

Half-year report 2023



Tryg Forsikring A/S - 1 January – 30 June 2023



Tryg Forsikring A/S - (CVR-no. 24260666) - Klausdalsbrovej 601 - 2750 Ballerup

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Company details

Supervisory Board

Jukka Pertola, Chairman
Steffen Kragh, Deputy Chairman
Mari Thjømmøe
Thomas Hofman-Bang
Carl-Viggo Östlund
Mengmeng Du
Claus Wistoft
Anne Kaltof
Jørn Rise Andersen
Tina Snejbjerg
Charlotte Dietzer
Elias Bakk
Mette Osvold
Lena Darin

Executive Board

Johan Kirstein Brammer, Group CEO
Barbara Plucnar Jensen, Group CFO
Lars Bonde, Group COO
Alexandra Bastkær Winther, Group CCO
Mikael Kärrsten, Group CTO

Internal audit

Jens Galsgaard

Independent auditors

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab

Ownership

Tryg Forsikring A/S is part of the Tryg Forsikring Group. The company has a share capital of DKK 1,646m and is wholly-owned by Tryg A/S, Ballerup, Denmark.

The half-year report is included in the consolidated financial statements of TryghedsGruppen smba, Hummeltoftevej 49, 2830 Virum and Tryg A/S, Ballerup (<https://www.tryghed.dk> and www.Tryg.com).

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Management's review

Income overview Tryg Forsikring Group

Introduction to a new accounting standard, IFRS 17 Executive summary

Background

IFRS 17 came into effect on 1 January 2023:

- "IFRS 17: Insurance Contracts" came into effect on 1 January 2023, changing the financial reporting of insurance companies. For Tryg Forsikring group, this means that the H1 2023 half year report will be prepared in accordance with IFRS 17. Comparative figures are restated accordingly.
- The goal of IFRS 17 is to ensure consistent accounting for all insurance contracts, increase comparability between insurance companies and to drive more detailed disclosures.

Impact

- Changes primarily in terminology & reclassification: Due to Tryg Forsikring's business being predominantly short tail and the current accounting policy practices already in force in Denmark (e.g. mark-to-market accounting for all assets and liabilities, discounting claims provisions), IFRS 17 will primarily mean a change in terminology and a few reclassifications of items in the income statement.
- Key items such as pre-tax result, net profit and shareholders' equity remain unchanged.

Key takeaways

- Technical result to remain stable: The IFRS 17 restated 2022 technical result could at first glance imply increased volatility due to the inflation swap being moved to the investment result. However, this is not the case, as an update to inflation assumptions is being applied, which, on the contrary, is expected to reduce volatility (see further details on following pages).
- Pre-tax result, Profit and Equity unchanged: Tryg Forsikring runs a pure P&C business and is predominantly short tail. It has used mark-to-market accounting for all assets and liabilities for many years, which means that the underlying measurement of the business will not change, and the new standard will therefore leave the pre-tax result, the profit for the year and shareholders' equity untouched.
- Solvency ratio and dividend outlook also remain the same: Due to the reasons mentioned above, the solvency ratio and dividend outlook will remain the same as previously and are not impacted by IFRS 17.

Key new Terminology

Insurance revenue: This is the new top line figure and is comparable to gross premium income but does not include bonus and premium rebates.

Insurance service expenses: This line item covers both claims and costs (the split will still be shown in the income overview and in the notes).

Insurance service result: Equivalent to the technical result and is the sum of insurance revenue, insurance service expenses and net expenses from reinsurance contracts.

Income overview Tryg Forsikring Group

DKKkm	H1 Proforma		H1	
	2023	H1 2022	2022	2022
Insurance revenue	18,390	18,614	16,050	34,814
Gross claims	-12,800	-12,731	-11,228	-23,904
Total insurance operating costs	-2,440	-2,516	-2,140	-4,701
Insurance service expenses	-15,240	-15,247	-13,369	-28,605
Profit/loss on gross business	3,150	3,368	2,682	6,212
Profit/loss on ceded business	83	-333	-303	-576
Insurance service result	3,233	3,035	2,378	5,636
Investment return	236		-828	-510
Other income and costs	-955		-817	-2,024
Profit/loss before tax	2,514		733	3,102
Tax	-631		-188	-832
Profit/loss	1,883		545	2,270
Run-off gains/losses, gross	696		437	1,120
Run-off gains/losses, net of reinsurance	510	642	286	759
Key figures				
Total equity	39,954		41,587	42,655
Return on equity after tax (%)	9.1		3.9	8.2
Return On Own Funds (ROOF)	25.8		8.3	17.4
Return On Tangible Equity (ROTE)	32.1		13.1	24.0
Premium growth in local currencies a)	4.3		5.2	5.9
Gross claims ratio	69.6	68.4	70.0	68.7
Net reinsurance ratio	-0.4	1.8	1.9	1.7
Claims ratio, net of reinsurance	69.2	70.2	71.8	70.3
Gross expense ratio	13.3	13.5	13.3	13.5
Combined ratio	82.4	83.7	85.2	83.8
Run-off, net of reinsurance (%)	-2.8	-3.5	-1.8	-2.2
Large claims, net of reinsurance (%)	3.1	2.9	2.9	3.3
Weather claims, net of reinsurance (%)	1.9	1.8	1.9	1.7
Combined ratio on business areas				
Private	84.0	83.2	84.5	82.9
Commercial	79.7	83.0	85.1	82.7
Corporate	78.6	89.3	89.3	92.3

