability	Tourist Assistance	Other insurance	Total general insurance
2018				
Gross premiums written	221	94	45	10,051
Gross premiums earned	**296**	**90**	**47**	**10,041**
Gross claims incurred	–106	–97	43	–6,339
Bonuses and rebates	—	—	—	–4
Operating expenses, gross	–48	–14	–11	–1,500
Profit/loss from reinsurance	1	—	–106	–188
Technical interest	—	—	—	–10
Balance on technical account	**143**	**–21**	**–27**	**2,000**
Number of claims paid	3,051	15,100		589,050
Average claims paid in DKK	34.7	6.4		10.8
Claims frequency	112.5%			11.2%

4. Premium income, net of reinsurance

	Year Ended 31 December		
DKKm	2020	2019	2018
Direct insurance	9,810	9,945	9,995
Indirect insurance	36	45	46
	9,846	**9,990**	**10,041**
Ceded direct insurance	–227	–232	–238
	9,619	**9,758**	**9,802**

5. Insurance technical interest, net of reinsurance

DKKm	Year Ended 31 December 2020	2019	2018
Return on insurance provisions	389	570	351
Discounting transferred from claims provision	–401	–582	–361
	–12	**–12**	**–10**

6. Claims, net of reinsurance

DKKm	Year Ended 31 December 2020	2019	2018
Claims	–6,345	–6,858	–6,871
Run-off previous years, gross	97	551	532
	–6,248	**–6,307**	**–6,339**
Reinsurance cover received	116	270	110
Run-off previous years, reinsurers' share	26	–62	–80
	–6,106	**–6,099**	**–6,309**

7. Insurance operating costs

DKKm	Year Ended 31 December 2020	2019	2018
Insurance operating costs, net of reinsurance			
Commissions regarding direct insurance contracts	–250	–286	–261
Other acquisition costs	–758	–776	–850
Total acquisition costs	**–1,008**	**–1,062**	**–1,111**
Administration expenses	–526	–405	–389
Insurance operating costs, gross	**–1,534**	**–1,467**	**–1,500**
Commission from reinsurers	11	23	21
	–1,523	**–1,444**	**–1,479**

DKKm	Year Ended 31 December 2020	2019	2018
Insurance operating costs, gross, classified by type			
Commissions	–250	–286	–261
Staff expenses	–1,126	–1,035	–1,034
Other staff expenses	–33	–37	–45
Office expenses, fees and headquarter expenses	5	42	–98
Depreciation, amortisation and impairment losses and write-downs	–122	–128	–40
	–1,523	**–1,444**	**–1,479**
Breakdown of staff expenses			
Wages and salaries	–813	–712	–665
Defined contribution schemes	–94	–106	–120
Other social security costs	–203	–194	–211
Long term incentive plan costs	–6	–2	–8
Employment agency costs	–10	–21	–30
	–1,126	**–1,035**	**–1,034**

Incentive schemes

Trygg-Hansa and Codan Norway is covered by the Performance Share Plan/Long Term Incentive Plan established by RSA Insurance Group plc (RSA). Members of the board of management and material risk takers may be eligible to this incentive scheme. The members of the board of directors do not receive any incentive-based remuneration.

The structure of the plan allows for different types of awards to be made. All awards are settled in the form of ordinary shares in RSA.

Performance Shares

Performance Shares is an award where the outcome of performance measures determines the number of shares that vest. Conditional long-term incentive awards are granted annually in the form of Performance Shares and may vest wholly or partially subject to company performance conditions.

A retention period applies to vested Performance Shares. Awards can be reduced or otherwise amended, provided the action is fair and justifiable, for example, to guard against a windfall award or the converse generated by an accounting treatment. Vesting can be adjusted downwards for current or future risk exposure. Before vesting, they will normally lapse if the participant leaves and may be subject to performance conditions.

Performance conditions are reviewed for each new cycle and set in line with the operational plan, long-term strategy and consideration of shareholder interests. The normal maximum LTIP opportunity is 40% of salary.

Deferred Bonus Shares

Deferred Bonus Shares is an award made when part of a bonus is deferred in shares i.e. not paid immediately. For material risk takers 50% of the bonus is deferred into a share award for a period of three years, and 50% is awarded in cash. Deferred Bonus Shares are generally retained if the employee leaves RSA unless the employee is dismissed for cause. The awards are not subject to performance conditions. Awards are subject to malus and claw back provisions, which is reviewed annually.

Restricted Shares

Restricted Shares is an award made for recruitment purposes or in highly exceptional circumstances, such as retention. This would be considered as a 'one-off' award. Where an exceptional award is made, full disclosure will be given on the rationale.

The value of awards described above during the years ended 31 December 2020, 2019 and 2018 are not material to the combined carve-out financial statements and are not disclosed.

8. Interest and dividends

	Year Ended 31 December		
DKKm	2020	2019	2018
Interest and dividends			
Dividends	76	104	106
Interest income, cash at bank and in hand	8	15	24
Interest income, bonds	512	529	583
	596	**648**	**713**
Interest expenses			
Interest expenses subordinate loan capital, credit institutions and cash at bank	–7	–7	—
Interest on lease liability	–3	–3	—
Interest expenses	–194	–166	–182
	–204	**–176**	**–182**

9. Value adjustments

DKKm	Year Ended 31 December 2020	2019	2018
Value adjustments on financial assets and liabilities			
Equity investments	–451	355	–248
Unit trust	–11	8	6
Bonds	–169	204	–243
Other loans	–25	–3	—
Derivatives	174	–120	26
	–482	**444**	**–459**
Other value adjustments:			
Owner occupied property	—	—	3
Other statement of financial position items	8	27	–36
	8	**27**	**-33**
Realised gains and losses on investments	–353	8	–73
Unrealised gains and losses on investments	–128	436	–382
Other realised gains and losses	6	24	1
Value adjustments and other unrealised gains and losses	1	3	–38
Value adjustments	**–474**	**471**	**–492**

10. Other costs

During 2020 a goodwill impairment charge of DKK 120m, (2019: DKK 0m, 2018: DKK 58m) has been recognised in the combined carve-out statement of profit or loss within Other costs.

11. Tax

DKKm	Year Ended 31 December 2020	2019	2018
Tax on total income for the year:			
Current tax expense	–314	–502	–245
Change in deferred tax on temporary differences	–66	–87	–323
Change in deferred tax resulting from change in tax rate	—	3	–1
Tax on total income for the year	**–380**	**–586**	**–569**
Adjustments relating to previous years:			
Current tax for previous years	24	20	14
Adjustment of deferred tax at 1 January	–3	5	8
Adjustments relating to previous years	**21**	**25**	**22**
Tax expense	**–358**	**–560**	**–546**
Tax is included as follows:			
Tax in the income statement	–358	–560	–546
Tax on changes in equity	1	–1	—
Tax expense	**–358**	**–561**	**–546**
Total tax on total income for the year explained as follows:			
Profit before tax	1,237	2,561	1,597
Reversal of income from Group entities	–7	–19	–5
Other taxable total income	—	3	—
Total income	1,230	2,545	1,592
Applicable tax rate	22.0%	22%	22%
Tax calculated on total income	**–271**	**–560**	**–350**
Tax on permanent differences:			
Sale of shares in Group entities	–28	1	–13
Adjustments regarding Equities (Unrealised gains/losses)	–1	—	—
Properties and other equity investments	—	—	1
Expenses disallowed for tax purposes	–6	–3	–3
Different tax rates in countries where branches are located	–2	–15	4
Change in tax rate	—	3	–1
Impairment on Norwegian deferred tax asset	–29	–22	–173
Other permanent differences relating to branches	–50	—	–51
Other permanent differences	13	12	19
Tax	**–374**	**–584**	**–567**
Tax on total income for the year	–380	–585	–568
Adjustment of tax relating to previous years	21	25	22
Tax expense	**–358**	**–560**	**–546**
Effective tax rate	28.9%	21.9%	34.2%

12. Intangible assets

DKKm	Completed Internal IT development	Goodwill	Internal IT development in progress
2020			
Cost, beginning of the year	567	1,139	152
Currency translation adjustments, foreign branches	4	4	6
Additions	—	—	131
Disposals	—	—	—
Transferred from development projects in progress	51	—	–51
Cost, end of the year	622	1,143	238
Amortisation and impairment, beginning of the year	–453	–60	—
Currency translation adjustments, foreign branches	–8	—	—
Amortisation	–46	—	—
Impairment	—	–116	—
Reversal of amortisation relating to disposals	—	—	—
Amortisation and impairment, end of the year	–506	–176	—
Carrying amount, end of the year	**116**	**967**	**238**
Carrying amount, beginning of the year	**115**	**1,079**	**152**
2019			
Cost, beginning of the year	556	1,151	145
Currency translation adjustments, foreign branches	–15	–12	–1
Additions	—	—	134
Disposals	–100	—	—
Transferred from development projects in progress	126	—	–126
Cost, end of the year	567	1,139	152
Amortisation and impairment, beginning of the year	–517	–60	—
Currency translation adjustments, foreign branches	14	—	—
Amortisation	–49	—	—
Impairment	—	—	—
Reversal of amortisation relating to disposals	100	—	—
Amortisation and impairment, end of the year	–453	–60	—
Carrying amount, end of the year	**115**	**1,079**	**152**
Carrying amount, beginning of the year	**39**	**1,091**	**145**
2018			
Cost, beginning of the year	551	1,161	78
Currency translation adjustments, foreign branches	–12	–10	–2
Additions	—	—	86
Disposals	—	—	—
Transferred from development projects in progress	17	—	–17
Cost, end of the year	556	1,151	145
Amortisation and impairment, beginning of the year	–492	–2	—
Currency translation adjustments, foreign branches	10	—	—
Amortisation	–35	—	—
Impairment	—	–58	—
Reversal of amortisation relating to disposals	—	—	—
Amortisation and impairment, end of the year	–517	–60	—
Carrying amount, end of the year	**38**	**1,092**	**145**
Carrying amount, beginning of the year	**59**	**1,159**	**78**

DKKm	Acquired software licenses	Customer lists	Total intangible assets
2020			
Cost, beginning of the year	25	112	1,995
Currency translation adjustments, foreign branches	–1	–1	12
Additions	—	—	131
Disposals	—	—	—
Transferred from development projects in progress	—	—	—
Cost, end of the year	24	111	2,138
Amortisation and impairment, beginning of the year	–25	–112	–649
Currency translation adjustments, foreign branches	1	1	–6
Amortisation	—	—	–46
Impairment	—	—	–116
Reversal of amortisation relating to disposals	—	—	—
Amortisation and impairment, end of the year	–24	–111	–817
Carrying amount, end of the year	—	—	1,321
Carrying amount, beginning of the year	—	—	1,346
2019			
Cost, beginning of the year	25	112	1,989
Currency translation adjustments, foreign branches	—	—	–28
Additions	—	—	134
Disposals	—	—	–100
Transferred from development projects in progress	—	—	—
Cost, end of the year	25	112	1,995
Amortisation and impairment, beginning of the year	–25	–112	–714
Currency translation adjustments, foreign branches	—	—	14
Amortisation	—	—	–49
Impairment	—	—	—
Reversal of amortisation relating to disposals	—	—	100
Amortisation and impairment, end of the year	–25	–112	–650
Carrying amount, end of the year	—	—	**1,346**
Carrying amount, beginning of the year	—	—	**1,275**
2018			
Cost, beginning of the year	25	112	1,927
Currency translation adjustments, foreign branches	—	—	–24
Additions	—	—	86
Disposals	—	—	—
Transferred from development projects in progress	—	—	—
Cost, end of the year	25	112	1,989
Amortisation and impairment, beginning of the year	–25	–112	–631
Currency translation adjustments, foreign branches	—	—	10
Amortisation	—	—	–35
Impairment	—	—	–58
Reversal of amortisation relating to disposals	—	—	—
Amortisation and impairment, end of the year	–25	–112	–714
Carrying amount, end of the year	—	—	**1,275**
Carrying amount, beginning of the year	—	—	**1,296**

Amortisation

Amortisation expenses of DKK 45m, (2019: DKK 49m, 2018: DKK 35m) have been recognised in insurance operating costs.

Impairment

During 2020 a goodwill impairment charge of DKK 120m, (2019: DKK 0m, 2018: DKK 58m) has been recognised in the combined carve-out statement of profit or loss within Other costs.

When testing for goodwill impairment, the carrying value of the Cash Generating Unit (CGU) to which goodwill has been allocated is compared to the recoverable amount as determined by a value in use calculation. These calculations use cash flow projections based on operating plans approved by management covering a three year period and using the best estimates of future premiums, operating expenses and taxes using historical trends, general geographical market conditions, industry trends and forecasts and other available information as discussed in more detail in the strategic report section. Cash flows beyond this period are extrapolated using the estimated growth rates which management deem appropriate for the CGU. The cash flow forecasts are adjusted by appropriate discount rates. Where a sales price has been agreed for a CGU, the sales proceeds less costs to sell are considered the best estimate of the value in use.

When testing for intangible asset impairment (including those not available for use), a consistent methodology is applied although future cash flow projection years are not extrapolated beyond the asset's useful economic life.

Where the value in use is less than the current carrying value of the CGU in the statement of financial position, the goodwill or intangible asset is impaired in order to ensure that the CGU carrying value is not greater than its future value to the Group.

Goodwill is allocated within Trygg-Hansa and Codan Norway as follows:

	Year Ended 31 December		
DKKm	**2020**	**2019**	**2018**
Trygg-Hansa Försäkrings AB	966	953	965
Norwegian portfolios within Codan Forsikring A/S	—	127	126
Total goodwill	**966**	**1,080**	**1,092**

Key assumptions used for goodwill impairment testing include the discount rate based on weight average cost of capital and growth rates for the CGU. The assumptions applied at the date of evaluation are shown below:

	Year Ended 31 December		
Key assumptions	**2020**	**2019**	**2018**
Weighted average cost of capital (WACC)	8.5%	8.5%	9%
Growth rates			
Trygg-Hansa Försäkrings AB	1.8%	1.8%	1.8%
Norwegian portfolios within Codan Forsikring A/S	2.5%	2.5%	2.5%

13. Property, plant and equipment

DKKm	Leases ROU equipment	Other equipment	Total equipment	Land and buildings (ROU)
2020				
Cost, beginning of the year	128	182	310	216
Recognition of leased assets (ROU)	–62	—	–62	65
Exchange rate adjustments	1	6	7	11
Additions	6	5	11	7
Disposals	—	—	—	—
Cost, end of the year	73	193	266	299
Depreciation and impairment, beginning of the year	–26	–160	–186	–47
Exchange rate adjustments	–2	–5	–7	–4
Depreciation	–23	–4	–27	–51
Depreciation on disposals	—	—	—	—
Depreciation and impairment, end of the year	–51	–169	–220	–102
Carrying amount, end of the year	**22**	**24**	**46**	**197**
Carrying amount, beginning of the year	**102**	**22**	**124**	**169**
2019				
Cost, beginning of the year	—	266	266	—
Recognition of leased assets (ROU)	—	—	—	211
Exchange rate adjustments	1	–9	–8	—
Additions	127	3	130	5
Disposals	—	–78	–78	—
Cost, end of the year	128	182	310	216
Depreciation and impairment, beginning of the year	—	–242	–242	—
Exchange rate adjustments	—	8	8	1
Depreciation	–26	–4	–30	–48
Depreciation on disposals	—	78	78	—
Depreciation and impairment, end of the year	–26	–160	–186	–47
Carrying amount, end of the year	**102**	**22**	**124**	**169**
Carrying amount, beginning of the year	**—**	**24**	**24**	**—**
2018				
Cost, beginning of the year	—	272	272	—
Recognition of leased assets (ROU)	—	—	—	—
Exchange rate adjustments	—	–7	–7	—
Additions	—	1	1	—
Disposals	—	—	—	—
Cost, end of the year	—	266	266	—
Depreciation and impairment, beginning of the year	—	–243	–243	—
Exchange rate adjustments	—	6	6	—
Depreciation and impairment	—	–5	–5	—
Depreciation on disposals	—	—	—	—
Depreciation and impairment, end of the year	—	–242	–242	—
Carrying amount, end of the year	**—**	**24**	**24**	**—**
Carrying amount, beginning of the year	**—**	**29**	**29**	**—**
Depreciation on a straight line basis over a period of	1 – 3 years	4 – 10 years		1 – 6 years

Depreciation expenses of DKK 78m (2019: DKK 78m, 2018: DKK 5m) have been recognised in insurance operating costs.

