MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms Tryg's IFSR of A1 and changes outlook to positive

18 September 2025

Frankfurt am Main, September 18, 2025 – Moody's Ratings (Moody's) has today affirmed the A1 insurance financial strength rating (IFSR) of Tryg Forsikring A/S (Tryg) and has changed the outlook to positive from stable. We have also affirmed the long-term issuer ratings of Tryg at A2, as well as the subordinated notes at A3(hyb). At the same time, we affirmed the perpetual restricted Tier 1 capital notes at Baa3(hyb).

RATINGS RATIONALE

The change in outlook to positive reflects our view that Tryg's franchise strength and market position will enable Tryg to continue to produce outstanding underwriting profitability, benefiting from the continuous optimization of its business model. It also reflects our view that the recent reductions in product and asset risk will support Tryg's capital adequacy. Despite Tryg's ambitious shareholder return targets, we believe Tryg will maintain resilient capitalization, benefitting from very strong capital generation and low sensitivity to financial market volatility.

The ratings affirmation reflects the Group's leading position as the second largest insurance franchise in the highly profitable Nordic property and casualty (P&C) market, with strong market positions in Denmark, Norway and Sweden. Over recent years, Tryg has actively moved away from commercial business, further concentrating on retail and small and medium enterprises business. Whereas this is positive from a product risk perspective, it does somewhat reduce the diversification in Tryg's underwriting portfolio. Moreover, Tryg's modest scale and the focus on the three core Nordic markets also exposes the Group to potential disruption within these markets, constraining its overall market position relative to large global peers with strong franchises in several regions.

Tryg has consistently delivered very strong and stable underwriting profits maintaining combined ratios below 85% in recent years despite pressure from high claims inflation and increased claims frequencies. In 2024, the group reported 14% increase in insurance service result to DKK7.3bn, alongside an improved combined ratio of 81.7%, compared to 82.8% in the prior year. We expect earnings to remain strong, benefitting from a focus on profitable growth, underwriting excellence and continued tight cost management.

In terms of asset quality, Tryg maintains a very low level of risk within its investment portfolio. This is reinforced by the recent de-risking of the portfolio, with 95% now allocated to high-quality covered and government bonds. However, the Group carries a sizable amount of goodwill and other intangible assets related to previous acquisitions.

Tryg's capitalisation remains very strong with Solvency II ratio of 199% as at HY2025. Our assessment of Tryg's capital adequacy is further supported by Tryg's relatively low sensitivities of the Solvency II ratio to financial market movements and very strong capital generation track record. However, capitalisation is constrained by the group's ambitious shareholder return targets, similar to its peers.

Going forward, we expect Tryg will maintain a disciplined approach to capital management, while operating with a moderately lower Solvency II ratio given the Group's reduced investment and product risk profile.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The following factors could lead to an upgrade of Tryg's ratings over the next 12 to 18 months: (1) the group maintaining a top tier position in its core markets, while sustaining profitable growth, (2) Solvency II ratio sustainably at about or above 170%, (3) the group maintaining exceptionally strong operating performance, reflected in combined ratio close to current levels and a return on capital (our definition) of close to 12%, alongside low volatility earnings across the cycle; and (4) an adjusted financial leverage sustainably below 15%.

Given the positive outlook, there is limited downward pressure on the ratings but the outlook could revert to stable in case of: (1) a sustained weakening of Tryg's competitive position in the Nordic P&C insurance market or a deterioration in the very supportive market environment, for example due to regulatory or legislative changes, (2) meaningfully reduced capital adequacy, as indicated by Solvency II coverage sustainably below 170%; (3) meaningful deterioration in profitability, reflected in a combined ratio sustainably above 85% and return on capital (our definition) below 10% or (4) adjusted financial leverage consistently above 15%.

The principal methodology used in these ratings was Property and Casualty Insurers published in April 2024 and available at https://ratings.moodys.com/rmc-documents/418354. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

Tryg's "Standalone Scorecard-indicated Outcome" adjusted score of A1 is set two notches below the "Preliminary Standalone Outcome" score of Aa2. This predominantly reflects Tryg's relatively small size compared to European peers and a more holistic assessment of Tryg's capital adequacy and financial flexibility, based on regulatory solvency ratios and qualitative considerations.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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