



Financial Condition Report 2021

Tryg Forsikring A/S, Ballerup,
Zweigniederlassung Zürich (Schweiz)

31.12.2021

Contents

1. INTRODUCTION	3
2. MANAGEMENT SUMMARY	3
3. BUSINESS ACTIVITIES	4
3.1. Company Form and Auditor	4
3.2. Ownership structure	4
3.3. Strategy and segments	4
3.3.1. Market conditions	4
3.3.2. General strategy & products	5
3.4. Unusual events: COVID-19 pandemic	5
4. PERFORMANCE	5
4.1. Information on premium, claims and costs	5
4.1.1. Premium	5
4.1.2. Claims	6
4.1.3. Costs	6
4.2. Results by product	6
4.3. Investment result	7
4.4. Information on profit and losses recognized directly in equity	7
4.5. Other income and expenses	7
4.6. Other financial income and expenses	7
4.7. Appendix 1: Performance non-life solo	8

1. Introduction

The financial condition report refers to the business of Tryg Forsikring A/S, Ballerup, Zweigniederlassung Zürich (Schweiz), a branch of Tryg Forsikring A/S, for the financial year 2021 (Jan. – Dec.). In the following, the branch will be referred to as Tryg Garanti Switzerland.

This report is formulated in accordance with the guiding principles for the financial condition report by FINMA. All information provided in this report are as of 31.12.2021.

2. Management Summary

Tryg Garanti Switzerland is a branch of Tryg Forsikring A/S, one of the leading P&C insurers in Northern Europe, based in Denmark. Under the name Tryg Garanti, Tryg has been in the surety business for more than 130 years. Tryg Garanti is one of the most experienced surety providers in Europe and the market leader in Scandinavia. Tryg Group is listed as a public limited company on Nasdaq OMX in Copenhagen.

In April 2021, Tryg Garanti Switzerland was granted the permission from FINMA to operate a Tryg branch office in Switzerland. Tryg Garanti Switzerland has received insurance licences for credit and surety lines. During the start-up period, Tryg Garanti Switzerland created and adapted products to Swiss market standards. In addition, operational processes and procedures were set up to serve future clients in the best possible way. In July 2021, Tryg Garanti Switzerland signed the first insurance contract for surety products and issued the first bond in August. As of 31.12.2021 Tryg Garanti Switzerland is conducting business with four active clients.

This is considered the start of Tryg Garanti Switzerland's journey to become a recognized and highly regarded provider of trade credit and surety services in Switzerland. This is achieved by leveraging on the expertise and experience from Tryg Garanti's operations in the Nordics, which is characterized by providing exceptional customer service as well as efficient and digital client solutions.

The start-up phase was affected by the COVID-19 pandemic which limited the possibility of physical contact with clients and colleagues, but with no direct impact on the business.

For 2021, the net income after taxes amounts to -1.164.585 CHF. This stems from the fact that the Swiss branch is newly established and the net income after taxes is expected to improve as business matures.

3. Business Activities

3.1. Company Form and Auditor

Tryg Forsikring A/S, Ballerup, Zweigniederlassung Zürich (Schweiz) is a Branch of Tryg Forsikring A/S, Ballerup.

Tryg Garanti Switzerland has been operating in the Swiss market since 1. April 2021 and is licensed to offer both trade credit & surety insurance to business clients. The majority part of the clients operates in the construction segment. However, there are also clients in other segments with the need for Tryg Garanti's products. The size of the customers varies from medium-sized craftsmen to multinational companies.

Tryg Forsikring A/S offers property and casualty insurance in the Nordics and surety and trade Credit insurance under the name Tryg Garanti with branches in the following countries:

- Austria
- Belgium
- Denmark
- Finland
- Germany
- Netherlands
- Norway
- Sweden
- Switzerland

Tryg Garanti Switzerland is audited by PricewaterhouseCoopers AG, located on Birchstrasse 160 in 8050 Zürich.

3.2. Ownership structure

For Tryg Forsikring A/S, Ballerup, Zweigniederlassung Zürich (Schweiz), as a branch of Tryg Forsikring A/S, Ballerup, this point is not relevant. Further information about the ownership structure for Tryg Forsikring A/S can be found in the solvency and financial condition report on [solvency-financial-condition-report-2021.pdf \(tryg.com\)](#).

3.3. Strategy and segments

3.3.1. Market conditions

The Swiss surety market is characterized by many market participants. In addition to Swiss banks which are active in the surety business, the market is also served by more than ten insurance companies leading to a highly competitive environment. On the other hand, the surety market is growing at least as fast as the GDP in Switzerland and demand for surety products is growing in volume. With an increasing demand for bonds with short handling times and longer durations, the Swiss market is evolving towards other European surety markets.

Looking ahead, high demand for bonding facilities is expected to continue. Overall, a steady or increasing price development is expected because of growing economic uncertainty. Thus, most of the competitors will underwrite more cautiously as price inflation and supply chain interruptions

are becoming more present. However, price pressure and competition on strong risks is anticipated to remain or rise.

3.3.2. General strategy & products

To become a recognized and highly regarded provider of trade credit and surety services in Switzerland, Tryg Garanti Switzerland is leveraging on the business model and expertise from long standing business in the Nordics. Tryg Garanti has been successful in the Nordics by offering peace of mind, exceptional customer service and efficient and digital services.

It is the objective of Tryg Garanti Switzerland to establish these core attributes into the Swiss market by offering products through a direct sales approach. Tryg Garanti Switzerland started off by offering surety products to large clients. This is enabled by building on Tryg Garanti's existing client network as well as targeting new Swiss clients.