Trygg-Hansa and Codan Norway leases equipment including IT equipment, servers and mainframes to operate its business. These leases were classified as operating leases under IAS 17 in the year ended 31 December 2018. The lease terms range from 0 to 6 years. The monthly amounts are fixed and there are no options for purchase or extension.

Short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets are recognised immediately in the combined carve-out statement of profit or loss:

	Year Ended 31 December		
DKKm	2020	2019	2018
Expenses relating to short-term leases	—	1	—
Expenses relating to lease of low value assets	8	9	—

14. Equity investments in associates

	Year Ended 31 December		
DKKm	2020	2019	2018
Cost			
Cost at 1 January	9	9	9
Additions for the year	—	—	—
Disposals for the year	—	—	—
Cost at 31 December	**9**	**9**	**9**
Revaluations			
Revaluations at 1 January	17	16	12
Exchange gains and losses	1	–1	–1
Profit for the year	7	6	5
Dividends paid, capital reduction etc	1	–4	0
Revaluations, 31 December	**26**	**17**	**16**
Carrying amount, end of the year	**35**	**26**	**25**

15. Financial assets and liabilities

	Year Ended 31 December		
DKKm	2020	2019	2018
Financial assets			
Financial assets at fair value with value adjustments in profit or loss	25,547	24,124	22,644
Derivative financial instruments at fair value with value adjustments in profit or loss	268	11	91
Receivables measured at amortised cost	1,229	2,426	2,373
Total financial assets	**27,044**	**26,561**	**25,108**
Financial liabilities			
Debt to credit institutions at amortised cost	408	889	—
Other payables at amortised cost	117	41	—
Total financial liabilities	**525**	**930**	**—**

Fair value hierarchy

Fair value for all assets and liabilities which are either measured or disclosed is determined based on available information and categorised according to a three-level fair value hierarchy as detailed below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from data other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability valuation that are not based on observable market data (unobservable inputs).

A financial instrument is regarded as quoted in an active market (level 1) if quoted prices for that financial instrument are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For level 1 and level 2 investments, Trygg-Hansa and Codan Norway uses prices received from external providers who calculate these prices from quotes available at the reporting date for the particular investment being valued. For investments that are actively traded Trygg-Hansa and Codan Norway determines whether the prices meet the criteria for classification as a level 1 valuation. The price provided is classified as a level 1 valuation when it represents the price at which the investment traded at the reporting date taking into account the frequency and volume of trading of the individual investment together with the spread of prices that are quoted at the reporting date for such trades. Typically investments in frequently traded government debt would meet the criteria for classification in the level 1 category. Where the prices provided do not meet the criteria for classification in the level 1 category, the prices are classified in the level 2 category.

In certain circumstances, Trygg-Hansa and Codan Norway does not receive pricing information from an external provider for its financial investments. In such circumstances Trygg-Hansa and Codan Norway calculates fair value which may use input parameters that are not based on observable market data. Unobservable inputs are based on assumptions that are neither supported by prices from observable current market transactions for the same instrument nor based on available market data. In these cases, judgement is required to establish fair values. Valuations that require the significant use of unobservable data are classified as level 3 valuations and inputs are generally determined via reference to observable inputs, historical observations or using other analytical techniques. In addition, the valuations used for investment properties and for group occupied properties are classified in the level 3 category.

The following table provides an analysis of financial instruments and other items that are measured subsequent to initial recognition at fair value as well as financial liabilities not measured at fair value, grouped into levels 1 to 3. The table does not include financial assets and liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

DKKm	Quoted prices (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
2020				
Equity investments	1,327	—	2	1,329
Units in open-ended funds	—	—	701	701
Bonds	452	22,159	330	22,941
Other loans	—	—	576	576
Other	—	268	—	268
Assets measured at fair value	**1,779**	**22,427**	**1,609**	**25,815**
2019				
Equity investments	1,648	—	36	1,684
Units in open-ended funds	—	—	540	540
Bonds	13,480	7,735	182	21,396
Other loans	—	—	504	504
Other	—	11	—	11
Assets measured at fair value	**15,128**	**7,746**	**1,262**	**24,135**
2018				
Equity investments	1,414	—	35	1,449
Units in open-ended funds	—	—	471	471
Bonds	12,720	7,815	189	20,724
Other loans	—	—	—	—
Other	—	91	—	91
Assets measured at fair value	**14,134**	**7,906**	**695**	**22,735**

The movement in the fair value measurement of level 3 financial assets is shown in the table below:

DKKm	Credit Investments	Equity Investments	Total
2020			
Opening balance	1,225	36	1,261
Currency translation adjustments	65	—	65
Total gains or losses for the period	–41	–28	–69
Purchases	380	—	380
Sales	–22	–6	–28
Closing balance	**1,607**	**2**	**1,609**
2019			
Opening balance	660	35	695
Currency translation adjustments	–18	–1	–19
Total gains or losses for the period	5	1	7
Purchases	621	—	622
Sales	–43	—	–43
Closing balance	**1,225**	**36**	**1,261**
2018			
Opening balance	606	34	640
Currency translation adjustments	–16	–1	–17
Total gains or losses for the period	2	2	4
Purchases	338	—	338
Sales	–270	—	–270
Closing balance	**660**	**35**	**695**

16. Current tax

	Year Ended 31 December		
DKKm	2020	2019	2018
Current tax assets and liabilities, beginning of the year	–12	260	–7
Exchange rate adjustments	5	–10	4
Current tax for the year	–314	–502	–245
Adjustment of current tax relating to previous years	0	–11	10
Corporation tax paid during the year	492	250	496
Current tax assets and liabilities, end of the year	**171**	**–12**	**260**
Current tax assets and liabilities are included as follows:			
Current tax assets	171	**12**	260
Current tax liabilities	—	**–24**	—
Current tax assets and liabilities	**171**	**–12**	**260**

17. Premium provisions

	Year Ended 31 December		
DKKm	2020	2019	2018
Opening premium provisions	1,954	1,947	1,970
Value adjustments	51	–44	–33
Written premium	9,846	10,041	10,051
Earned premium	–9,845	–9,990	–10,061
Closing premium provision	**2,006**	**1,954**	**1,947**

18. Claims provisions

DKKm	Gross	Ceded	Net
2020			
Claims provision at 1 January	17,112	–321	16,791
Value adjustment of provision, beginning of year	18	9	27
Paid in the financial year in respect of current years	–3,212	63	–3,149
Paid in the financial year in respect of prior years	3,386	72	–3,314
Change in claims in the financial years, current years	6,565	–18	6,547
Change in claims in the financial years, prior years	–317	–124	–441
Discounting and exchange rate adjustment	1,113	–1	1,112
Claims provision at 31 December	**17,893**	**–320**	**17,573**
2019			
Claims provision at 1 January	17,567	–306	17,261
Value adjustment of provision, beginning of year	–686	2	–684
Paid in the financial year in respect of current years	–3,416	156	–3,260
Paid in the financial year in respect of prior years	–3,373	40	–3,333
Change in claims in the financial years, current years	6,929	–270	6,659
Change in claims in the financial years, prior years	–622	63	–559
Discounting and exchange rate adjustment	711	–4	707
Claims provision at 31 December	**17,110**	**–319**	**16,791**
2018			
Claims provision at 1 January	17,802	–349	17,453
Value adjustment of provision, beginning of year	–547	–58	–605
Paid in the financial year in respect of current years	–3,460	83	–3,377
Paid in the financial year in respect of prior years	–3,148	56	–3,092
Change in claims in the financial years, current years	7,076	–109	6,967
Change in claims in the financial years, prior years	–737	80	–657
Discounting and exchange rate adjustment	581	–9	572
Claims provision at 31 December	**17,567**	**–306**	**17,261**

19. Pensions and similar obligations

Pension obligations in are generally funded.

In respect of defined contribution schemes, the employer is under an obligation to pay a defined contribution (e.g. a fixed amount or a fixed percentage of the salary). In a defined contribution scheme, the company does not bear the risk in relation to future developments in interest rates, inflation, mortality and disability. This is opposed to defined benefit schemes, where the employer is under an obligation to pay a defined benefit (e.g. a fixed amount or a percentage of the final salary).

62-year pensions

Together with other financial companies present in Sweden, the Company has entered a collective agreement regarding the employees' pensions. The pension agreement has been made through the Insurance Industry's Pensionfund (Försäkringsbranchens Pensionskassa, FPK) and in implies that Codan Forsikring together with the other companies in cooperation has obligations to pay the pension of their own employees in accordance with set rules. The pension plan in FPK can be viewed as a defined benefit plan.

Codan Forsikring does not have access to information which allows the accounting for the pension plan as a defined benefit plan, and the plan is therefore accounted for as a defined contribution plan.

As part of the collective agreement the company has also entered agreement about defined benefit plans. The company's obligations under the defined benefit plan are recorded as expenses in the profit and loss account on an accrual basis.

Norwegian branch pensions scheme

Codan Forsikring Norwegian branch pension scheme includes 271 active employees. The plan entitles to defined future benefits depending on number of years of service, salary level reached at pension age and size of national insurance benefits. The scheme is administered externally.

	Year Ended 31 December		
DKKm	**2020**	**2019**	**2018**
Present value of defined benefit schemes	**1**	**8**	**13**
Net liability recognised in the balance sheet	**1**	**8**	**13**
Development in present value of defined benefit obligations:			
Pension obligations, beginning of the year	8	13	28
Currency translation adjustments	—	—	–1
Pension costs for prior years	–2	–3	–2
Benefits paid	–5	–2	–12
Pension obligations, end of the year	**1**	**8**	**13**
Pension costs recognised in the income statement:			
Calculated interest on obligation	—	—	—
Total recognised for defined benefit schemes	**—**	**—**	**—**
Total recognised for defined contribution schemes	**–94**	**–106**	**–120**
Pension costs recognised in the income statement	**–94**	**–106**	**–120**

20. Deferred tax

	Year Ended 31 December		
DKKm	**2020**	**2019**	**2018**
Deferred tax assets and liabilities			
Deferred tax assets, beginning of the year	–793	–776	–465
Exchange rate adjustments	–8	–3	–5
Change relating to intangible assets	4	—	7
Change relating to property, plant and equipment	3	–52	—
Change relating to investments	19	–82	–135
Change relating to other receivables and assets	—	—	—
Change relating to contingency funds	—	—	–51
Change relating to technical provisions	–26	45	8
Change relating to liabilities and payables	–4	49	–4
Change relating to tax losses	–75	26	–131
Deferred tax assets and liabilities, end of the year	**–880**	**–793**	**–776**
Specification of deferred tax asset and liabilities at the end of the year:			
Intangible assets	–45	–47	–49
Property, plant and equipment	–46	–44	5
Investments	–214	–223	–139
Other receivables and assets	4	4	4
Contingency funds	–861	–826	–855
Technical provisions	254	233	223
Liabilities and payables	49	52	3
Net tax losses carried forward	–22	58	32
Deferred tax assets and liabilities, end of the year	**–880**	**–793**	**–776**
Deferred tax assets and liabilities are included as follows:			
Deferred tax assets	16	77	55
Deferred tax liabilities	–896	–870	–831
Deferred tax assets and liabilities	**–880**	**–793**	**–776**

A deferred tax asset relating to losses carried forward for the Codan Norway branch of NOK 1.2bn have not been recognized.

21. Other provisions

DKKm	Year Ended 31 December 2020	2019	2018
Other provisions, beginning of the year	5	35	174
Currency translation adjustments	1	–1	–6
Used during the year	–10	–13	–48
Reversal of unused provisions	—	–18	–120
Provisions made during the year	27	2	35
Other provisions	**23**	**5**	**35**
Other provisions consists of:			
Reorganisation	23	5	30
Other	—	—	5
Other provisions	**23**	**5**	**35**

22. Liabilities arising from financing activities

Debt to credit institutions relates to borrowings under repurchase agreements of DKK 408m (2019: 889m, 2018: DKK 0m):

DKKm	Debt to credit institutions	Debt to related parties	Total
2020			
Carrying amount, beginning of the year	889	6,712	7,601
Proceeds	6,881	—	6,881
Repayment	–7,362	–1,586	–8,948
Carrying amount, end of the year	**408**	**5,126**	**5534**
2019			
Carrying amount, beginning of the year	—	6,376	6,376
Proceeds	11,912	336	12,248
Repayment	–11,023	—	–11,023
Carrying amount, end of the year	**889**	**6,712**	**7,601**
2018			
Carrying amount, beginning of the year	748	5,908	5,908
Proceeds	4,164	468	4,632
Repayment	–4,912	—	–4,164
Carrying amount, end of the year	**—**	**6,376**	**6,376**

23. Total payables

As an effect from change in accounting policies a lease liability of DKK 221m (2019: 272m) is recognised in total payables of DKK 6,687m (2019: DKK 8,668m). The maturity of the lease liabilities is specified below:

DKKm	Year Ended 31 December 2020	2019	2018
Due in 1 year or less	70	72	—
Due in 1 – 5 years	149	190	—
Due more than 5 years	2	10	—
Total lease liabilities	**221**	**272**	**—**

24. Contractual obligations, collateral and contingent liabilities

DKKm	Year Ended 31 December 2020	2019	2018
Financial liabilities	—	–49	–49
VAT adj liability in connection with purchase of intangible assets	—	49	49
VAT cases	122	36	279
Operating lease commitments	16	19	33
Non-technical Recourse and Non-recourse Guarantee Commitments	55	44	81
Guarantee in connection with the disposal of Group occupied property	0	1	1
Commitment to invest in units in open-ended funds	170	311	422
Total	**362**	**410**	**817**

The company is cooperating with other insurers to provide joint cover of certain types of insurance risks. In addition to the company's own share of such risks, which is included in the annual report, the company is jointly and severally liable for the other insurers' share of the insurance liabilities. However, in view of the fact that these insurers are sound companies, the risk is largely minimal.

The company signed contracts with external companies for the purpose of selling insurance products.

The company is jointly registered with the majority of the Codan Group's Danish companies for the purpose of payment of VAT and payroll tax and is jointly and severally liable for the payment of such taxes.