Following demerger, Trygg-Hansa, Codan Norway and Holmia Livsförsäkring are fully consolidated from 1 April 2022.

a) Premium growth is measured by comparative proforma figures that include figures from Trygg-Hansa and Codan Norway before demerger 01.04.22

Merger of Trygg-Hansa, Codan Norway and Holmia Livsförsäkring

Trygg-Hansa, Codan Norway and Holmia were merged into Tryg Forsikring A/S from 1 April 2022. Following the merger the result for Trygg-Hansa, Codan Norway and Holmia Livsförsäkring is included with with 3 month from 1 April to 30 June in H1 2022. H1 2022 Proforma figures includes data from Trygg-Hansa, Codan Norway and Holmia from January to June 2022.

Highlights

Tryg Forsikring's results

H1 2023 results

Premium growth of 4.3% (proforma), when measured in local currencies, was primarily driven by solid growth in the Private and Commercial segments. The H1 insurance service result was DKK 3,233m, while the result in the comparable period was DKK 3,035m (proforma). During H1 2023 Tryg Forsikring has increased its technical result by improving underlying performance and also by benefiting from increasing interest rates but have also been negatively impacted by the currencies movements in Sweden and Norway.

Insurance revenue

Insurance revenue (Gross premium income) was DKK 18,390m (DKK 18,614m proforma H1 2022), corresponding to Premium growth 4.3% based on pro-forma figures including premiums from Codan Norway, Trygg-Hansa and Holmia for January to March 2022.

Claims

The claims ratio net of reinsurance was 69.2 (70.2 proforma H1 2022). Large claims were weighing 3.1% (2.9%). Weather claims were 1.9% (1.8% proforma in H1 2022) with the main driver being a landslide recorded in Halden (a Norwegian town) where a nearby factory was hit. The underlying claims ratio for the Group, excluding large claims and weather claims, run-offs, and discounting, was 69.9% (70.6% proforma), which was 0.7 percentage points better than the corresponding half-year in 2022.

Expenses

The expense ratio has been improved to 13.3 (13.5 proforma) and impacted by strong cost control. Under IFRS 17, the expense ratio target has been adjusted to at or below 13.5% (previously approximately 14%). Synergies from the RSA acquisition also positively supported the low expense ratio.

Investment return

Investment income totaled DKK 236m in H1 2023 (DKK -828m), primarily driven by positive returns from equities and fixed income asset classes.

Other income and costs

Other income and costs were DKK -955m (DKK-817m). Other costs impacted by integration costs: DKK -300 mio. in H1 2023 and DKK -476 mio. in H1 2023 related to depreciations of customer relations from RSA Scandinavia acquisition and the Alka acquisition.

Business initiatives

Private

In Private Denmark, Tryg Forsikring is thrilled to announce a new partnership with the 'cutting-edge' digital platform Seez. This collaboration positions Tryg Forsikring at the forefront of the future car market, driving innovation and progress. The car market is constantly evolving and Tryg Forsikring is launching initiatives to stay at the forefront. These initiatives are driven by changes in technology, sustainability policies, and consumer preferences

Business-to-business (B2B)

In Commercial Denmark, Tryg Forsikring launched the new van insurance. The new insurance is designed to meet the needs of the customers, with innovative coverage options and simple processes. During development and testing, Tryg Forsikring have put new methods into play to ensure a clear customer focus from idea to launch.

Sustainability & ESG

Tryg's Sustainability strategy, 'Driving sustainable impact', strengthens the anchoring of strong ESG practices across the organisation and aims to support customers in the green transition by increasingly offering insurance products including sustainable elements and sustainable claims handling. Tryg Forsikring has a target of increasing the claims spend classified as sustainable by 80% by 2024 compared to 2020. The target is an important lever for achieving Tryg Forsikring's goal of total CO2 reductions of 20,000-25,000 tonnes through more sustainable claims handling.

We are convinced that the most sustainable claim is the claim that can be prevented or minimised. Hence, Tryg Forsikring's focus on prevention is a vital component in the furthering of the sustainability agenda. By integrating preventive measures into its products and services, Tryg Forsikring's aim is to provide comfort and peace-of-mind for its customers as well as both an environmental and social upside.

SMART repair beneficial for the customer as well as environment

Tryg Forsikring has initiated new SMART repair – Small to Medium Auto Repair Technology. The new initiative reduces the claims handling process from 3-5 days to one day. With SMART repair technology small dents, scratches in the paintwork and other small cosmetic claims are repaired in one garage in one day instead of several garages with relevant expertise. Hence, Tryg reduces the extent of repairs beneficial for the environment and increases customer experience.

Enhancing diversity, equity, and inclusion

In Tryg Forsikring, we are committed to increasing the level of diversity, equality and inclusion across our organisation and industry. We want to reflect the society we are part of and better understand and match the changing needs of our diverse customers and society in general. We emphasise the importance of a company culture where everyone feels equally respected and welcomed to ensure that all employees are comfortable being their true self at work.

Tryg as you are

Under the tagline "Tryg as you are", we put spotlight on the importance of a company culture where everyone feels equally included. In 2022, an LGBT+ network was established further to advance the diversity and inclusion agenda in Tryg Forsikring. In 2023, Tryg entered a partnership with Copenhagen and Bergen Pride and participated in the parade in Bergen in June and the upcoming parade in Copenhagen in August. Pride months are also marked across countries with internal arrangements focusing on being an inclusive colleague supporting being "Tryg as you are".