By doing business with large clients Tryg Garanti Switzerland ensures to establish a strong brand and approval as new surety provider in the Swiss market. This considered crucial for strong growth in Swiss market, especially with smaller clients.

Tryg Garanti Switzerland's key segment is the construction industry, but bonds are also offered for other segments such as the manufacturing and trade and services industries etc.

Tryg Garanti Switzerland currently offers surety products for the Swiss market. The products were developed in 2021 and meet the regulatory and market requirements in Switzerland. In addition, Tryg Garanti Switzerland's products are being adapted to the Swiss market demand for straight-through-processing bonds.

3.4. Unusual events: COVID-19 pandemic

As an extraordinary event, the COVID-19 pandemic can be mentioned, which still had a significant impact on society and the economy in 2021. The measures taken to contain the COVID-19 pandemic meant that physical meetings, both with potential clients and with colleagues, could not take place and work was largely carried out from home. It can be argued that these measures led to a slower start of business in Switzerland. Nevertheless, the start of Tryg Garanti Switzerland's operation can be considered a success. The work from home was carried out with great efficiency and meetings with potential customers were successfully conducted remotely. A negative impact of the COVID-19 pandemic on claims levels cannot be identified at this stage. The impact is therefore limited to social and interpersonal factors regarding Tryg's business.

4. Performance

4.1. Information on premium, claims and costs

4.1.1. Premium

Gross earned premium amounts to 15.483 CHF in 2021.

Gross Earned Premium

CHF	2021	2020	Var.
Surety	15,483	-	15,483
Trade Credit	-	-	-
Total	15,483	-	15,483

Net earned premium amounts to 2.631 CHF in 2021.

Net Earned Premium

CHF	2021	2020	Var.
Surety	2,631	-	2,631
Trade Credit	-	-	-
Total	2,631	-	2,631

4.1.2. Claims

No claims have been reported for the financial year 2021. The amounts shown below consist of technical provisions.

Expenses for insurance claims (for own account)

CHF	2021	2020	Var.
Surety	-290,192	-	-290,192
Trade Credit	-	-	-
Total	-290,192	-	-290,192

4.1.3. Costs

The total expenses from underwriting business for 2021 amount to 880.456 CHF.

Expenses from underwriting business (for own account)

CHF	2021	2020	Var.
Surety	-880,456	-	-880,456
Trade Credit	-	-	-
Total	-880,456	-	-880,456

The average number of FTE for 2021 is 2,75.

4.2. Results by product

Both surety and trade credit are included under the segment "other branches". The following table provides Tryg Garanti Switzerland's result by products. The result for 2021 highlights the fact that the Swiss branch is newly established. This impacts the result with a high level of costs in combination with a low level of earned premium. This pattern is expected to change as the business develops.

Results by product (P/L)

CHF	2021	2020	Var.
Surety	-1,164,586	-	-1,164,586
Trade Credit	-	-	-
Total	-1,164,586	-	-1,164,586

For a more detailed report on Tryg Garanti Switzerland's financial performance please refer to appendix 1 at the end of this report.

4.3. Investment result

Tryg Garanti Switzerland does not actively invest its funds. Therefore, there is no income or expenses from investments during the reporting period. Funds covering the tied assets are held as cash at an interest rate of 0%.

4.4. Information on profit and losses recognized directly in equity

All results were booked through the income statement.

4.5. Other income and expenses

In the reporting period there is no record of other income or expenses.

4.6. Other financial income and expenses

Primarily consists of realised exchange rate gains and losses.

4.7. Appendix 1: Performance non-life solo

Currency: CHF
Amounts stated in thousands

	Total		Direct Swiss business													
			Accident		Illness		Motor vehicle		Transport		Fire, natural hazards, property damage		General third-party liability		Other branches	
	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
1	Gross premiums	13,55														13,55
2	Reinsurers' share of gross premiums	-10,84														-10,84
3	Premiums for own account (1 + 2)	2,71														2,71
4	Change in unearned premium reserves	1,94														1,94
5	Reinsurers' share of change in unearned premium reserves	-2,02														-2,02
6	Premiums earned for own account (3 + 4 + 5)	2,63														2,63
7	Other income from insurance business	-														-
8	Total income from underwriting business (6 + 7)	2,63														2,63
9	Payments for insurance claims (gross)	-														-
10	Reinsurers' share of payments for insurance claims	-														-
11	Change in technical provisions	-291,18														-291,18
12	Reinsurers' share of change in technical provisions	0,99														0,99
14	Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	-290,19														-290,19
15	Acquisition and administration expenses	-887,57														-887,57
16	Reinsurers' share of acquisition and administration expenses	7,12														7,12
17	Acquisition and administration expenses for own account (15 + 16)	-880,46														-880,46
18	Other underwriting expenses for own account	-0,00														-0,00
19	Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	-880,46														-880,46
20	Investment income	-														-
21	Investment expenses	-														-
22	Net investment income (20 + 21)	-														-
23	Capital and interest income from unit-linked life insurance	-														-
24	Other financial income	3,61														3,61
25	Other financial expenses	-0,18														-0,18
26	Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	-1.164,59														-1.164,59
27	Interest expenses for interest-bearing liabilities	-														-
28	Other income	-														-
29	Other expenses	-														-
30	Extraordinary income/expenses	-														-
31	Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	-1.164,59														-1.164,59
32	Direct taxes	-														-
33	Profit / loss (31 + 32)	-1.164,59														-1.164,59