The company is jointly and severally liable together with other companies participating in the joint taxation for any dividend tax and royalties imposed within the joint taxation payable by 1 July 2012 or later.

Likewise, the company is jointly and severally liable together with other companies participating in the joint taxation for any company tax imposed within the joint taxation from and including the income year 2013.

The company entered into agreements with other companies in the Codan Group on the sale of insurance products, investment management, reinsurance, provision of administrative services, etc.

25. Contingency funds

Included within total equity for the year ended 31 December 2020 are contingency fund provisions of DKK 3,129.6m (2019: 3,003.8m, 2018: 3110.6m).

26. Subsidiaries and associates

Codan A/S is the parent company of RSA Scandinavia. Subsidiaries and associates within RSA Scandinavia are set out below. As described in the basis of preparation in note 1, the combined carve-out financial statements of Trygg-Hansa and Codan Norway exclude the results, assets and liabilities, and cash flows of Forsikringsselskabet Privatsikring A/S and the Danish branch of Codan Forsikring A/S.

Place of incorporation or registration	Registered office	Company's interest in ordinary share capital (%)
Sweden		
Holmia Livförsäkring AB	Holmia Livförsäkring AB	100%
CAB Group AB	Stortoget 11, S-702 11 Örebro, Sweden	27%
Denmark		
Codan Forsikring A/S	Codanhus, Gammel Kongevej 60, DK-1790 Kobenhavn V, Denmark	100%
Forsikringsselskabet Privatsikring A/S	Codanhus, Gammel Kongevej 60, DK-1790 Kobenhavn V, Denmark	100%

27. Related parties

Information on related parties

The ultimate parent of Trygg-Hansa and Codan Norway is RSA Insurance Group plc, 20 Fenchurch Street, London, England and owns 100% of RSA Scandinavia through a wholly-owned subsidiary.

Related party transactions

During the financial years ended 31 December 2020, 2019 and 2018, dividends were distributed to RSA Insurance Group plc in the amounts of DKK 200m in 2020, DKK 1,200m in 2019 and DKK 1,650m in 2018.

As of 31 December 2020, Trygg-Hansa and Codan Norway had a loan from RSA Group of DKK 2,500m (2019: DKK 3,500m, 2018: DKK 3,500m) repayable in 2047. Loan repayments of DKK 1,000m were made in 2020 (2019: DKK 0m, 2018: DKK 0m). The loan was obtained on an arm's length basis. The interest expense amounted to DKK 173.3m in 2020 (2019: DKK 152.5m, 2018: DKK 154.2m).

As of 31 December 2020, Trygg-Hansa and Codan Norway had a loan from Codan Denmark of DKK 500m (2019: DKK 1,000m, 2018: DKK 1,000m) repayable in 2023. Loan repayments of DKK 500m were made in 2020 (2019: DKK 0m, 2018: DKK 0m). The loan was obtained on an arm's length basis. The interest expense amounted to DKK 6.9m in 2020, (2019: DKK 3.1m, 2018: DKK 3.4m).

Trygg-Hansa and Codan Norway has paid for the use of joint IT-systems and share of joint services in the RSA Group. Payments were made on a cost-covering basis.

Trygg-Hansa and Codan Norway entered into reinsurance agreements with companies in the RSA Group on an arm's length basis. Included in this is the quote sharing program on the Marine Hull portfolio with RSA & Sun Alliance Insurance plc.

As of 31 December 2020, receivables from related parties were DKK 502m (2019: DKK 1,431m, 2018: DKK 1,339m) which primarily relate to branch capitalisations and other transactions entered into with RSA Group entities in the ordinary course of business. Outstanding balances are unsecured, interest free and repayable on demand.

As of 31 December 2020, other payables to related parties were DKK 2,126m (2019: DKK 2,212m, 2018: DKK 1,876m) which relate to transactions entered into with other RSA Group entities in the ordinary course of business. Outstanding balances are unsecured, interest free and repayable on demand.

Board of directors, board of management and employees

Trygg-Hansa and Codan Norway related parties furthermore include the members of the board of directors and the board of management of the parent company of RSA Scandinavia, Codan A/S, as well as their related family members. Related parties also include companies in which the above persons have significant interests.

Apart from normal management remuneration, no transactions, except for those listed below, were entered into during the year with the board of directors and the board of management, executives, major shareholders or other related parties.

Total remuneration of the board of directors, board of management and Risk-takers for parent company of RSA Scandinavia, Codan A/S is presented in the table below. Material Risk Takers

include the Chief Risk Officer, Head of Compliance, Chief Auditor and Chief Actuary of RSA Scandinavia.

DKKm	Year Ended 31 December 2020	2019	2018
Remuneration of the Board of Directors	**2.3**	**2.5**	**2.5**
Remuneration of the Board of Management			
Wages and salaries	7.9	7.4	7.8
Bonuses	2.0	0.7	0.6
Pension benefits	0.2	1.2	1.7
Long term incentive plans	—	1.7	1.4
Redundancy benefits	—	6.5	—
Remuneration of Board of Management	**10.1**	**17.5**	**11.1**
Number of employees in the Board of Management	2	2	2
Remuneration of the Risk Takers			
Wages and salaries	6.8	6.4	7.0
Pension benefits	0.4	0.5	0.6
Remuneration of Risk Takers	**7.2**	**6.9**	**7.6**
Number of Risk-takers	4	4	4

28. Events subsequent to 31 December 2020

No events of material importance to the combined carve-out financial statements, position or business affairs have occurred subsequent to 31 December 2020.

29. Financial highlights

DKKm	Year Ended 31 December 2020	2019	2018
Gross premium income	9,843	9,987	10,037
Gross claims	–6,248	–6,307	–6,339
Total insurance operating costs	–1,534	–1,467	–1,500
Profit/loss on gross business	**2,061**	**2,213**	**2,198**
Profit/loss on ceded business	–74	–1	–188
Insurance technical interest, net of reinsurance	–12	–12	–10
Technical result	**1,975**	**2,200**	**2,000**
Investment return after insurance technical interest	–618	361	–345
Other costs	–120	—	–58
Profit/loss before tax	**1,237**	**2,561**	**1,597**
Tax	–358	–560	–546
Profit/loss	**879**	**2,001**	**1,051**
Run-off gains/losses, net of reinsurance	124	488	452
Statement of financial position			
Total provisions for insurance contracts	19,898	19,066	19,514
Total reinsurers' share of provisions for insurance contracts	373	378	368
Total equity	1,984	294	71
Total assets	29,638	28,923	27,723
Key ratios			
Gross claims ratio	63.5%	63.2%	63.2%
Net reinsurance ratio	0.1%	0.1%	0.1%
Claims ratio, net of ceded business	63.6%	63.2%	63.3%
Gross expense ratio	15.6%	14.7%	14.9%
Combined ratio	**79.2%**	**78.0%**	**78.2%**
Operating ratio	79.9%	78.0%	80.0%

Statement by the Management on the Combined Carve-Out Financial Statements

The Board of Management of Tryg have today considered and approved the combined carve-out financial statements of Codan Denmark for the financial years 1 January to 31 December 2020, 2019 and 2018.

The combined carve-out financial statements are presented in accordance with the basis of preparation set out in Note 1.

In our opinion, the accounting policies applied are appropriate so that the financial statements gives a true and fair view of the financial position, cash flows and financial performance of Codan Denmark for the three years ended 31 December 2020, 2019 and 2018.

Copenhagen, 1 March 2021.

Executive Board

Morten Hübbe *CEO*	Barbara Plucnar Jensen *CFO*	Lars Bonde *COO*

Johan Kirstein Brammer
CCO

Indpendent auditor's report

To the Executive Board of Tryg A/S

Opinion

In our opinion, the accompanying combined carve-out financial statements give a true and fair view of Codan Forsikring A/S including its subsidiary Forsikringsselskabet Privatsikring A/S, excluding Trygg-Hansa, Holmia Livförsäkring AB and Codan Norway ("Codan Denmark")'s assets, liabilities and financial position at 31 December 2020, 2019 and 2018 and of the results of Codan Denmark's operations and cash flows for the financial years 1 January—31 December 2020, 2019 and 2018 in accordance with the Basis of preparation including accounting policies as described in Note 1.

Audited financial statements

The combined carve-out financial statements of Codan Denmark comprise the combined carve-out statements of financial position for the years ended 31 December 2020, 2019 and 2018, combined carve-out statements of profit or loss and comprehensive income, combined carve-out statements of changes in equity and combined carve-out cash flow statements for the years then ended, and notes to the combined carve-out financial statements, including summary of significant accounting policies. The combined carve-out financial statements are prepared in accordance with the Basis of preparation as described in Note 1.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 combined carve-out financial statements" section of our report.

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

Independence

We are independent of Codan Denmark in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Emphasis of Matter - Basis of preparation

We draw attention to Note 1 to the combined carve-out financial statements, which describes the Basis of preparation, including the approach to and purpose of preparing them. Consequently, Codan Denmark's combined carve-out financial statements may not necessarily be indicative of the financial performance that would have been achieved if Codan Denmark had operated as an independent entity, nor may they be indicative of the results of operations of Codan Denmark for any future period. The combined carve-out financial statements are prepared specifically for the purpose of the prospectus. As a result, the combined carve-out financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Management's responsibility for the combined carve-out financial statements

The Executive Board of Tryg A/S (Management) is responsible for the preparation of the combined carve-out financial statements in accordance with the Basis of preparation set out in Note 1. These combined carve-out financial statements contain the financial information relating to Codan Denmark. Management's responsibility includes determining the acceptability of the Basis of preparation in the circumstances, and for such internal control as Management determines is necessary to enable the preparation of combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined carve-out financial statements, Management is responsible for assessing Codan Denmark's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Management either intends to liquidate Codan Denmark or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the combined carve-out financial statements

Our objectives are to obtain reasonable assurance about whether the combined carve-out 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 the 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 combined carve-out financial statements.

As part of an audit conducted in accordance with ISAs and the 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 combined carve-out 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 of 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 Codan Denmark's internal control;
- evaluate the appropriateness of the Basis of preparation, including 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 preparing the combined carve-out 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 Codan Denmark'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 combined carve-out 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 Codan Denmark to cease to continue as a going concern; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Codan Denmark to express an opinion on the combined carve-out financial statements. We are responsible for the direction, supervision, and performance of the 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 government with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Copenhagen, 1 March 2021

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik Barner Christiansen
State Authorised
Public Accountant
mne10778

Kim Moeslund Schmidt
State Authorised
Public Accountant
mne34552

Combined Carve-Out Statement of Profit or Loss for the Years Ended 31 December 2020, 2019 and 2018

DKKm	Note	Year Ended 31 December 2020	2019	2018
General Insurance				
Gross premiums written		5,445	5,579	5,715
Ceded insurance premiums		–455	–444	–361
Change in premium provisions		–46	233	175
Change in reinsurer's share of premium provision		9	8	–35
Premium income, net of reinsurance	4	**4,953**	**5,376**	**5,494**
Insurance technical interest, net of reinsurance	5	**2**	**–2**	**–3**
Claims paid		–3,775	–4,138	–3,758
Reinsurance cover received		233	117	76
Change in claims provisions		147	–438	–673
Change in the reinsurers' share of claims provision		101	92	73
Claims, net of reinsurance	6	**–3,294**	**–4,367**	**–4,282**
Bonus and premium discounts		**–75**	**–85**	**–104**
Acquisition costs		–781	–787	–760
Administration expenses		–323	–337	–353
Acquisition costs and administration expenses		**–1,104**	**–1,124**	**–1,113**
Reinsurance commissions and profit participation		18	20	4
Insurance operating costs, net of reinsurance	7	**–1,086**	**–1,104**	**–1,109**
Technical result		**500**	**–182**	**–4**
Investment activities				
Interest income and dividends	8	221	300	310
Value adjustments	9	–266	31	–134
Interest expenses	8	–6	–13	–21
Investment management expenses		–30	–26	–28
Total Investment return		**–81**	**292**	**127**
Return on insurance provisions		–124	–143	–42
Total investment return after insurance technical interest		**–205**	**149**	**85**
Other costs	10	–4	—	—
Profit/loss before tax		**291**	**–33**	**81**
Tax	11	–64	8	4
Profit/loss for the year		**227**	**–25**	**85**

Combined Carve-Out Statement of Comprehensive Income for the Years Ended 31 December 2020, 2019 and 2018

DKKm	Note	Year Ended 31 December 2020	2019	2018
Profit for the year		**227**	**–25**	**85**
Other comprehensive income				
Currency translation adjustment, foreign branches		–35	–5	—
Unrealised gain/loss operational hedge		–2	2	2
Tax re operational hedge		1	—	—
Other comprehensive income		23	8	6
Other comprehensive income		**–13**	**5**	**8**
Total comprehensive income		**214**	**–20**	**93**

Combined Carve-Out Statement of Financial Position for the Years Ended 31 December 2020, 2019 and 2018

DKKm	Note	Year Ended 31 December 2020	2019	2018
Assets				
Intangible assets	12	**572**	**647**	**729**
Operating equipment		14	85	—
Owner-occupied property		44	100	—
Property, plant and equipment	13	**58**	**185**	**—**
Loans to related parties	25	**500**	**1,000**	**1,000**
Equity investments		267	264	232
Unit trust		617	519	620
Bonds		10,630	11,023	11,201
Other lending		304	117	3
Derivative financial instruments		1	11	2
Total other financial investment assets		**11,819**	**11,934**	**12,058**
Total investment assets	14	**12,319**	**12,934**	**13,058**
Reinsurers' share of premium provisions		100	93	86
Reinsurers' share of claims provisions		515	419	326
Total reinsurers' share of provisions for insurance contracts		**615**	**512**	**412**
Receivables from policyholders		885	926	971
Receivables from brokers		7	8	8
Total receivables in connection with direct insurance contracts		**892**	**934**	**979**
Receivables from insurance enterprises		82	58	18
Receivables from related parties	25	2,110	2,207	1,867
Other receivables		142	63	103
Total receivables		3,**841**	**3,774**	**3,379**
Current tax assets	15	—	51	44
Cash at bank and in hand		323	314	146
Total other assets		**323**	**365**	**190**
Interest and rent receivable		70	84	90
Other prepayments and accrued income		42	34	45
Total prepayments and accrued income		**112**	**118**	**135**
Total assets		**17,225**	**18,023**	**17,491**
Equity and liabilities				
Equity		**3,045**	**3,538**	**3,130**
Premium provisions	16	1,536	1,518	1,728
Claims provisions	17	9,611	9,658	9,059
Provisions for bonuses and premium discounts		82	84	78
Total provisions for insurance contracts		**11,229**	**11,260**	**10,865**
Deferred tax liability	18	380	384	406
Other provisions	19	54	17	61
Total provisions		**434**	**401**	**467**
Debt relating to direct insurance		148	227	141
Debt relating to reinsurance		—	30	57
Amounts owed to credit institutions	20	600	—	470
Debt to related parties	25	554	1,469	1,345
Lease liability		75	184	—
Current tax liabilities	15	24	—	—
Other debt		1,044	874	976
Total debt	21	**2,445**	**2,784**	**2,989**
Accruals and deferred income		**72**	**40**	**40**
Total equity and liabilities		**17,225**	**18,023**	**17,491**

Combined Carve-Out Statement of Changes in Equity for the Years Ended 31 December 2020, 2019 and 2018