Embracing hidden disabilities – creating peace of mind for employees and customers

1 out of five lives with a disability – 80% with an invisible disability. Being an inclusive and diverse company, Tryg Forsikring embraces diversity and work to create peace of mind for our employees and customers. Therefore, Tryg Forsikring has joined the international Sunflower program – making invisible disabilities visible to ensure that the necessary considerations are taking such as being patient and providing extra specific support. Internally, the sunflower lanyard is available for employees and guests who wish to visualise special needs. Externally, a sunflower telephone transitional climate-related risks and opportunities may impact the business in both the medium and long term. Inherent to the business is a strong focus on managing and preventing claims related to natural events such as flooding and storms, and Tryg Forsikring continues to strengthen its data, methods, and practices for managing this.

As part of its climate and environmental engagement, Tryg Forsikring supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has joined more than 4,000 companies globally that are taking action to build a more resilient financial system through climate-related disclosures.

Private

Private encompasses the sale of insurance products to private individuals in Denmark, Sweden and Norway. Sales are distributed via multiple channels, including call centres, online sales, Tryg Forsikring's own sales force, interest organisations, car dealers, Alka in Denmark, franchisees in Norway, Trygg-Hansa in Sweden and Danske Bank branches. The business area accounts for 65% of the Group's total insurance revenue.

Key figures - Private ^{a)}

DKKm	H1 2023	H1 pro- forma 2022	H1 2022	FY 2022
Insurance revenue	12,072	12,169	10,492	22,776
Gross claims	-8,530	-8,384	-7,375	-15,625
Total insurance operating costs	-1,520	-1,561	-1,332	-2,913
Insurance service expense	-10,050	-9,945	-8,707	-18,538
Profit/loss on gross business	2,023	2,224	1,785	4,238
Net expense from reinsurance contracts	-90	-174	-159	-332
Insurance service result	1,932	2,050	1,625	3,906
Run-off gains/losses, net of reinsurance	85	373	163	357
Key ratios				
Premium growth in local currencies (%) *	4.7		5.1	4.9
Gross claims ratio	70.7	68.9	70.3	68.6
Net reinsurance ratio	0.7	1.4	1.5	1.5
Claims ratio, net of reinsurance	71.4	70.3	71.8	70.1
Gross expense ratio	12.6	12.8	12.7	12.8
Combined ratio	84.0	83.2	84.5	82.9
Combined ratio exclusive of run-off	84.7	86.2	86.1	84.4
Run-off, net of reinsurance (%)	-0.7	-3.1	-1.6	-1.6
Large claims, net of reinsurance (%)	0.4	0.8	0.9	0.6
Weather claims, net of reinsurance (%)	1.9	2.1	2.1	1.8

^{a)} From H1 2022 Tryg's Operating segments are reduced from four to three operating segments, with the segment previously reported as "Sweden" is moved to the Segment "Private" and comparative figures are restated accordingly

^{*)} Based on pro-forma figures

H1 2023 results

The insurance service result was DKK 1,932m (DKK 2,050m) compared to the H1 2022 proforma figures. In general, the business underwent a good growth.

Insurance revenue

Insurance revenue totalled DKK 12,072m (DKK 12,169m proforma), corresponding to a growth of 4.7% measured in local currencies. The growth was affected by the conversion and repricing of Moderna portfolio in Sweden and Codan Norway to Tryg in Norway. The impact from conversions and repricing on premium growth was in line with expectations. The growth was generated across all countries, and while Private is the most profitable segment in Tryg Forsikring with the lowest capital requirement, growth in this segment is structurally positive for the Group. In Denmark, Tryg Forsikring reported solid top-line growth that was impacted by price increases, an enhanced focus on direct customers and cross-selling to existing customers. In Norway, Tryg Forsikring reported good top-line growth due to strong sales via partner agreements and also a positive impact from increased sales of new electric cars, despite a challenging market. In Sweden, Trygg-Hansa reported positive top-line growth, which was positively impacted by organic growth across multiple sales channels and cross-selling to existing customers, whilst sales of used cars underwent a modest improvement, but lower sales of new cars continued to have a negative effect.

Claims

Claims ratio, net of reinsurance was 71.4 (70.3 in H1 2022 proforma), driven by noticeably higher level of interest rates, synergies from the RSA Scandinavia acquisition and a slightly higher level of underlying claims.

Expenses

The expense ratio was 12.6 (12.8 proforma in H1 2022), showing a continuous focus on cost efficiency.

Commercial

Commercial encompasses the sale of insurance products to small and medium-sized businesses in Denmark, Sweden and Norway and under the brand 'Tryg Garanti' (Tryg's credit & surety business) in selected European countries. Sales are distributed via Tryg's own sales force, brokers, online sales (particularly in Sweden), Alka in Denmark, franchisees in Norway, Trygg-Hansa in Sweden and Danske Bank branches. The business area accounts for 25% of the Group's total insurance revenue

Key figures - Commercial ^{a)}

DKKm	H1 pro-forma			
	H1 2023	2022	H1 2022	FY 2022
Insurance revenue	4,559	4,636	3,748	8,408
Gross claims	-2,901	-2,984	-2,491	-5,551
Total insurance operating costs	-712	-754	-606	-1,337
Insurance service expense	-3,613	-3,738	-3,097	-6,889
Profit/loss on gross business	946	898	651	1,519
Net expense from reinsurance contracts	-23	-108	-93	-66
Insurance service result	924	790	558	1,453
Run-off gains/losses, net of reinsurance	119	190	44	264
Key ratios				
Premium growth in local currencies (%) *	3.8		6.2	8.6
Gross claims ratio	63.6	64.4	66.5	66.0
Net reinsurance ratio	0.5	2.3	2.5	0.8
Claims ratio, net of reinsurance	64.1	66.7	68.9	66.8
Gross expense ratio	15.6	16.3	16.2	15.9
Combined ratio	79.7	83.0	85.1	82.7
Combined ratio exclusive of run-off	82.4	87.1	86.3	85.9
Run-off, net of reinsurance (%)	-2.6	-4.1	-1.2	-3.1
Large claims, net of reinsurance (%)	4.8	6.2	5.7	7.2
Weather claims, net of reinsurance (%)	2.1	1.5	1.8	1.6

^{a)} From H1 2022 Tryg's Operating segments are reduced from four to three operating segments, with the segment previously reported as "Sweden" is moved to the Segment "Private" and comparative figures are restated accordingly

^{*)} Based on pro-forma figures

H1 2023 results

The insurance service result was DKK 924m (DKK 790m) compared to the H1 2022 pro-forma figures (including Trygg-Hansa and Codan for Q1-2022 as opposed to the reported figures for H1).

Insurance revenue

Insurance revenue totalled DKK 4,559m (DKK 4,636m proforma H1 2022), corresponding to a growth of 3.8% measured in local currencies. In general, the business underwent a good growth.

Claims

Claims ratio, net of reinsurance was 64.1 (66.7 proforma H1 2022), driven by noticeably higher level of interest rates, and price initiatives. Large claims, net of reinsurance was 4.8% against 6.2% in H1 2022 (proforma).

Expenses

The expense ratio was somewhat stable at 15.6% (16.3% proforma) and was supported by synergies related to the acquisition of RSA's Swedish and Norwegian businesses.

Corporate

Corporate encompasses the sales of insurance products to corporate customers under the brands in Denmark and in Norway under the brand 'Tryg' and in Sweden under 'Trygg-Hansa'. Sales are distributed via Tryg Forsikring's own sales force and insurance brokers. Moreover, customers with international insurance products are serviced through Tryg Forsikring's cooperation with the RSA Global network. The business area accounts for 10% of the Group's total insurance revenue.

Key figures - Corporate

DKKm	H1 2023	H1 pro- forma 2022	H1 2022	FY 2022
Insurance revenue	1,758	1,810	1,810	3,631
Gross claims	-1,369	-1,363	-1,363	-2,724
Total insurance operating costs	-209	-203	-203	-451
Insurance service expense	-1,577	-1,566	-1,566	-3,175
Profit/loss on gross business	181	244	244	456
Net expense from reinsurance contracts	196	-50	-50	-177
Insurance service result	377	194	194	278
Run-off gains/losses, net of reinsurance	305	79	79	137
Key ratios				
Premium growth in local currencies (%)	2.8		3.3	-0.8
Gross claims ratio	77.8	75.3	75.3	75.0
Net reinsurance ratio	-11.2	2.7	2.7	4.9
Claims ratio, net of reinsurance	66.7	78.1	78.1	79.9
Gross expense ratio	11.9	11.2	11.2	12.4
Combined ratio	78.6	89.3	89.3	92.3
Combined ratio exclusive of run-off	95.9	93.6	93.6	96.1
Run-off, net of reinsurance (%)	-17.3	-4.4	-4.4	-3.8
Large claims, net of reinsurance (%)	17.1	8.4	8.4	10.7
Weather claims, net of reinsurance (%)	1.1	0.7	0.7	1.0

H1 2023 results

The insurance service result was DKK 377m (DKK 194m).

Insurance revenue

Insurance revenue totalled DKK 1,758m (DKK 1,810m in H1 2022), corresponding to a growth of 2.8% measured in local currencies.

Claims

Claims ratio, net of reinsurance was 66.7 (78.1 in H1 2022), driven by continued profitability initiatives and a reduction in customers with international exposure, especially to property and liability.

Expenses

The expense ratio was slightly higher with 11.9 (11.2). In general, a lower expense ratio should be expected for the Corporate segment, as acquisition costs in the broker channel are paid by the customers via a commission to the brokers.

Investment activities

Since mid-2022 Tryg Forsikring's investment portfolio include the new assets coming from the RSA Scandinavia acquired perimeter, which means that the free portfolio (the capital of the company) is now DKK 17bn, while the match portfolio (matching the liabilities and constructed to minimize capital consumption) is DKK 44bn.

H1 2023 results

The investment return for the half year was DKK 236m (DKK -828m in H1 2022), driven by positive returns both on the free and the match portfolio.

Free portfolio

The result of the free portfolio was DKK 251 (DKK -917m in H1 2022). Financial markets development remains volatile, but slightly lower inflation expectations which had an impact on the equity markets performance. Properties produced a negative return driven by challenging macroeconomic environment with prevailing high interest rates.

Match portfolio

The return for H1 2022 was DKK 166m (DKK -230m for H1 2022).