DKKm	Total equity
2020	
Equity at the beginning of the year	**3,538**
Profit/loss for the year	227
Other comprehensive income	–13
Total comprehensive income	214
Received dividend	1,250
Branch capitalisation	–207
Distributed dividend	—
Dividend paid	–1,750
Changes in equity in 2020	**–493**
Equity at the end of the year	**3,045**
2019	
Equity at the beginning of the year	**3,130**
Profit/loss for the year	–25
Other comprehensive income	5
Total comprehensive income	–20
Received dividend	1,392
Branch capitalisation	286
Distributed dividend	—
Dividend paid	–1,250
Changes in equity in 2019	**408**
Equity at the end of the year	**3,538**
2018	
Equity at the beginning of the year	**3,072**
Profit/loss for the year	85
Other comprehensive income	8
Total comprehensive income	93
Received dividend	1,451
Branch capitalisation	288
Distributed dividend	83
Dividend paid	–1,857
Changes in equity in 2018	**58**
Equity at the end of the year	**3,130**

Combined Carve-Out Cash Flow Statement for the Years Ended 31 December 2020, 2019 and 2018

DKKm	Note	Year Ended 31 December 2020	2019	2018
Cash from operating activities				
Premiums		5,370	5,494	5,611
Changes in insurance debtors		41	45	18
Claims paid		–3,775	–4,138	–3,758
Change in insurance payables		–79	86	182
Ceded business		–222	–327	–286
Change in reinsurance receivables/payables		–54	–67	–15
Costs		–1,086	–1,104	–1,109
Depreciation and amortisation		165	181	121
Change in other debt and other amounts receivable		115	–51	61
Change in amounts owed to/from related parties		–817	–218	–1,087
Cash flows from / (used in) from insurance activities		**–340**	**–99**	**–262**
Interest income		235	306	301
Interest expense		–6	–13	–21
Taxes		8	–22	–16
Cash flows from operating activities		**–104**	**173**	**3**
Investment				
Purchase/sale of equity investments and unit trust		–143	108	–103
Purchase/sale of bonds		–137	460	–286
Other loans and other investment assets		–81	–145	288
Acquisition of intangible assets		–22	–38	–76
Cash flows from / (used in) investments		**–383**	**385**	**–177**
Financing				
Dividend paid		–550	142	–400
Lease payments		–54	–62	—
Changes in loans to Group entities		500	—	—
Changes in amounts owed to credit institutions	20	600	–470	220
Cash flows from / (used in) financing		**496**	**–390**	**–180**
Change in cash and cash equivalents, net		**9**	**169**	**–354**
Exchange rate adjustments		—	—	—
Change in cash and cash equivalents, gross		**9**	**169**	**–354**
Cash and cash equivalents 1 January		314	146	500
Cash and cash equivalent 31 December		**323**	**314**	**146**

Notes to the financial statements

1. Accounting policies

Background to the Transaction

On 18 November 2020, Tryg A/S ("**Tryg**") announced that it had agreed to the terms of a proposed transaction with Intact Financial Corporation ("**Intact**") and RSA Insurance Group plc ("**RSA**") pursuant to which the intention is for:

- Intact, through a wholly owned subsidiary, to acquire the entire issued and to be issued share capital of RSA through a recommended takeover of RSA under the UK Takeover Code (the "**Acquisition**");
- The subsidiaries of RSA that operate in Denmark, Norway and Sweden ("**RSA Scandinavia**") to be separated from the RSA (the "**Scandinavia Carve-Out**) upon completion of the Acquisition ("**Completion**"); and
- following Completion and the Scandinavia Carve-Out, a demerger to take place to deliver the Swedish and Norwegian businesses of RSA Scandinavia (being Trygg-Hansa and Codan Norway) to Tryg, and the Danish business (being Codan Denmark) to a newly established Danish wholly-owned limited liability subsidiary ("**NewCo**") of ScandiJVCo A/S with the Danish business of RSA Scandinavia (being Codan Denmark) being co-owned by Intact and Tryg on a 50/50 economic basis (the "**Demerger**", with the Demerger and the Scandinavia Carve-Out referred to as the "**Separation**").

Codan Denmark, which is being carved-out of RSA Scandinavia, consists of all the assets and liabilities of Codan Forsikring A/S including its subsidiary Forsikringsselskabet Privatsikring A/S, excluding Trygg-Hansa, Holmia Livförsäkring AB and Codan Norway.

Nature of the business

RSA Scandinavia offers a broad range of general non-life insurance products as well as accident and health insurance to the Scandinavian private and commercial markets and conducts cross-border activities in all EU countries through multiple distribution channels. RSA Scandinavia distributes its general insurance products primarily through direct channels, including call centres, tied agents and the Internet. RSA Scandinavia also distributes its non-life insurance products through strategic partnership agreements with financial institutions, trade unions, professional associations and other affinity or shared-interest groups as well as making use of intermediaries such as brokers. In addition, RSA Scandinavia has agreements with brokers in the commercial market. RSA Scandinavia's products for personal customers include personal motor, home, personal accident and health and travel insurance. RSA Scandinavia's products for commercial customers include construction and engineering, power and renewable energy, motor, casualty or liability, professional financial, marine, health and property insurance.

Basis of preparation

Codan Denmark has not previously constituted a legal group for the years ended 31 December 2020, 2019 and 2018 and hence historical financial statements have not previously been presented for these combined carved-out operations. Accordingly, the combined carve-out financial statements which have been prepared specifically for the purpose of meeting the requirements of the EU Prospectus Regulation, are prepared on a basis that combines the results, assets and liabilities, and cash flows of Codan Denmark by applying principles underlying the consolidation procedures relating to the elimination of intercompany transactions under IFRS 10 'Consolidated Financial Statements' for each of the three years ended 31 December 2020, 2019 and 2018.

The combined carve-out financial statements for 2020, 2019 and 2018 do not constitute a sets of general purpose financial statements under IAS 1 because Codan Denmark does not constitute a legal entity or group as defined by IFRS 10 which as a general principle requires a parent entity to prepare consolidated financial statements under the concept of 'control.' and therefore do not include an unreserved statement of compliance with IFRS. Thus the combined carve-out financial statements are not considered first IFRS financial statements in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards.

Codan Denmark combined carve-out financial statements have been prepared for illustrative purposes only and address a hypothetical situation, therefore they do not necessarily reflect the actual financial position or results of operations of Codan Denmark that would have been realised had Codan Denmark been a separate entity or the future results of Codan Denmark as it will exist upon completion of the transaction.

The combined carve-out financial statements for Codan Denmark has been extracted from the consolidated financial statements of RSA for 2020, 2019 and 2018, respectively. The financial statements of RSA are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and as applied in accordance with the provisions of the UK Companies Act 2006.

The combined carve-out financial statements of Codan Denmark for 2020, 2019 and 2018, have been prepared in accordance with IFRS as adopted by EU and the Danish Statutory Order on adoption of IFRS, except for:

- IFRS 10 'Consolidated Financial Statements'—IFRS 10 establishes a general principle that parent entities should present consolidated financial statements when it controls one or more entities. Codan Denmark has not previously constituted a legal group and consequently, Codan Denmark is not permitted by IFRS 10 to present consolidated financial statements. The combined carve-out financial statements have been prepared by applying the underlying principles of IFRS 10 for consolidation procedures. Furthermore, a consequence of segregation of legal entities included in the combined group disclosures on equity and profit or loss of subsidiaries have not been provided as required by IFRS 12, Disclosure of Interests in Other Entities; and
- IAS 10 'Events After the Reporting Period'—Post balance sheet events have only been incorporated in these combined carve-out financial statements up to the date of signature of the RSA Insurance Group plc consolidated financial statements for 2020, 2019 and 2018 respectively, since the combined carve-out financial statements have been prepared under the extraction approach. Thus, estimates have not been updated subsequent to the date of the original signing of the 2019 and 2018 consolidated financial statements of the RSA Group.

Furthermore the following disclosure requirement in the IFRS standards have not been complied with in all aspects as the information is not readily available for the Codan Denmark perimeter:

- Goodwill impairment assessments are performed by RSA Group and the disclosures are derived from the consolidated financial statements of the RSA Group. Therefore, certain quantification of parameters and historical data of Codan Denmark as the basis for the projection of future cash flows has not been disclosed as required by IAS 36, Impairment of Assets, paragraph 134(d)(ii);
- As Codan Denmark does not constitute a legal group it does not manage risk and capital on a stand-alone basis and does not have specific solvency requirements that are generally applicable to groups or legal entities. Thus, disclosures of risk and capital management are presented in note 2 to the extent such information is available but not all disclosures of risk and capital management required by IAS 1, IFRS 4 and IFRS 7 can be provided for Codan Denmark on a stand-alone basis;
- Information on related party transactions required by IAS 24, Related Party Disclosures, have been considered based on legal entities within RSA Scandinavia rather than the branches and business areas on which the combined carve-out financial information for Codan Denmark are derived. Related party transactions of those legal entities along with remuneration of key management personnel are disclosed but no artificial split between perimeters is made;
- Derivative contracts are entered into by legal entities within RSA Scandinavia and have been allocated to Codan Denmark if they are direct attributable to Codan Denmark but the underlying systems do not support the disclosure requirements on the segregated basis, thus the combined carve-out financial statements do not include all disclosures on derivatives required by IFRS 7, Financial Instruments: Disclosures. Similarly, disclose of valuation techniques used in measuring level 2 and level 3 fair values and the significant unobservable

inputs used has not been provided in the combined carve-out financial information for Codan Denmark;

- As long-term incentive plans offered to employees of Codan Denmark are not linked explicit to equity instruments of Codan Denmark but to equity instruments of the RSA Group the combined carve-out financial statements do not include disclosures on long-term incentive plans as required by IFRS 2, Share-based Payment;
- Disclosures of audit fees and average number of employees required by the Danish Statutory Order on adoption of IFRS have not been provided in the combined carve-out financial statements as this information is not readily available to the separate perimeters of the RSA Scandinavia operations; and
- As the combined carve-out financial statements represent segregation of legal entities within RSA Scandinavia the split of equity reserves into reserve line items has not and cannot be performed on a relevant and reliable basis.

As required by the EU Prospectus Regulation, the combined carve-out financial statements of Codan Denmark has been adjusted to apply accounting policies that are consistent with those of the issuer of the prospectus. The most material adjustments which have been made are:

- Financial assets classified as available for sale (AFS) in the financial statements of RSA are measured at fair value through other comprehensive income. The combined carve-out financial statements measure these financial assets at fair value through profit and loss;
- Claims provisions and Reinsurers' share of claims provision have been adjusted to reflect estimate as required by Danish regulation, which is in accordance with the principles of Solvency II;
- Deferred acquisition costs which are capitalised in the financial statements of RSA have been expensed in the combined carve-out financial statements of Codan Denmark;
- Written premium is recognised by RSA in the period in which the policy is legally bound. The combined carve-out financial statements recognise written premium at the earlier of premium due date, premium received date or inception of coverage. This has no impact on the results of Codan Denmark as the additional written premium recognised by RSA is on unincepted business and therefore unearned;
- Deferred tax is not recognised on the contingency fund provision in the financial statements of RSA. Deferred tax on the contingency fund has been recognised in the combined carve-out financial statements by applying the applicable tax rate to the provision; and
- The presentation of the combined carve-out financial statements is in accordance with the executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA, which differs to the financial statement presentation of RSA Insurance Group plc. Both choices of presentation are within the framework of IFRS as adopted by the EU.

Basis of combination

The following accounting and other principles have also been applied in the preparation of combined carve-out financial statements for Codan Denmark:

- Intercompany transactions within Codan Denmark have been eliminated from these combined carve-out financial statements. The carve-out financial statements include Codan Denmark's transactions with other RSA Group entities previously considered as intercompany transactions by RSA have been treated as transactions with related parties;
- Direct and overhead costs are centrally managed by the Danish branch of Codan Forsikring A/S and include services such as finance and accounting, information technology and human resources. Centrally provided services have historically been recharged from the Danish branch of Codan Forsaking A/S to individual branches and legal entities within RSA Scandinavia. These historically recharged costs are included in the combined carve-out financial statements of Codan Denmark. These cost allocations were affected by arrangements that existed in RSA Group and therefore do not necessarily reflect the

representative position of Codan Denmark had it been a separate entity during the reporting or position that will prevail upon completion of the transaction;

- Codan Denmark has not in the past constituted a separate legal group nor presented any stand-alone consolidated financial statements, accordingly it is not meaningful to present share capital or an analysis of reserves. Equity of Codan Denmark is made up of combined carve-out assets less combined carve-out liabilities that have been identified as belonging to the operations and entities being combined (net parent investment). As the combined carve-out operations and entities do not constitute one legal entity or group, equity is theoretical and cannot be reconciled to information of identifiable legal entities;
- Codan Forsikring A/S has an investment in subsidiary in Holmia Livförsakring AB, as well as branches in Norway (Codan Norway) and Sweden (Trygg-Hansa). Holmia Livförsakring AB, Codan Norway and Trygg-Hansa are not included in the combined carve-out financial statements and have been carved out without any compensation to Codan Forsikring A/S. The resulting adjustment has been recognised in equity on 1 January 2018;
- Codan Denmark participates in the share-based incentive plans established by RSA with members of the board of management and material risk takers eligible for scheme. The combined-carve out financial statements include employee cost allocations related to these participations as part of allocation of centrally managed costs as described above. These cost allocations may not be indicative of future expenses that will be incurred through incentive schemes for key personnel upon completion of the transaction;
- Codan Forsikring A/S uses a centralised approach to cash management and financing its operations. Cash and debt balances along with related interest income and expenses have been included in the combined carve-out financial statements of Codan Denmark based on amounts historically recorded by the individual branches and legal entities;
- Derivatives contracts are entered into by legal entities within RSA Scandinavia and have been allocated to Codan Denmark if they are direct attributable to Codan Denmark. Derivatives financial instruments allocated to the combined carve-out financial statements comprise foreign exchange contracts, repo contracts and inflation swaps; and
- The income tax charges included in the combined carve-out financial statements reflects the aggregate of the income tax charges actually incurred by Codan Denmark. The tax positions include the benefit, reliefs and charges which arose as being part of RSA Group and are therefore not necessarily representative of the tax position under separate ownership. Tax calculated on adjustments applied in the preparation of the combined carve-out financial statements using a tax rate of 21%.

Material changes in accounting policies since 1 January 2018

IFRS 16 'Leases'

IFRS 16 'Leases' have been adopted from the effective date of 1 January 2019 applying the modified retrospective approach. Under this method, the cumulative effect of initially applying the standard is recognised on 1 January 2019. Right-of-use assets and lease liabilities have been recognised for those leases previously classified as operating leases, except for short-term leases and leases of low value assets. The right-of-use assets have been recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The comparative information has not been restated. All leases have been classified as operating leases 31 December 2018. The implementation of IFRS 16 has no significant impact on either profit or loss or equity.

The total impact on the balance sheet 1 January 2019, using the modified retrospective approach was:

Assets (DKKm)	
Equipment (ROU)	109
Land & Buildings (ROU)	14
Total assets	123

Liabilities (DKKm)	
Lease liability	123
Total equity and liabilities	123

IFRIC 23 'Uncertainty over Income Tax Treatments'

IFRIC 23 'Uncertainty over income tax treatment' has been adopted from the effective date of 1 January 2019. IFRIC 23 specifies how to reflect the effect of uncertainty in accounting for income taxes where it may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a tax treatment. The interpretation has not had a significant impact on the combined carve-out financial statements.