Other financial income and expenses

Other financial income and expenses were DKK -181m (DKK 319m in H1 2022).

Solvency and dividend

The solvency ratio (based on Tryg Forsikring's partial internal model) was 197 at the end of H1 2023 compared to 199 at the end of 2022 for Tryg Forsikring (parent company).

Own funds

Own funds totalled DKK 15,556m at the end of H1 (DKK 15,940m at the end of 2022). Tryg Forsikring's own funds consist predominantly of shareholders' equity and subordinated loans.

Solvency capital requirement

Tryg Forsikring calculates its individual solvency capital requirement based on a partial internal model in accordance with the Danish Financial Supervisory Authority's Executive Order on Solvency and Operating Plans for Insurance Companies. The model is based on the structure of the standard model. Tryg Forsikring uses an internal model to evaluate insurance risks, while other risks are calculated using standard model components.

The solvency capital requirement, calculated using the partial internal model, was DKK 7,894m (DKK 7,991m at the end of 2022).

Financial outlook

Financial targets

Tryg Forsikring target for the insurance service result in 2024 of between DKK 7.0 and 7.4bn, driven by a combined ratio at or below 82 and an expense ratio around 14. The overall insurance service result target is underpinned by DKK 900m in synergies from the Codan Norway and Trygg-Hansa acquisition and by Tryg Forsikring's 2024 strategy "Growing a successful core while shaping the future", with initiatives impacting the insurance service result by approximately DKK 1.6bn.

New targets for 2024 with IFRS 17 - Tryg Forsikring:

- The insurance service result: **DKK 7.2-7.6 bn**
- Combined ratio: **at or below 82%**
- Expense ratio: **approximately 13.5%**

Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today considered and adopted the interim report for the first half year of 2023 for Tryg Forsikring A/S.

The Financial statements, which is unaudited and have not been reviewed by the company's auditors, is prepared in accordance with IAS 34 Interim Financial Reporting. The financial statement for the parent company is prepared in accordance with the executive order issued by the Danish Financial Business Act.

In our opinion, the report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30 June 2023 and of the results of the group's and the parent company's operations for the period and the cash flows of the group for the period.

We are furthermore of the opinion that the Management's review gives a true and fair view of developments in the activities and financial position of the group and the parent company, the results for the period of the group's and the parent company's financial position in general and describes principal risks and uncertainties that the group and the parent company face.

Ballerup, 11. July 2023

Executive Board

Johan Kirstein Brammer, Group CEO

Barbara Plucnar Jensen, Group CFO

Lars Bonde, Group COO

Alexandra Bastkær Winther, Group CCO

Mikael Kärrsten, Group CTO

Supervisory Board

Jukka Pertola, Chairman

Anne Kaltof

Steffen Kragh, Deputy Chairman

Jørn Rise Andersen

Mari Thjømmøe

Tina Snejbjerg

Thomas Hofman-Bang

Charlotte Dietzer

Carl-Viggo Östlund

Elias Bakk

Mengmeng Du

Mette Osvold

Claus Wistoft

Lena Darin

Tryg Forsikring Group

Income statement

DKKm	H1 2023	H1 2022	2022
Notes			
Insurance revenue	19,521	17,842	38,365
Insurance service expenses	-16,371	-15,161	-32,156
Net expense from reinsurance contracts	83	-303	-576
1 Insurance service result	3,233	2,378	5,636
Investment activities			
Income from associates	-34	-1	-53
Income from investment property	24	27	48
Interest income and dividends	706	392	915
2 Value adjustments	187	-3,056	-3,695
Interest expenses	-142	-74	-141
Administration expenses in connection with investment activities	-103	-56	-168
Investment return	638	-2,768	-3,094
Net finance income/expenses from insurance contracts	-462	1,999	2,621
Net finance income/expenses from reinsurance contracts	60	-59	-36
Total Investment return	236	-828	-510
3 Other income	57	61	126
3 Other costs	-1,011	-879	-2,150
Profit/loss before tax	2,514	733	3,102
Tax	-631	-188	-832
Profit/loss for the period	1,883	545	2,270

Statement of comprehensive income

DKKm	H1 2023	H1 2022	2022
Profit/loss for the period	1,883	545	2,270
Other comprehensive income			
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
Actuarial gains/losses on defined-benefit pension plans	0	0	-2
Tax on actuarial gains/losses on defined-benefit pension plans	0	0	1
	0	0	-2
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities	-1,871	-1,418	-2,217
Hedging of currency risk in foreign entities	509	290	496
Tax on hedging of currency risk in foreign entities	-128	-64	-109
	-1,490	-1,192	-1,830
Total other comprehensive income	-1,490	-1,192	-1,832
Comprehensive income	393	-647	438

Statement of financial position

DKKm	30.06.2023	30.06.2022	31.12.2022
Notes			
Assets			
Intangible assets	30,730	34,095	32,716
Operating equipment	188	181	178
Group-occupied property	901	723	693
Total property, plant and equipment	1,089	904	871
Investment property	1,085	1,074	1,017
Equity investments in associates	21	34	37
Total investments in associates	21	34	37
Equity investments	3,163	4,670	4,647
Unit trust units	10,655	8,634	8,330
Bonds	52,060	59,326	55,782
Other lending	75	90	75
Derivative financial instruments	1,879	1,294	1,763
Reverse repurchase lending	50	0	194
Total other financial investment assets	67,882	74,014	70,792
4 Total investment assets	68,988	75,121	71,845
Assets from reinsurance contracts	3,133	2,190	2,823
Receivables from Group undertakings	49	1	1
Other receivables	1,501	1,409	385
Total receivables	1,550	1,410	386
Current tax assets	750	568	847
Cash at bank and in hand	1,294	1,441	2,588
Total other assets	2,044	2,010	3,435
Interest and rent receivable	311	175	230
Other prepayments and accrued income	779	558	735
Total prepayments and accrued income	1,091	734	966
Total assets	108,625	116,465	113,041

Statement of financial position

DKKm		30.06.2023	30.06.2022	31.12.2022
Notes				
Equity and liabilities				
Equity		39,954	41,587	42,655
5	Subordinated loan capital	2,824	3,757	3,688
Total provisions for insurance contracts		48,684	51,542	49,063
Pensions and similar liabilities		62	79	85
Deferred tax liability		3,223	3,299	3,492
Other provisions		120	150	94
Total provisions		3,406	3,528	3,671
Amounts owed to credit institutions		1,182	1,249	1,305
4	Debt relating to repos	2,628	1,889	4,222
4	Derivative financial instruments	2,534	2,136	2,398
Debt to Group undertakings		83	4,554	96
Current tax liabilities		404	169	98
Other debt		6,858	6,027	5,792
Total debt		13,687	16,023	13,911
Accruals and deferred income		70	27	52
Total equity and liabilities		108,625	116,465	113,041
6	Related parties			
7	Contingent Liabilities			
8	Accounting policies			

Statement of changes in equity

DKKm	Share capital	Reserve for exchange rate adjustment	Other reserves a)	Retained earnings	Proposed dividend	Non-controlling interest	Share-holders of Tryg Forsikring	Additional Tier 1 capital	Total equity
Equity at 31 December 2022	1,646	-2,176	4,724	35,384	2,570	1	42,149	506	42,655
Changes in impairment owing to									
Implementation of IFRS 9				-2			-2		-2
Changes in taxes due owing to implementation of IFRS 9				1			1		1
Equity at 1 January 2023	1,646	-2,176	4,724	35,382	2,570	1	42,148	506	42,654
H1 2023									
Profit/loss for the period			-299	-221	2,385		1,864	19	1,883
Other comprehensive income		-1,490		0			-1,490		-1,490
Total comprehensive income	0	-1,490	-299	-221	2,385	0	374	19	393
Issue Additional tier 1 capital					0		0	987	987
Reduction of tier 1 capital								-280	-280
Dividend paid					-3,781		-3,781		-3,781
Interest paid on additional Tier 1 capital								-19	-19
Total changes in equity in H1 2023	0	-1,490	-299	-221	-1,396	0	-3,407	707	-2,700
Equity at 30 June 2023	1,646	-3,666	4,424	35,161	1,174	1	38,741	1,213	39,954
Equity at 31 December 2021	1,100	41	1,735	9,383	700	1	12,962	506	13,468
H1 2022									
Profit/loss for the period			2,907	-2,598	500		545		545
Other comprehensive income		-1,192		0			-1,192		-1,192
Total comprehensive income	0	-1,192	2,907	-2,598	500	0	-647		-647
Issue of new shares	546			29,420	0		29,966		29,966
Dividend paid					-1,200		-1,200		-1,200
Total changes in equity in H1 2022	546	-1,192	2,907	26,822	-700	0	28,382		28,382
Equity at 30 June 2022	1,646	-1,151	4,642	35,942	0	1	41,081	506	41,587
Equity at 31 December 2021	1,100	41	1,735	9,383	700	1	12,962	506	13,468
2022									
Profit/loss for the year			2,989	-3,789	3,070		2,270	0	2,270
Other comprehensive income	0	-2,217		385			-1,832		-1,832
Total comprehensive income	0	-2,217	2,989	-3,403	3,070		438	0	438
Issue of new shares	546			29,420	0		29,966		29,966
Dividend paid					-1,200		-1,200		-1,200
Total changes in equity in 2022	546	-2,217	2,989	26,001	1,870	0	29,188	0	29,188
Equity at 31 December 2022	1,646	-2,176	4,724	35,384	2,570	1	42,149	506	42,655

a) The possible payment of dividend is influenced by contingency fund provisions and Norwegian Natural Perils Pool of DKK 4,424m (DKK 4,724m as at 31 December 2022). The provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.