Other standards

There have not been any other new or amended standards and interpretations that have significantly affected the combined carve-out financial statements of Codan Denmark.

Accounting standards in issue but not yet effective with effect on Codan Denmark

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' has been issued to replace IAS 39 ' Financial Instruments: 'Recognition and Measurement' and primarily changes' the classification and measurement of financial assets. In preparing the combined carve-out financial statements the option available to insurance companies to defer adoption of IFRS 9 to 1 January 2023 alongside IFRS 17 'Insurance Contracts' has been applied. The implementation of IFRS 9 (Financial Instruments) is not expected to have a significant impact Codan Denmark's statement of financial position or profit and loss as all financial instruments are measured at fair value through profit and loss.

IFRS 17 'Insurance Contracts'

IFRS 17 'Insurance Contracts' is expected to enter into force for the accounting year commencing 1 January 2023. The impact of IFRS 17 (Insurance Contracts) is currently being assessed in a structured and formal manner and is expected to be concluded in due course ahead of the implementation date.

Other standards

There are a number of amendments to IFRS that have been issued by the IASB that become mandatory in a subsequent accounting period. Codan Denmark has evaluated these changes, and none are expected to have a significant impact on the combined carve-out financial statements.

Significant accounting estimates and judgements

The preparation of the combined carve-out financial statements requires the use of certain critical accounting estimates and requires management to exercise its judgement in application of accounting policies. Estimates are based on management's best knowledge of current circumstances and expectation of future events and actions, which may subsequently differ from those used in determining the accounting estimates.

Estimates made in preparing the financial information reflect the facts and circumstances which existed at the time such estimates were made.

The most significant estimates are as follows. Additional information on estimation techniques and assumptions is presented in the relevant note in order to provide context to the figures presented.

- Valuation of insurance contract liabilities: the eventual outcome of the claims that have occurred by the end of the reporting period but remain unsettled—refer to note 17 for additional information;
- Fair value of financial assets and liabilities: measurement of financial assets and liabilities that rely on use of significant unobservable inputs—refer to note 14 for additional information;
- Recognition of deferred tax assets: availability of future taxable profits against which deductible temporary differences and tax losses carried forward can be utilised—refer to note 18 for additional information; and
- Measurement and impairment of goodwill and intangible assets: key assumptions applied in the valuation of the recoverable amount and the estimation of useful economic life—refer to note 12 for additional information.

Foreign currency translation

The functional currency of Codan Denmark is DKK in respect of business and investments originating from Denmark. Exchange differences resulting from translation at the exchange rate prevailing at the date of transaction and the exchange rate prevailing at the date of payment are recognised in the combined carve-out statements of profit or loss as value adjustments.

Receivables, payables, other monetary items as well as non-monetary items recognised on the basis of the fair value in foreign currency are translated at the exchange rate prevailing at the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the time when such receivables or payables arose or were recognised in the latest annual report is recognised in the combined carve-out statements of profit or loss as value adjustments.

Income statement

Premiums

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

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

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

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

Technical interest

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

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

Claims

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

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

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

Bonus and premium discounts

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

Insurance operating costs

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

Long-term incentive plan

Long-term incentive plan (Performance Share Plan) schemes are operated for key employees based on various performance targets. The fair value of the employee services received in exchange for the grant of options or shares is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or shares granted. The fair value is determined at the grant date. At each balance sheet date, Codan Denmark revises the estimates of the number of options expected to be exercised. Codan Denmark recognises the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment to equity over the remaining vesting period.

Investment activities

Income from associates includes Codan Denmark's share of the associates' net profit.

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

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

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

Other costs

Other costs include expenses which cannot be ascribed to Codan Denmark´s insurance portfolio or investment assets, including impairment of goodwill.

Other comprehensive income

In a separate section named "Other comprehensive income", following the income statement, the below listed value changes are recognised:

- Fair value revaluation related to group occupied property and reversal of previous revaluations;
- Exchange rate adjustments arising from revaluation of transactions and balance sheet items, including goodwill, for entities with a functional currency that differs from the presentational currency Codan Denmark (DKK);

- Changes in value of hedges instruments which relates to hedging of fluctuations in future cash flow;
- Changes in value of hedges instruments which relates to hedging of currency exposure on investments in foreign entities; and
- Changes in actuarial gains and losses related to pension obligations.

For each item recognised under other comprehensive income the related tax effects are recognised as separate items under Other comprehensive income as well.

Statement of financial position

Intangible assets

Goodwill

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

Customer lists

Customer lists acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment losses. The amortisation period for customer lists is five years.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Acquired computer software licences are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. The depreciation period is usually three years.

Development projects

Development projects that are clearly defined and identifiable, where the technical rate of utilisation, adequate resources and development opportunities can be demonstrated, and where the intention is to produce or use the project outcome, are recognised as intangible assets, provided that the cost can be determined reliably and that there is sufficient certainty that the asset will generate economic benefits exceeding costs.

Costs include materials and services attributable to development activities.

All other costs associated with developing or maintaining computer software are recognised in the income statement as incurred.

Completed development projects are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. The amortisation period is usually three years but can be five to seven years. Development projects in progress are measured at cost less any impairment losses.

Development activities include the development of IT programs and platforms as well as major strategic efforts within insurance systems.

Property, plant and equipment

Equipment is measured at cost less accumulated depreciation and impairment losses, if any.

Cost comprises the acquisition cost and costs directly attributable to the acquisition up to the date when the asset is available for use. Subsequent costs are included in the carrying amount when it is probable that they will result in future economic benefits and can be measured reliably. Costs of normal repairs and maintenance are charged to the income statement.

The basis of depreciation is the cost less the residual value and any impairment losses, and depreciation is charged on a straight-line basis over the estimated useful lives of the assets, which are mainly in the range from three to ten years. The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on assets disposed of or scrapped are determined by comparing proceeds with the carrying amount. Gains and losses are recognised in the income statement.

Leasing

Year ended 31 December 2018

Assets held under finance leases are recognised on equal terms with other equipment from the time when the Company is entitled to use the leased asset. On initial recognition, the asset is measured at the lower of the fair value and the present value of the agreed lease payments. When calculating the present value, the interest rate implicit in the lease is used as discount rate or an approximate value for this. Changes in present values during the financial year are recognised as financial expenses.

The capitalised remaining lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is charged to the income statement as incurred.

Assets held under operating leases are not recognised in the balance sheet, and lease payments are re-cognised in the combined carve-out statements of profit or loss on a straight-line basis over the period of the lease.

Year(s) ended 31 December 2019, 2020

Right-of-use-assets

At inception of a contract, contracts are assessed as to whether a contract is, or contains, a lease. This has the following prerequisites:

- The underlying asset is identifiable;
- Codan Denmark has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- Codan Denmark has the right to direct the use of the asset.

A right-of-use asset (ROU asset) and a corresponding lease liability with respect to all lease agreements in which Codan Denmark is lessee, excluding short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

At inception or on reassessment of a contract that contains lease components, the consideration in the contract is allocated to each lease component based on their relative stand-alone prices.

Right-of-use asset and lease liability are recognised at the lease commencement date. The ROU asset is initially measured the cost, which comprises the initial amount of the lease liability adjusted for

- lease payments made at or before the commencement date;
- any initial direct cost incurred;
- estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset; and
- lease incentives received.

ROU assets are tested for impairment.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. Subsequently, the lease liability is measured at amortised cost using the effective interest method and is presented as part of other debt. It is remeasured when there is a change in future lease payments. A corresponding adjustment is made to the carrying amount of the ROU asset.

Impairment test for intangible assets, property, plant and equipment

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

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

Investments

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

Financial assets measured at fair value with recognition of value adjustments in the combined carve-out statements of profit or loss comprise assets that form part of a trading portfolio and financial assets designated at fair value with value adjustment via the combined carve-out statements of profit or loss.

Financial assets at fair value recognised in combined carve-out statements of profit or loss

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

Realised and unrealised profits and losses that may arise because of changes in the fair value for the category financial assets at fair value are recognised in the combined carve-out statements of profit or loss in the period in which they arise.

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

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

Derivative financial instruments

For financial derivatives, which do not qualify for hedge accounting, changes in fair value are recognised in the combined carve-out statements of profit or loss.

The fair value of financial derivatives is determined on the basis of the closing price at the balance sheet date, or, if such a price is not available, another public price which is deemed to be the closest possible equivalent.

Financial derivatives comprise foreign exchange contracts, repo contracts and inflation swaps.

Reinsurers' share of provisions for insurance contracts

Contracts entered into with reinsurers under which Codan Denmark is compensated for losses on one or more contracts issued by Codan Denmark and that meet the classification requirements for insurance contracts are classified as reinsurers' share of provisions for insurance contracts. Contracts that do not meet these classification requirements are classified as financial assets. The benefits to which Codan Denmark is entitled under its reinsurance contracts held are recognised as assets and reported as reinsurers' share of provisions for insurance contracts.

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

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

Codan Denmark continuously assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, Codan Denmark reduces the carrying amount of the reinsurance asset to its recoverable amount. Impairment losses are recognised in the combined carve-out statements of profit or loss.

Earned premiums, claims incurred, and technical provisions are shown on a gross basis in the combined carve-out statements of profit or loss and the balance sheet, i.e. gross of reinsurance.

Receivables

Total receivables comprise accounts receivable from policyholders and insurance companies as well as other accounts receivable.

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

Receivables are recognised initially at fair value and are subsequently assessed at amortised cost. The combined carve-out statements of profit or loss includes an estimated reservation for expected unobtainable sums when a clear indication of asset impairment is observed. The reservation entered is assessed as the difference between the carrying amount of an asset and the present value of expected future cash flows.

Other assets

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

Prepayments and accrued income

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

Equity

Contingency fund reserves

Contingency fund reserves are recognised as part of retained earnings under equity. The reserves may only be used when so permitted by the Danish Financial Supervisory Authority and when it is for the benefit of the policyholders.

Dividends

Proposed dividend is recognised as a liability once declared until paid.

Provision for insurance contracts

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

Claims and claims handling costs are expensed in the combined carve-out statements of profit or loss as incurred based on the estimated liability for compensation owed to policyholders or third parties sustaining losses at the hands of the policyholders. 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 Codan Denmark. Claims provisions are estimated using the input of assessments for individual cases reported to Codan Denmark 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 estimated using previous claims experience with similar cases, historical payment trends, the volume and nature of the insurance underwritten by Codan Denmark and current specific case reserves. Also considered are developing loss payment trends, the potential longer term significance of large events, and the levels of unpaid claims, legislative changes, judicial decisions and economic, political and regulatory conditions.

Codan Denmark uses a number of commonly accepted actuarial projection methodologies to determine the appropriate provision to recognise. These include methods based upon the following:

- The development of previously settled claims, where payments to date are extrapolated for each prior year;
- Estimates based upon a projection of claims numbers and average cost;
- Notified claims development, where notified claims to date for each year are extrapolated based upon observed development of earlier years;
- Expected loss ratios;
- Bornhuetter-Ferguson method, which combines features of the above methods; and
- Bespoke methods for specialist classes of business, a frequency/severity model based upon transition matrices between the various stages of a claim.

In selecting the method and estimate appropriate to any one class of insurance business, Codan Denmark considers the appropriateness of the methods and bases to the individual circumstances of the provision class and underwriting year.

Individually large and significant claims are generally assessed separately, being measured either at the face value of the loss adjusters' estimates, or projected separately in order to allow for the future development of large claims.

Claims provisions are discounted based upon the Solvency II yield curve published by EIOPA. No matching adjustment or volatility adjustments are made.

Employee benefits

Codan Denmark has entered into pension agreements and similar agreements with the majority of its employees. Contributions to defined-contribution schemes under which fixed contributions are paid to independent pension funds on an ongoing basis are recognised in the combined carve-out statements of profit or loss in the period to which they relate, and any contributions payable are recognised in the balance sheet as other payables. When contributions to defined-contribution schemes have been paid, the Company has no further obligations to present or former employees.

Income tax and deferred tax

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

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

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

Deferred income tax is provided on temporary differences concerning investments, except where Codan Denmark 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 Codan Denmark has a legal or constructive obligation because 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 Codan Denmark. Provisions are measured at the best estimate by management of the expenditure required to settle the present obligation.

Debt

Amounts owed to credit institutions are measured at fair value, which usually corresponds to the nominal value, and are subsequently stated at amortised cost. Other financial liabilities are measured at amortised cost, which usually corresponds to the nominal value in respect of short-term non-interest-bearing payables.

Methods for calculating financial ratios

The financial ratios have been calculated in accordance with the he Danish Financial Business Act, including the Danish Financial Supervisory Authority's executive orders no. 937 of 7 July 2015 and no. 688 of 1 June 2016 on Financial Reports for Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds). The ratios included in the five-year summary have been calculated as follows:

Gross claims ratio	The relation between claims incurred and earned premiums. Earned premiums are reduced by bonuses and rebates.
Gross expense ratio . . .	The relation between operating expenses and earned premiums. Earned premiums are reduced by bonuses and rebates. Operating expenses are calculated as the sum of acquisition costs and administrative expenses.
Combined ratio	The sum of the gross claims ratio, the gross expense ratio and the net reinsurance ratio, which shows profit/loss from reinsurance in proportion to gross earned premiums less bonuses and rebates.
Operating ratio	Calculated as the combined ratio, but based on the claims ratio, the expense ratio and the net reinsurance ratio where the allocated investment return has been added to earned premiums in the denominator.
Relative run-off result . .	The run-off result in relation to the corresponding opening provision.

2. Risk and capital management

As an insurance company, Codan Denmark is in the business of actively seeking risk with a view to adding value by managing it. Codan Denmark's risk management involves the assessment of a large number of risks affecting its activities.

Insurance risk

Insurance risk is the risk relating to unexpected or unplanned losses entering into contracts of insurance. To facilitate identification and control, Codan Denmark divide Insurance Risk into Underwriting Risk, Reserving Risk, Catastrophe Risk and Reinsurance Risk:

- Underwriting Risk covers the (non-catastrophe) risks of unexpected or unplanned losses arising from acceptance of risk that deviates from target risk mix or portfolio strategy, inaccurate pricing or inadequate control over risk accumulation;
- Catastrophe Risk covers the risk of unexpected or unplanned losses arising from natural catastrophe events this can arise from bad experiences, ineffective exposure control, poor risk selection or failure to underwrite or handle claims effectively due to management inefficiencies or process deficiencies;
- Reserving Risk covers the risks that claims provisions at the valuation date are not enough to cover claims which occur prior to the evaluation date. This can arise from adverse experience, third party interventions, unanticipated market conditions, failure to handle claims effectively due to management information or process deficiencies and ineffective technical reserving; and
- Reinsurance Risk covers the risk of unexpected or unplanned losses arising from the reinsurance protection that deviates from the reinsurance strategy.

Market risk

Market risk is the risk that volatility of financial markets, including fluctuations in interest rates, equity markets and currency exchange rates and/or macroeconomic factors impact its results of operations and financial condition. Codan Denmark applies a Market Risk Policy and a Liquidity Risk Policy that set out the minimum requirements for the identification, measurement, monitoring and reporting of Market and Liquidity Risk for its investment portfolio. A set of key risk indicators in the form of an Investment Limits framework has been developed alongside the investment policy—the policy refers to this for investment risk management and reporting purposes.

Interest rate risk arises primarily from investments in long-term debt and fixed income securities and their movement relative to the value placed on insurance liabilities. This impacts both the fair value and amount of variable returns on existing assets as well as the cost of acquiring new fixed maturity investments.

Currency risk may arise as a result of a mismatch in the value of assets and liabilities in the same foreign currency. If currency exposure is outside certain defined limits, it is minimised through currency derivatives. Codan Denmark is exposed to currency risk through foreign branches and which it mitigates through the use of FX forward contracts.

Liquidity risk

Liquidity risk refers to the risk of loss to Codan Denmark as a result of assets not being available in a form that can immediately be converted into cash, and therefore the consequence of not being able to pay its obligations when due. Codan Denmark's short-term liquidity is monitored through ongoing cash management. Long-term cash management is handled through Asset Liability Management (ALM).

Codan Denmark's exposure with respect to fixed income assets and various liabilities is shown in the table below:

Contractual repricing or maturity dates

DKKm	<1 yr	1 – 5 yrs	5 – 10 yrs	10 – 20 yrs	>20 yrs	Total
2020						
Bonds	2,057	3,877	939	589	3,168	10,630
Deposits with credit institutions, call deposits etc	326	190	—	111	—	627
Other	—	1	—	—	—	1
Receivables from Group entities	2,610	—	—	—	—	2,610
Financial assets	**4,993**	**4,068**	**939**	**700**	**3,168**	**13,868**
Amounts owed to Group entities	554	—	—	—	—	554
Lease payables	47	27	1	—	—	75
Financial liabilities	**601**	**27**	**1**	**—**	**—**	**629**
2019						
Bonds	877	6,097	701	499	2,849	11,023
Deposits with credit institutions, call deposits etc	316	3	—	112	—	431
Other	9	2	—	—	—	11
Receivables from Group entities	3,207	—	—	—	—	3,207
Financial assets	4,409	6,102	701	611	2,849	14,672
Amounts owed to Group entities	1,469	—	—	—	—	1,469
Lease payables	59	124	1			184
Financial liabilities	1,528	124	1	—	—	1,653
2018						
Bonds	1,863	5,331	750	652	2,605	11,201
Deposits with credit institutions, call deposits etc	149	—	—	—	—	149
Other	1	2	—	—	—	3
Receivables from Group entities	2,867	—	—	—	—	2,867
Financial assets	**4,880**	**5,333**	**750**	**652**	**2,605**	**14,220**
Amounts owed to Group entities	1,345	—	—	—	—	1,345
Lease payables	—	—	—			—
Financial liabilities	**1,345**	**—**	**—**	**—**	**—**	**1,345**

Credit risk

Credit risk is the risk that a counterparty fails to live up to financial obligations towards Codan Denmark. Codan Denmark is exposed to credit risk in respect of its reinsurance contracts; insurance operations (where counterparties include brokers, policy holders and suppliers); and investments (where counterparties include governments and corporate bond issuers).

Codan Denmark's investment portfolio primarily consists of AAA-rated government and mortgage bonds. The credit quality of Codan Denmark's bond portfolio based on S&P ratings is shown in the following table:

	Year Ended 31 December		
DKKm	2020	2019	2018
Rating			
AAA	8,888	9,324	9,193
AA	646	527	933
A	754	855	831
BBB	342	317	244
	10,630	11,023	11,201

The maximum exposure to credit risk is shown in the table below:

DKKm	Year Ended 31 December 2020	2019	2018
Maximum credit risk			
Bonds	10,630	11,023	11,201
Other loans, deposits with credit institutions and call deposits etc	627	431	149
Other	1	11	2
Reinsurers' share of premium provisions	100	93	86
Reinsurers' share of provision for claims	515	419	326
Receivables from policyholders	885	926	971
Receivables from brokers	7	8	8
Receivables from insurance companies	82	58	18
Receivables from Group entities	2,610	3,207	2,867
Other receivables	142	63	103
Current tax assets	—	51	44
Accrued interest and rent	112	118	135
Maximum credit risk	**15,711**	**16,408**	**15,910**

Operational risk

Operational risk is the risk of failures in internal procedures, IT systems, process errors, internal and external fraud, and other risks affiliated with operations that are not covered by the financial risks and strategic risks. Operational risk exists in almost every aspect of business within Codan Denmark, and the effective management of operational risk plays a significant role in enabling the business to meet its strategic objectives. The Risk Management Policy documents both the policy requirements for the identification, measurement, management, monitoring and reporting of operational risk, as well as setting out the processes and procedures for the effective operation of the risk management system. The Risk Management System sets out Codan Denmark's approach to minimizing and/or preventing the risk of material loss, reputational damage or liability arising from the failure to comply with risk requirements with a particular focus on operational risk.

Capital management

Regulatory solvency requirements are generally only applicable to groups or solo legal entities and not individual business units. During the period under review, Codan Denmark were not a stand-alone group of legal entities and as such did not have a specific solvency requirement applying to them. Codan A/S and its subsidiaries, of which Codan Denmark form a part, were subject to such solvency requirements and the discussion below relates to these legal entities.

To ensure entities within RSA Scandinavia are adequately capitalized, the boards of directors of Codan A/S and its subsidiaries have defined capital measures which are regularly monitored. Capital measures include accounting equity, own funds and capital requirements as set out in Danish Financial Supervisory Authority's regulation and the Solvency II regulation. The solvency capital requirements are calculated using an Internal Model, and are validated by stresses on selected scenarios.

For capital management purposes the Internal Model is used to assess and calculate SCRs and scenarios. The Internal Model is used to calculate the SCR and for performance review purposes capital allocations are derived from the model. The Internal Model is further used for assessing impact of major strategic decisions and updates to the operational plan. The Internal Model is tailored to Codan Forsikring and its subsidiaries and is continuously developed, which includes an annual re-parameterization. The Internal Model is a cash flow-based stochastic model, which models underwriting risk, reserving risk, catastrophe risk, counterparty risk, investment risk and operational risk. As well as being used to calculate the SCR, the Internal Model is also used to allocate capital to individual lines of business, help assess reinsurance purchases and evaluate the impact of strategic decisions.

Codan A/S and its subsidiaries have been adequately capitalised throughout the reported periods presented.

Own Risk and Solvency Assessment

Codan Forsikring annually conducts an ORSA based on Solvency II principles. The ORSA requires that Codan Forsikring assesses all material risks that each are or may be exposed to and assess whether the SCR is reasonable and reflects and its actual risk profile. The ORSA consists of a range of specific activities and decisions carried out at different times of the year as part of an annual cycle, supplemented as necessary by ad hoc assessments of the impact of external events and developments and of internal business proposals. The information contained in those papers and the associated decisions taken are summarised in an annual ORSA report. In addition, outputs of the internal model are used by the ORSA Committee and the Supervisory Board as an integral part of its decision making, to setting the risk appetite, adjusting investment exposure and hedges, reinsurance strategy, insurance portfolio risk assessment, and key strategic decisions such as disposals.

3. Technical result, net of reinsurance by line of business

DKKm	Personal Accident	Health Insurance	Workers' Compensation	Motor Third Party Liability
2020				
Gross premiums written	468	123	502	255
Gross premiums earned	**501**	**124**	**502**	**266**
Gross claims incurred	–285	–88	–430	–175
Bonuses and rebates	—	—	—	–2
Operating expenses, gross	–113	–30	–94	–59
Profit/loss from reinsurance	—	—	–1	–2
Technical interest	—	—	–1	—
Balance on technical account	**103**	**6**	**–24**	**28**
Number of claims paid	16,662	19,993	6,830	17,381
Average claims paid in DKK	17.1	4.4	62.9	10.1
Claims frequency	5.3%	39.9%	30.3%	14.9%

DKKm	Motor, Accidental Damage, Fire and Theft	Marine, Aviation and Cargo	Fire and Contents (Personal)	Fire and Contents (Commercial)
2020				
Gross premiums written	739	223	888	1,900
Gross premiums earned	**782**	**221**	**965**	**1,690**
Gross claims incurred	–479	–130	–563	–1,275
Bonuses and rebates	–2	–5	–14	–48
Operating expenses, gross	–196	–33	–217	–273
Profit/loss from reinsurance	–2	–47	–13	–68
Technical interest	—	—	1	2
Balance on technical account	**103**	**6**	**159**	**28**
Number of claims paid	68,347	1,686	79,953	11,706
Average claims paid in DKK	7.0	77.2	7,0	108.9
Claims frequency	68.2%	17.5%	8.7%	4.5%

DKKm	Liability	Tourist Assistance*	Other insurance	Total general insurance
2020				
Gross premiums written	127	86	134	5,445
Gross premiums earned	**128**	**88**	**132**	**5,399**
Gross claims incurred	–110	–49	–44	–3,628
Bonuses and rebates	–4	—	—	–75
Operating expenses, gross	–31	–16	–42	–1,104
Profit/loss from reinsurance	6	7	26	–94
Technical interest	—	—	—	2
Balance on technical account	**–11**	**30**	**72**	**500**
Number of claims paid	2,553	25,729		250,850
Average claims paid in DKK	43.9	1.9		14.5
Claims frequency	5.6%	52.2%		13.2%

DKKm	Personal Accident	Health Insurance	Workers' Compensation	Motor Third Party Liability
2019				
Gross premiums written	486	137	520	290
Gross premiums earned	**508**	**140**	**541**	**304**
Gross claims incurred	–311	–106	–521	–292
Bonuses and rebates	–1	—	—	—
Operating expenses, gross	–112	–30	–117	–59
Profit/loss from reinsurance	—	—	—	–2
Technical interest	—	—	–4	—
Balance on technical account	**84**	**4**	**–101**	**–49**
Number of claims paid	13,651	24,064	8,581	17,279
Average claims paid in DKK	22.8	4.4	60.7	16.9
Claims frequency	5.9%	40.1%	33.7%	9.1%

DKKm	Motor, Accidental Damage, Fire and Theft	Marine, Aviation and Cargo	Fire and Contents (Personal)	Fire and Contents (Commercial)
2019				
Gross premiums written	800	179	932	1,859
Gross premiums earned	**827**	**177**	**993**	**1,896**
Gross claims incurred	–523	–34	–653	–1,735
Bonuses and rebates	–34	–1	–12	–35
Operating expenses, gross	–176	–19	–219	–310
Profit/loss from reinsurance	–2	–74	–35	–103
Technical interest	—	—	1	1
Balance on technical account	**92**	**49**	**75**	**–286**
Number of claims paid	59,654	1,927	63,135	15,463
Average claims paid in DKK	8.8	17.4	10.3	112.2
Claims frequency	35.6%	17.2%	11.9%	4.8%

DKKm	Liability	Tourist Assistance*	Other insurance	Total general insurance
2019				
Gross premiums written	142	106	128	5,579
Gross premiums earned	**143**	**152**	**131**	**5,812**
Gross claims incurred	–88	–104	–209	–4,576
Bonuses and rebates	–2	—	—	–85
Operating expenses, gross	–36	–11	–35	–1,124
Profit/loss from reinsurance	–16	—	25	–207
Technical interest	—	—	—	–2
Balance on technical account	**1**	**37**	**–88**	**–182**
Number of claims paid	3,052	21,065		227,882
Average claims paid in DKK	28.7	4.9		20.1
Claims frequency	5.6%	38.5%		13.8%

(*) Tourist assistance include collective insurance contract.

DKKm	Personal Accident	Health Insurance	Workers' Compensation	Motor Third Party Liability
2018				
Gross premiums written	512	143	532	326
Gross premiums earned	**514**	**145**	**533**	**318**
Gross claims incurred	–310	–130	–323	–171
Bonuses and rebates	—	—	—	—
Operating expenses, gross	–109	–30	–113	–62
Profit/loss from reinsurance	—	—	—	–2
Technical interest	—	—	–4	—
Balance on technical account	**95**	**–15**	**93**	**83**
Number of claims paid	12,967	26,007	8,866	15,370
Average claims paid in DKK	23.9	5.0	36.4	11.1
Claims frequency	7.1%	48.1%	32.5%	7.4%

DKKm	Motor, Accidental Damage, Fire and Theft	Marine, Aviation and Cargo	Fire and Contents (Personal)	Fire and Contents (Commercial)
2018				
Gross premiums written	835	161	993	1,736
Gross premiums earned	**842**	**160**	**994**	**1,906**
Gross claims incurred	–597	–115	–704	–1,819
Bonuses and rebates	–22	–4	–25	–45
Operating expenses, gross	–190	–9	–219	–285
Profit/loss from reinsurance	–3	–89	–26	–56
Technical interest	—	—	1	—
Balance on technical account	**30**	**–57**	**21**	**–299**
Number of claims paid	55,066	2,088	58,797	14,187
Average claims paid in DKK	10.8	55.0	12.0	128.2
Claims frequency	30.2%	16.6%	19.3%	4.4%

DKKm	Liability	Tourist Assistance	Other insurance	Total general insurance
2018				
Gross premiums written	173	168	136	5,715
Gross premiums earned	**174**	**166**	**138**	**5,890**
Gross claims incurred	–137	–145	20	–4,431
Bonuses and rebates	–8	—	—	–104
Operating expenses, gross	–40	–19	–37	–1,113
Profit/loss from reinsurance	–8	—	–59	–243
Technical interest	—	—	—	–3
Balance on technical account	**–19**	**2**	**62**	**–4**
Number of claims paid	3,198	20,538		217,092
Average claims paid in DKK	42.9	7.1		20.4
Claims frequency	5.7%	39.6%		15.5%

4. Premium income, net of reinsurance

	Year Ended 31 December		
DKKm	2020	2019	2018
Direct insurance	5,279	5,694	5,763
Indirect insurance	120	118	127
	5,399	**5,812**	**5,890**
Ceded direct insurance	–446	–436	–396
	4,953	**5,376**	**5,494**

5. Insurance technical interest, net of reinsurance

	Year Ended 31 December		
DKKm	2020	2019	2018
Return on insurance provisions	59	142	42
Discounting transferred from claims provision	–57	–145	–45
	2	**–3**	**–4**

6. Claims, net of reinsurance

	Year Ended 31 December		
DKKm	2020	2019	2018
Claims	–4,085	–4,739	–4,708
Run-off previous years, gross	457	163	277
	–3,628	**–4,576**	**–4,431**
Reinsurance cover received	241	204	243
Run-off previous years, reinsurers' share	93	5	–94
	–3,294	**–4,367**	**–4,282**

7. Insurance operating costs

	Year Ended 31 December		
DKKm	2020	2019	2018
Insurance operating costs, net of reinsurance			
Commissions regarding direct insurance contracts	–302	–295	–286
Other acquisition costs	–479	–492	–474
Total acquisition costs....	–781	–787	–760
Administration expenses	–323	–337	–353
Insurance operating costs, gross	–1,104	–1,124	–1,113
Commission from reinsurers	18	20	4
	–1,086	**–1,104**	**–1,109**

DKKm	Year Ended 31 December 2020	2019	2018
Insurance operating costs, gross, classified by type			
Commissions	–302	–294	–277
Staff expenses	–862	–814	–824
Other staff expenses	–22	–11	–24
Office expenses, fees and headquarter expenses	247	176	133
Depreciation, amortisation and impairment losses and write-downs	–165	–181	–121
	–1,104	**–1,124**	**–1,113**

Fees payable to the auditor for the audit of annual financial statements and other services are not material to the combined carve-out financial statements and are not presented separately. Disclosure of these amounts is available in the financial statements of RSA Insurance Group plc.