Statement of cash flow

DKKm	H1 2023	H1 2022	2022
Cash from operating activities			
Insurance revenue	19,960	15,982	33,433
Insurance service expenses	-17,512	-9,197	-30,235
Net expenses from reinsurance contracts	-25	-212	-1,126
Cash flow from insurance activities	2,422	6,573	2,071
Interest income	458	244	538
Interest expenses	-150	-74	-149
Dividend received	89	78	152
Taxes	-140	-16	-1,072
Other income and costs	-479	-480	-1,238
Cash from operating activities, continuing business	2,200	6,325	301
Total cash flow from operating activities	2,200	6,325	301
Investments			
Acquisition and sale of equity investments and unit trust units (net)	-880	-428	-222
Purchase/sale of bonds (net)	56	-3,523	1,810
Deposits with credit institutions	0	-15	0
Purchase/sale of operating equipment (net)	-2	-37	-50
Hedging of currency risk	509	290	496
Investments, continuing business	-318	-3,713	2,035
Total investments	-318	-3,713	2,035
Financing			
Subordinated loan capital	707	0	0
Debt and receivables, Group	162	-1,412	1,160
Dividend paid	-3,781	-1,200	-1,200
Change in lease liabilities	-108	-87	-194
Change in amounts owed to credit institutions	-124	414	471
Financing, continuing business	-3,144	-2,285	237
Total financing	-3,144	-2,285	237
Change in cash and cash equivalents, net	-1,262	327	1,801
Exchange rate adjustment of cash and cash equivalents	-32	-6	-11
Additions relating to purchase of subsidiaries	0	323	0
Change in cash and cash equivalents, gross	-1,293	644	1,791
Cash and cash equivalents, beginning of year	2,588	797	797
Cash and cash equivalents, end of period	1,294	1,441	2,588

Notes

DKKm

1 Insurance service result

H1 2023	Insurance service result in Management's review	Reclassification a)	Income statement
Insurance revenue	18,390	1,132	19,521
Gross claims	-12,800	-1,132	-13,931
Total insurance operating costs	-2,440	0	-2,440
Total Insurance service expenses	-15,240	-1,132	-16,371
Expenses from reinsurance contracts held	-869	0	-869
Income from reinsurance contracts held	951	0	951
Net expense from reinsurance contracts	83	0	83
Insurance service result	3,233	0	3,233

a) IFRS 17 requires that claims reserves acquired shall be presented as insurance revenue. The reclassification refers to Insurance revenue and Gross claims relating to claims provisions from the Trygg-Hansa and Codan Norway acquisition. The presentation would have resulted in a artificially high Insurance revenue and Gross claims with no impact on the Insurance service result. Therefore Tryg presents Insurance revenue and Gross claims figures in Management's review without the above reclassification as it gives a fair view of Insurance revenue, Gross claims and Insurance service result as well as key ratios. This explains the difference between Management's review and the Financial statements.

2022 H1	Insurance service result in Management's review	Reclassification a)	Income statement
Insurance revenue	16,050	1,792	17,842
Gross claims	-11,228	-1,792	-13,021
Total insurance operating costs	-2,140	0	-2,140
Total Insurance service expenses	-13,369	-1,792	-15,161
Expenses from reinsurance contracts held	-665	0	-665
Income from reinsurance contracts held	362	0	362
Net expense from reinsurance contracts	-303	0	-303
Insurance service result	2,378	0	2,378

2022	Insurance service result in Management's review	Reclassification a)	Income statement
Insurance revenue	34,814	3,551	38,365
Gross claims	-23,904	-3,551	-27,455
Total insurance operating costs	-4,701	0	-4,701
Total Insurance service expenses	-28,605	-3,551	-32,156
Expenses from reinsurance contracts held	-1,447	0	-1,447
Income from reinsurance contracts held	871	0	871
Net expense from reinsurance contracts	-576	0	-576
Insurance service result	5,636	0	5,636

Notes

DKKm	Private	Commercial	Corporate	Other a)	Group
1 Operating segments					
H1 2023					
Insurance revenue	12,072	4,559	1,758	1,132	19,521
Gross claims	-8,530	-2,901	-1,369	-1,132	-13,931
Insurance operating costs	-1,520	-712	-209	0	-2,440
Insurance service expenses	-10,050	-3,613	-1,577	-1,132	-16,371
Result from reinsurance contracts	-90	-23	196	0	83
Insurance service result	1,932	924	377	0	3,233
Other items					-1,350
Profit/loss					1,883
Run-off gains/losses, net of reinsurance	85	119	305	0	510
Intangible assets	27,048	2,540	0	1,142	30,730
Equity investments in associates				21	21
Assets from reinsurance contracts	348	1,066	1,651	69	3,133
Other assets					74,741
Total assets					108,625
Total provision for insurance contracts	28,596	12,539	9,752	-2,204	48,684
Other liabilities				19,987	19,987
Total liabilities					68,671

DKKm	Private	Commercial	Corporate	Other a)	Group
1 Operating segments					
H1 2022					
Insurance revenue	10,492	3,748	1,810	1,792	17,842
Gross claims	-7,375	-2,491	-1,363	-1,792	-13,021
Insurance operating costs	-1,332	-606	-203	0	-2,140
Insurance service expenses	-8,707	-3,097	-1,566	-1,792	-15,161
Result from reinsurance contracts	-159	-93	-50	0	-303
Insurance service result	1,625	558	194	0	2,378
Other items					-1,833
Profit/loss					545
Run-off gains/losses, net of reinsurance	163	44	79	0	286
Intangible assets	30,014	3,025	0	1,055	34,095
Equity investments in associates					34
Assets from reinsurance contracts	230	900	1,208	-149	2,190
Assets held for sale					
Other assets					80,146
Total assets					116,465
Total provision for insurance contracts	30,128	14,064	9,224	-1,875	51,542
Other liabilities					23,335
Total liabilities					74,878