Breakdown of staff expenses			
Wages and salaries	–614	–579	–574
Defined contribution schemes	–109	–93	–107
Other social security costs	2	4	5
Payroll tax	–120	–120	–120
Long term incentive plan costs	–10	–2	–6
Employment agency costs	–11	–24	–22
	–862	**–814**	**–824**

Incentive schemes

Codan Denmark is covered by the Performance Share Plan/Long Term Incentive Plan established by RSA Insurance Group plc (RSA). Members of the board of management and material risk takers may be eligible to this incentive scheme. The members of the board of directors do not receive any incentive-based remuneration.

The structure of the plan allows for different types of awards to be made. All awards are settled in the form of ordinary shares in RSA.

Performance Shares

Performance Shares is an award where the outcome of performance measures determines the number of shares that vest. Conditional long-term incentive awards are granted annually in the form of Performance Shares and may vest wholly or partially subject to company performance conditions.

A retention period applies to vested Performance Shares. Awards can be reduced or otherwise amended, provided the action is fair and justifiable, for example, to guard against a windfall award or the converse generated by an accounting treatment. Vesting can be adjusted downwards for current or future risk exposure. Before vesting, they will normally lapse if the participant leaves and may be subject to performance conditions.

Performance conditions are reviewed for each new cycle and set in line with the operational plan, long-term strategy and consideration of shareholder interests. The normal maximum LTIP opportunity is 40% of salary.

Deferred Bonus Shares

Deferred Bonus Shares is an award made when part of a bonus is deferred in shares i.e. not paid immediately. For material risk takers 50% of the bonus is deferred into a share award for a period of three years, and 50% is awarded in cash. Deferred Bonus Shares are generally retained if the employee leaves RSA unless the employee is dismissed for cause. The awards are not subject to performance conditions. Awards are subject to malus and claw back provisions, which is reviewed annually.

Restricted Shares

Restricted Shares is an award made for recruitment purposes or in highly exceptional circumstances, such as retention. This would be considered as a 'one-off' award. Where an exceptional award is made, full disclosure will be given on the rationale.

The value of awards described above during the years ended 31 December 2020, 2019 and 2018 are not material to the combined carve-out financial statements and are not disclosed.

8. Interest and dividends

DKKm	Year Ended 31 December 2020	2019	2018
Interest and dividends			
Dividends	36	49	36
Interest income, cash at bank and in hand	6	23	17
Interest income, bonds	155	211	231
Interest income, group companies	24	17	26
	221	**300**	**310**
Interest expenses			
Interest expenses subordinate loan capital, credit institutions and cash at bank	—	–11	–20
Interest on lease liabilities	–1	–2	—
Interest expenses	–5	—	–1
	–6	**–13**	**–21**

9. Value adjustments

DKKm	Year Ended 31 December 2020	2019	2018
Value adjustments on financial assets and liabilities			
Equity investments	–59	40	–43
Unit trust	–2	–7	2
Bonds	–123	–78	–144
Other loans	0	18	14
Derivatives	–177	26	42
	–361	**–1**	**–129**
Other value adjustments:			
Other statement of financial position items	95	32	–5
	–266	**31**	**–134**
Realised gains and losses on investments:	–276	–194	–66
Unrealised gains and losses on investments	–86	193	–63
Other realised gains and losses	–2	37	1
Value adjustments and other unrealised gains and losses	98	–5	–6
Value adjustments	**–266**	**31**	**–134**

10. Other costs

During 2020 a goodwill impairment charge of DKK 4m, (2019: DKK 0m, 2018: DKK 0m) has been recognised in the combined carve-out statement of profit or loss within Other costs.

11. Tax

DKKm	Year Ended 31 December 2020	2019	2018
Tax on total income for the year:			
Current tax expense	–73	–12	–42
Change in deferred tax on temporary differences	6	22	24
Change in deferred tax resulting from change in tax rate	—	—	—
Tax on total income for the year	–67	10	–18
Adjustments relating to previous years:			
Current tax for previous years	–3	–1	30
Adjustment of deferred tax at 1 January	6	–1	–8
Adjustments relating to previous years	3	–2	22
Tax expense	–64	8	4
Tax is included as follows:			
Tax in the income statement	–64	8	4
Tax on changes in equity	1	—	
Tax expense	–63	8	4
Total tax on total income for the year can be explained as follows:			
Profit before tax	291	–33	81
Total income	292	–33	80
Applicable tax rate	22.0%	22.0%	22.0%
Tax calculated on total income	–64	7	–18
Tax on permanent differences:			
Adjustments regarding Equities (Unrealised gains/losses)	2	1	1
Income not subject to tax	—	8	—
Expenses disallowed for tax purposes	–2	–1	–1
Other permanent differences	–3	–4	—
Tax	–67	11	–18
Tax on total income for the year	–67	11	–18
Adjustment of tax relating to previous years	3	–3	22
Tax expense	64	8	4
Effective tax rate	22.0%	24.2%	–4.9%

12. Intangible assets

DKKm	Completed internal IT development	Goodwill	Internal IT development in progress
2020			
Cost, beginning of the year	1,290	197	50
Currency translation adjustments, foreign branches	—	—	—
Additions	—	—	22
Disposals	—	—	—
Transferred from development projects in progress	38	—	–38
Cost, end of the year	1,328	197	35
Amortisation and impairment, beginning of the year	–826	–64	—
Currency translation adjustments, foreign branches	—	—	—
Amortisation	–87	—	—
Impairment	–7	–3	—
Reversal of amortisation relating to disposals	—	—	—
Amortisation and impairment, end of the year	–920	–67	—
Carrying amount, end of the year	**408**	**130**	**34**
Carrying amount, beginning of the year	**464**	**133**	**50**
2019			
Cost, beginning of the year	1,061	197	241
Currency translation adjustments, foreign branches	—	—	—
Additions	—	—	38
Disposals	—	—	—
Transferred from development projects in progress	229	—	–229
Cost, end of the year	1,290	197	50
Amortisation and impairment, beginning of the year	–706	–64	—
Currency translation adjustments, foreign branches	—	—	—
Amortisation	–120	—	—
Reversal of amortisation relating to disposals	—	—	—
Amortisation and impairment, end of the year	–826	–64	—
Carrying amount, end of the year	**464**	**133**	**50**
Carrying amount, beginning of the year	**355**	**133**	**241**
2018			
Cost, beginning of the year	948	197	278
Currency translation adjustments, foreign branches	—	—	—
Additions	—	—	76
Disposals	—	—	—
Transferred from development projects in progress	113	—	–113
Cost, end of the year	1,061	197	241
Amortisation and impairment, beginning of the year	–587	–64	—
Currency translation adjustments, foreign branches	—	—	—
Amortisation	–119	—	—
Reversal of amortisation relating to disposals	—	—	—
Amortisation and impairment, end of the year	–706	–64	—
Carrying amount, end of the year	**355**	**133**	**241**
Carrying amount, beginning of the year	**361**	**133**	**278**

DKKm	Customer lists	Total intangible assets
2020		
Cost, beginning of the year	—	1,537
Currency translation adjustments, foreign branches	—	—
Additions	—	22
Disposals	—	—
Transferred from development projects in progress	—	—
Cost, end of the year	—	1,559
	—	
Amortisation and impairment, beginning of the year	—	–890
Currency translation adjustments, foreign branches	—	—
Amortisation	—	–87
Impairment	—	–10
Reversal of amortisation relating to disposals	—	—
Amortisation and impairment, end of the year	—	–987
Carrying amount, end of the year	**—**	**572**
Carrying amount, beginning of the year	**—**	**647**
2019		
Cost, beginning of the year	24	1,523
Currency translation adjustments, foreign branches	—	—
Additions	—	38
Disposals	–24	–24
Transferred from development projects in progress	—	—
Cost, end of the year	—	1,537
Amortisation and impairment, beginning of the year	–24	–794
Currency translation adjustments, foreign branches	—	—
Amortisation	—	–120
Reversal of amortisation relating to disposals	24	24
Amortisation and impairment, end of the year	—	–890
Carrying amount, end of the year	**—**	**647**
Carrying amount, beginning of the year	**—**	**729**
2018		
Cost, beginning of the year	24	1,447
Currency translation adjustments, foreign branches	—	—
Additions	—	76
Disposals	—	—
Transferred from development projects in progress	—	—
Cost, end of the year	24	1,523
Amortisation and impairment, beginning of the year	–24	–675
Currency translation adjustments, foreign branches	—	—
Amortisation	—	–119
Reversal of amortisation relating to disposals	—	—
Amortisation and impairment, end of the year	–24	–794
Carrying amount, end of the year	**—**	**729**
Carrying amount, beginning of the year	**—**	**772**

Amortisation

Amortisation expenses of DKK 87m, (2019: DKK 120m, 2018: DKK 119m) have been recognised in insurance operating costs.

Impairment

During 2020 a goodwill impairment charge of DKK 4m, (2019: DKK 0m, 2018: DKK 0m) has been recognised in the combined carve-out statement of profit or loss within Other costs.

When testing for goodwill impairment, the carrying value of the Cash Generating Unit (CGU) to which goodwill has been allocated is compared to the recoverable amount as determined by a value in use calculation. These calculations use cash flow projections based on operating plans approved by management covering a three year period and using the best estimates of future premiums, operating expenses and taxes using historical trends, general geographical market conditions, industry trends and forecasts and other available information as discussed in more detail in the strategic report section. Cash flows beyond this period are extrapolated using the estimated growth rates which management deem appropriate for the CGU. The cash flow forecasts are adjusted by appropriate discount rates. Where a sales price has been agreed for a CGU, the sales proceeds less costs to sell are considered the best estimate of the value in use.

When testing for intangible asset impairment (including those not available for use), a consistent methodology is applied although future cash flow projection years are not extrapolated beyond the asset's useful economic life.

Where the value in use is less than the current carrying value of the CGU in the statement of financial position, the goodwill or intangible asset is impaired in order to ensure that the CGU carrying value is not greater than its future value to Codan Denmark.

Goodwill is allocated within Codan Denmark as follows:

	Year Ended 31 December		
DKKm	**2020**	**2019**	**2018**
Trekroner portfolio	130	133	133
Total goodwill	**130**	**133**	**133**

Key assumptions used for goodwill impairment testing include the discount rate based on weight average cost of capital and growth rates for the CGU. The assumptions applied at the date of evaluation are shown below:

	Year Ended 31 December		
Key assumptions	**2020**	**2019**	**2018**
Weighted average cost of capital (WACC)	8.5%	8.5%	9%
Growth rate	1.8%	1.8%	1.8%

13. Property, plant and equipment

DKKm	Leases ROU equipment	Other equipment	Total equipment	Land and buildings (ROU)
2020				
Cost, beginning of the year	112	8	120	134
Recognition of leased assets (ROU)	—	—	—	—
Remeasurement of lease liability	–52	—	–52	—
Additions	3	—	3	—
Disposals	—	—	—	–7
Cost, end of the year	63	8	71	127
Depreciation and impairment, beginning of the year	–27	–8	–35	–34
Exchange rate adjustments	—	—	—	—
Depreciation	–22	—	–22	–49
Depreciation on disposals	—	—	—	—
Depreciation and impairment, end of the year	–49	–8	–57	–83
Carrying amount, end of the year	**14**	**—**	**14**	**44**
Carrying amount, beginning of the year	**85**	**—**	**85**	**100**
2019				
Cost, beginning of the year	—	9	9	—
Recognition of leased assets (ROU)	109	—	109	14
Exchange rate adjustments	—	—	—	—
Additions	4	—	4	124
Disposals	–1	–1	–2	–4
Cost, end of the year	112	8	120	134
Depreciation and impairment, beginning of the year	—	–9	–9	—
Exchange rate adjustments	—	—	—	—
Depreciation	–27	—	–27	–34
Depreciation on disposals	—	1	1	—
Depreciation and impairment, end of the year	–27	–8	–35	–34
Carrying amount, end of the year	**85**	**—**	**85**	**100**
Carrying amount, beginning of the year	**—**	**—**	**—**	**—**
2018				
Cost, beginning of the year	**—**	**11**	**11**	**—**
Recognition of leased assets (ROU)	—	—	—	—
Exchange rate adjustments	—	—	—	—
Additions	—	—	—	—
Disposals	—	–2	–2	—
Cost, end of the year	—	9	9	—
Depreciation and impairment, beginning of the year	—	–8	–8	—
Exchange rate adjustments	—	—	—	—
Depreciation	—	–2	–2	—
Depreciation on disposals	—	1	1	—
Depreciation and impairment, end of the year	—	–9	–9	—
Carrying amount, end of the year	**—**	**—**	**—**	**—**
Carrying amount, beginning of the year	**—**	**3**	**3**	**—**
Depreciation on a straight line basis over a period of	1 – 3 years	4 – 10 years		1 – 6 years

Depreciation expenses of DKK 71m, (2019: DKK 61m, 2018: DKK 2m) have been recognised in insurance operating costs.

Codan Denmark leases equipment including vehicles, IT equipment, servers and mainframes to operate its business. These leases were classified as operating leases under IAS 17 in the year ended 31 December 2018. The lease terms range from 0 to 6 years. The monthly amounts are fixed and there are no options for purchase or extension.

Short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets are recognised immediately in the combined carve-out statement of profit or loss.

	Year Ended 31 December		
DKKm	2020	2019	2018
Expenses relating to short-term leases	—	7	—
Expenses relating to lease of low value assets	6	7	—

14. Financial assets and liabilities

	Year Ended 31 December		
DKKm	2020	2019	2018
Financial assets			
Financial assets at fair value with value adjustments in profit or loss	11,818	11,923	12,056
Derivative financial instruments at fair value with value adjustments in profit or loss	1	11	2
Receivables measured at amortised cost	3,841	3,774	3,379
Total financial assets	**15,660**	**15,708**	**15,437**
Financial liabilities			
Debt to credit institutions at amortised cost	600	—	470
Other payables at amortised cost	1,845	2,784	2519
Total financial liabilities	**2,445**	**2,784**	**2,989**

Fair value hierarchy

Fair value for all assets and liabilities which are either measured or disclosed is determined based on available information and categorised according to a three-level fair value hierarchy as detailed below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from data other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability valuation that are not based on observable market data (unobservable inputs).

A financial instrument is regarded as quoted in an active market (level 1) if quoted prices for that financial instrument are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For level 1 and level 2 investments, Codan Denmark uses prices received from external providers who calculate these prices from quotes available at the reporting date for the particular investment being valued. For investments that are actively traded Codan Denmark determines whether the prices meet the criteria for classification as a level 1 valuation. The price provided is classified as a level 1 valuation when it represents the price at which the investment traded at the reporting date taking into account the frequency and volume of trading of the individual investment together with the spread of prices that are quoted at the reporting date for such trades. Typically investments in frequently traded government debt would meet the criteria for classification in the level 1 category. Where the prices provided do not meet the criteria for classification in the level 1 category, the prices are classified in the level 2 category.

In certain circumstances, Codan Denmark does not receive pricing information from an external provider for its financial investments. In such circumstances Codan Denmark calculates fair value which may use input parameters that are not based on observable market data. Unobservable inputs

are based on assumptions that are neither supported by prices from observable current market transactions for the same instrument nor based on available market data. In these cases, judgement is required to establish fair values. Valuations that require the significant use of unobservable data are classified as level 3 valuations and inputs are generally determined via reference to observable inputs, historical observations or using other analytical techniques. In addition, the valuations used for investment properties and for group occupied properties are classified in the level 3 category.

The following table provides an analysis of financial instruments and other items that are measured subsequent to initial recognition at fair value as well as financial liabilities not measured at fair value, grouped into levels 1 to 3. The table does not include financial assets and liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

DKKm	Quoted prices (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
2020				
Equity investments	211	—	56	267
Units in open-ended funds	1	—	616	617
Bonds	288	10,342	—	10,630
Other loans	—	—	304	304
Derivative financial instruments	—	1	—	1
Assets measured at fair value	**500**	**10,343**	**976**	**11,819**
2019				
Equity investments	260	—	4	264
Units in open-ended funds	1	—	518	519
Bonds	6,202	4,821	—	11,023
Other loans	—	—	117	117
Derivative financial instruments	—	11	—	11
Assets measured at fair value	**6,463**	**4,832**	**639**	**11,934**
2018				
Equity investments	229	—	3	232
Units in open-ended funds	1	—	619	620
Bonds	6,530	4,671	—	11,201
Other loans	—	—	3	3
Derivative financial instruments	—	2	—	2
Assets measured at fair value	**6,760**	**4,673**	**625**	**12,058**

The movement in the fair value measurement of level 3 financial assets is shown in the table below:

DKKm	Credit Investments	Equity Investments	Total
2020			
Opening balance	635	4	639
Currency translation adjustments	—	—	—
Total gains or losses for the period	–9	19	10
Purchases	356	33	389
Sales	–62	—	–62
Closing balance	**920**	**56**	**976**
2019			
Opening balance	622	3	625
Currency translation adjustments	—	—	—
Total gains or losses for the period	–5	1	–4
Purchases	214	—	214
Sales	–196	—	–196
Closing balance	**635**	**4**	**639**
2018			
Opening balance	539	3	542
Currency translation adjustments	—	—	—
Total gains or losses for the period	2	—	2
Purchases	392	—	392
Sales	–311		–311
Closing balance	**622**	**3**	**625**

15. Current tax

	Year Ended 31 December		
DKKm	2020	2019	2018
Current tax assets and liabilities, beginning of the year	51	44	40
Exchange rate adjustments	0	0	0
Current tax for the year	–73	–12	–42
Adjustment of current tax relating to previous years	–3	–2	30
Corporation tax paid during the year	1	21	16
Current tax assets and liabilities, end of the year	**–24**	**51**	**44**
Current tax assets and liabilities are included as follows:			
Current tax assets	0	51	44
Current tax liabilities	–24	—	—
Current tax assets and liabilities	**–24**	**51**	**44**

16. Premium provisions

	Year Ended 31 December		
DKKm	2020	2019	2018
Opening premium provisions	1,518	1,728	1,917
Value adjustments	–28	23	–14
Written premium	5,445	5,579	5,715
Earned premium	–5,399	–5,812	–5,890
Closing premium provision	**1,536**	**1,518**	**1,728**

17. Claims provisions

DKKm	Gross	Ceded	Net
2020			
Claims provision at 1 January	9,658	–419	9,239
Value adjustment of provision, beginning of year	39	—	39
Paid in the financial year in respect of current years	–1,508	2	–1,506
Paid in the financial year in respect of prior years	–2,267	231	–2,036
Change in claims in the financial years, current years	4,260	–245	4,015
Change in claims in the financial years, prior years	–632	–89	–721
Discounting and exchange rate adjustment	61	5	66
Claims provision at 31 December	**9,611**	**–515**	**9,096**
2019			
Claims provision at 1 January	9,059	–327	8,732
Value adjustment of provision, beginning of year	19	—	19
Paid in the financial year in respect of current years	–1,928	–19	–1,947
Paid in the financial year in respect of prior years	–2,210	136	–2,074
Change in claims in the financial years, current years	4,794	–204	4,590
Change in claims in the financial years, prior years	–218	–5	–223
Discounting and exchange rate adjustment	142	—	142
Claims provision at 31 December	**9,658**	**–419**	**9,239**
2018			
Claims provision at 1 January	8,373	–280	8,092
Value adjustment of provision, beginning of year	–34	29	–5
Paid in the financial year in respect of current years	–1,888	15	–1,873
Paid in the financial year in respect of prior years	–1,870	61	–1,809
Change in claims in the financial years, current years	4,766	–217	4,549
Change in claims in the financial years, prior years	–334	68	–266
Discounting and exchange rate adjustment	46	–2	44
Claims provision at 31 December	**9,059**	**–326**	**8,732**

18. Deferred tax

DKKm	Year Ended 31 December 2020	2019	2018
Deferred tax assets and liabilities			
Deferred tax assets, beginning of the year	–384	–406	–414
Exchange rate adjustments	—	—	—
Change relating to intangible assets	16	10	12
Change relating to property, plant and equipment	17	–42	–2
Change relating to investments	—	—	—
Change relating to other receivables and assets	–168	–137	—
Change relating to contingency funds	—	—	—
Change relating to technical provisions	198	–18	6
Change relating to liabilities and payables	–52	188	–8
Change relating to tax losses	–7	21	—
Deferred tax assets and liabilities, end of the year	**–380**	**–384**	**–406**
Deferred tax for the year recognised in the income statement	**6**	22	**24**
Total deferred tax for the year	**6**	**22**	**24**
Specification of deferred tax asset and liabilities at the end of the year:			
Intangible assets	–96	–112	–127
Property, plant and equipment	–10	–36	6
Investments	—	—	—
Other receivables and assets	–305	–137	—
Contingency funds	–307	–307	–307
Technical provisions	171	–18	5
Liabilities and payables	153	205	17
Net tax losses carried forward	14	21	—
Deferred tax assets and liabilities, end of the year	**–380**	**–384**	**–406**
Deferred tax assets and liabilities are included as follows:			
Deferred tax assets	—	—	—
Deferred tax liabilities	380	–384	–406
Deferred tax assets and liabilities	380	–384	–406

19. Other provisions

DKKm	Year Ended 31 December 2020	2019	2018
Other provisions, beginning of the year	17	61	183
Used during the year	–15	–32	–47
Reversal of unused provisions	–2	–23	–135
Provisions made during the year	54	11	60
Other provisions	**54**	**17**	**61**
Other provisions consists of:			
Other provisions	1	6	14
Reorganisation	32	2	33
Environmental duties	10	9	11
Dilapidation provision	11	—	3
Other provisions	**54**	**17**	**61**

20. Liabilities arising from financing activities

Debt to credit institutions relates to borrowings under repurchase agreements of DKK 600m (2019: 0m, 2018: DKK 470m).

DKKm	Debt to credit institutions	Debt to related parties	Total
2020			
Carrying amount, beginning of the year	—	1,469	1,469
Proceeds	705	—	705
Repayment	–105	–915	–1,020
Carrying amount, end of the year	**600**	**554**	**1,154**
2019			
Carrying amount, beginning of the year	470	1,345	1,815
Proceeds	1,664	124	1,788
Repayment	–2,134	—	–2,134
Carrying amount, end of the year	**—**	**1,469**	**1,469**
2018			
Carrying amount, beginning of the year	250	1,940	1,940
Proceeds	3,551	—	3,551
Repayment	–3,331	–595	–3,677
Carrying amount, end of the year	**470**	**1345**	**1,814**

21. Total debt

As an effect from change in accounting policies a lease liability of DKK 75m (2019: DKK 184m) is recognised in total debt of DKK 2,445m (2019: 2,784m). The maturity of the lease liabilities is specified below:

	Year Ended 31 December		
DKKm	2020	2019	2018
Due in 1 year or less	47	59	—
Due in 1 – 5 years	27	124	—
Due more than 5 years	1	1	—
Total lease liabilities	**75**	**184**	**—**

22. Contractual obligations, collateral, and contingent liabilities

	Year Ended 31 December		
DKKm	2020	2019	2018
VAT ad liability in connection with purchase of intangible assets	2	4	5
VAT cases	27	30	29
Non-technical Recourse and Non-recourse Guarantee Commitments	14	9	23
Service agreements (IT and telephony)	29	27	47
Commitment future lease agreements	170	—	—
Operational lease non-IFRS 16	22	27	127
Guarantee in connection with the disposal of Group occupied property	2	2	2
Other contractual obligations	436	486	548
Total	**702**	**585**	**781**

The company is cooperating with other insurers to provide joint cover of certain types of insurance risks. In addition to the company's own share of such risks, which is included in the annual report, the company is jointly and severally liable for the other insurers' share of the insurance liabilities. However, in view of the fact that these insurers are sound companies, the risk is largely minimal.

The company signed contracts with external companies for the purpose of selling insurance products.

The company is jointly registered with the majority of the Codan Group's Danish companies for the purpose of payment of VAT and payroll tax and is jointly and severally liable for the payment of such taxes.

The company is jointly and severally liable together with other companies participating in the joint taxation for any dividend tax and royalties imposed within the joint taxation payable by 1 July 2012 or later.

Likewise, the company is jointly and severally liable together with other companies participating in the joint taxation for any company tax imposed within the joint taxation from and including the income year 2013.

The company entered into agreements with other companies in the Codan Group on the sale of insurance products, investment management, reinsurance, provision of administrative services, etc.

23. Contingency funds

Included within total equity for the year ended 31 December 2020 are contingency fund provisions of DKK 1,088m (2019: 1,088m, 2018: 1,088m).

24. Subsidiaries and associates

Subsidiary undertakings and investments in associates held by Codan Forsikring A/S are set out in the table below. As described in the basis of preparation in note 1, the combined carve-out financial statements of Codan Denmark exclude the results, assets and liabilities, and cash flows of Holmia Livförsäkring AB, CAB Group AB, the Swedish branch of Codan Forsikring A/S and the Norwegian branch of Codan Forsikring A/S.

Place of incorporation or registration	Registered office	Company's interest in ordinary share capital (%)
Sweden		
Holmia Livförsäkring AB	Holmia Livförsäkring AB	100%
CAB Group AB	Stortoget 11, S-702 11 Örebro, Sweden	27%
Denmark		
Forsikringsselskabet Privatsikring A/S	Codanhus, Gammel Kongevej 60, DK-1790 Kobenhavn V, Denmark	100%

25. Related parties

Information on related parties

The ultimate parent of Codan Denmark is RSA Insurance Group plc, 20 Fenchurch Street, London, England and owns 100% of RSA Scandinavia through a wholly owned subsidiary.

Related party transactions

During the financial years ended 31 December 2020, 2019 and 2018, dividends were distributed to Codan A/S by Codan Forsikring A/S in the amounts of DKK 550m in 2020, DKK 50m in 2019 and DKK 400m in 2018.

As of 31 December 2020, Codan Denmark through Codan Forsikring A/S had granted a loan to Codan A/S in the amount of DKK 500m (2019: DKK 1,000m, 2018: DKK 1,000m) repayable in 2023. DKK 500m was received as loan repayment in 2020 (2019: DKK 0m, 2018: DKK 0m). The loan was granted on an arm's length basis. The interest income amounted to DKK 6.9m in 2020 (2019: DKK 3.1m, 2018: DKK 3.4m).

Codan Denmark has paid for the use of joint IT-systems and share of joint services in the RSA Group. Payments were made on a cost-covering basis.

Codan Denmark entered into reinsurance agreements with companies in the RSA Group on an arm's length basis. Included in this is the quote sharing program on the Marine Hull portfolio with Royal and Sun Alliance Insurance plc.

As of 31 December 2020, receivables from related parties were DKK 2,110m (2019: 2,207m, 2018: DKK 1,867m) which primarily to transactions entered into with other RSA Group entities in the ordinary course of business. Outstanding balances are unsecured, interest free and repayable on demand.

As of 31 December 2020, other payables to related parties were DKK 554m (2019: 1,469m, 2018: DKK 1,345m) relate to branch capitalisations and other transactions entered into with other RSA Group entities as described above. Outstanding balances are unsecured, interest free and repayable on demand.

Board of directors, board of management and employees

Codan Denmark related parties furthermore include the members of the board of directors and the board of management of the parent company of RSA Scandinavia, Codan A/S, as well as their related family members. Related parties also include companies in which the above persons have significant interests.

Apart from normal management remuneration, no transactions, except for those listed below, were entered into during the year with the board of directors and the board of management, executives, major shareholders or other related parties.

Total remuneration of the board of directors, board of management and risk-takers for parent company of RSA Scandinavia, Codan A/S is presented in the table below. Material risk takers include the Chief Risk Officer, Head of Compliance, Chief Auditor and Chief Actuary of RSA Scandinavia.

	Year Ended 31 December		
DKKm	2020	2019	2018
Remuneration of the Board of Directors	**2.3**	**2.5**	**2.5**
Remuneration of the Board of Management			
Wages and salaries	7.9	7.4	7.8
Bonuses	2.0	0.7	0.6
Pension benefits	0.2	1.2	1.7
Long term incentive plan	—	1.7	1.4
Redundancy benefits	—	6.5	—
Remuneration of Board of Management	**10.1**	**17.6**	**11.5**
Number of employees in the Board of Management	2	2	2
Remuneration of the Risk Takers			
Wages and salaries	6.8	6.4	7.0
Pension benefits	0.4	0.5	0.6
Remuneration of Risk Takers	**7.2**	**6.9**	**7.6**
Number of Risk-takers	4	4	4

26. Events subsequent to 31 December 2020

No events of material importance to the combined carve-out financial statements, position or business affairs have occurred subsequent to 31 December 2020.

27. Financial highlights

DKKm	Year Ended 31 December 2020	2019	2018
Gross premium income	5,324	5,727	5,786
Gross claims	–3,628	–4,576	–4,431
Total insurance operating costs	–1,104	–1,124	–1,113
Profit/loss on gross business	**592**	**27**	**242**
Profit/loss on ceded business	–94	–207	–243
Insurance technical interest, net of reinsurance	2	–2	–3
Technical result	**500**	**–182**	**–4**
Investment return after insurance technical interest	–205	149	85
Other costs	–4	—	**—**
Profit/loss before tax	**291**	**–33**	**81**
Tax	–64	8	4
Profit/loss	**227**	**–25**	**85**
Run-off gains/losses, net of reinsurance	550	168	183
Statement of financial position			
Total provisions for insurance contracts	11,229	11,260	10,865
Total reinsurers' share of provisions for insurance contracts	615	512	412
Total equity	3,045	3,538	3,130
Total assets	17,225	18,023	17,491
Key ratios			
Gross claims ratio	68.1%	79.9%	76.6%
Net reinsurance ratio	1.8%	3.6%	4.2%
Claims ratio, net of ceded business	69.9%	83.5%	80.8%
Gross expense ratio	20.7%	19.6%	19.2%
Combined ratio	90.6%	**103.1%**	**100.0%**
Operating ratio	90.6%	103.2%	100.1%

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