DKKm	Private	Commercial	Corporate	Other a)	Group
1 Operating segments					
2022					
Insurance revenue	22,776	8,408	3,631	3,551	38,365
Gross claims	-15,625	-5,551	-2,724	-3,551	-27,451
Insurance operating costs	-2,913	-1,337	-451	0	-4,702
Insurance service expenses	-18,538	-6,889	-3,175	-3,551	-32,153
Result from reinsurance contracts	-332	-66	-177	0	-575
Insurance service result	3,906	1,453	278	0	5,636
Other items					-3,367
Profit/loss					2,270
Run-off gains/losses, net of reinsurance	357	264	137	0	759
Intangible assets					32,716
Equity investments in associates					37
Assets from reinsurance contracts	164	967	1,320	372	2,823
Other assets					77,466
Total assets					113,041
Total provision for insurance contracts	28,678	12,682	8,428	-724	49,063
Other liabilities					21,323
Total liabilities					70,386

Please refer to the accounting policies for a description of operating segments.

a) Other Insurance revenue and Gross claims : Amounts relating to business combinations (IFRS 17), eliminations and one-off items. Please refer to note 2 'Geographical segments' for details. Other assets and liabilities are managed at Group level and are not allocated to the individual segments but are included under 'Other'.

Other assets and liabilities are managed at Group level and are not allocated to the individual segments but are included under 'Other'.

Notes

Geographical segments

DKKm	H1	H1	2022
	2023	2022	
Danish general insurance			
Insurance revenue	8,628	8,181	16,430
Insurance service result	1,782	1,007	2,110
Run-off gains/losses, net of reinsurance	308	-13	109
Key ratios			
Gross claims ratio	65.2	72.1	72.5
Net reinsurance ratio	0.8	2.1	1.3
Claims ratio, net of ceded business	66.1	74.2	73.8
Gross expense ratio	13.3	13.5	13.3
Combined ratio	79.3	87.7	87.2
Run-off, net of reinsurance (%)	-3.6	0.2	-0.7
Number of full-time employees, end of period	3,407	3,123	3,304
Norwegian general insurance			
NOK/DKK, average rate for the period	66.23	75.05	73.95
Insurance revenue	3,955	4,133	8,445
Insurance service result	441	578	1,266
Run-off gains/losses, net of reinsurance	110	142	324
Key ratios			
Gross claims ratio	71.7	70.2	67.6
Net reinsurance ratio	3.9	3.0	4.1
Claims ratio, net of ceded business	75.6	73.2	71.7
Gross expense ratio	13.3	12.8	13.3
Combined ratio	88.9	86.0	85.0
Run-off, net of reinsurance (%)	-2.8	-3.4	-3.8
Number of full-time employees, end of period	1,385	1,312	1,344
Swedish general insurance			
SEK/DKK, average rate for the period	65.89	71.46	70.33
Insurance revenue	5,685	3,637	9,730
Insurance service result	1,002	758	2,219
Run-off gains/losses, net of reinsurance	87	132	298
Key ratios			
Gross claims ratio	75.3	65.9	62.8
Net reinsurance ratio	-5.9	-0.2	0.6
Claims ratio, net of ceded business	69.3	65.8	63.4
Gross expense ratio	13.0	13.4	13.8
Combined ratio	82.4	79.2	77.2
Run-off, net of reinsurance (%)	-1.5	-3.6	-3.1
Number of full-time employees, end of period	1,947	1,764	1,781
Other European countries a)			
Insurance revenue	122	98	209
Insurance service result	8	36	41
Run-off gains/losses, net of reinsurance	5	25	27
Number of full-time employees, end of period	55	45	49
Other b)			
Insurance revenue	1,132	1,792	3,551
Insurance service expenses	-1,132	-1,792	-3,551
Insurance service result	0	0	0
Tryg Forsikring (total)			
Insurance revenue	19,521	17,842	38,365
Insurance service result	3,233	2,378	5,636
Investment return	236	-828	-510
Other income and costs	-955	-817	-2,024
Profit/loss before tax	2,514	733	3,102
Run-off gains/losses, net of reinsurance	510	286	759
Key ratios			
Gross claims ratio	69.6	70.0	68.7
Net reinsurance ratio	-0.4	1.9	1.7
Claims ratio, net of ceded business	69.2	71.8	70.3
Gross expense ratio	13.3	13.3	13.5
Combined ratio	82.4	85.2	83.8
Run-off, net of reinsurance (%)	-2.8	-1.8	-2.2
Number of full-time employees, end of period	6,794	6,243	6,477

a) Comprises credit & surety insurance (Tryg Garanti) in European countries besides Denmark, Norway and Sweden and amounts relating to one-off items.

b) Reclassification relating to claims provisions from the Trygg-Hansa and Codan Norway acquisition. Please refer to Accounting policies for further description.

Notes

DKKm

2 Value adjustments

Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:

	30.06.2023	30.06.2022	31.12.2022
Value adjustments concerning financial assets or liabilities at fair value (income statement):			
Equity investments	12	858	704
Unit trust units	117	-907	-1,481
Bonds	95	-1,778	-2,116
Derivatives (equity, interest, currency)	217	-708	-738
	441	-2,536	-3,631
Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:			
Investment property	128	52	9
Other statement of financial position items	-381	-572	-72
	-253	-520	-64
	187	-3,056	-3,695

Exchange rate adjustments concerning financial assets or liabilities which cannot be stated at fair value totals DKK 104m (DKK 126m in H1 2022, DKK 26m in 2022).

3 Other income and costs

Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:

	30.06.2023	30.06.2022	31.12.2022
Other income			
Income related to the sale of non-insurance products	57	61	126
	57	61	126
Other costs			
Costs related to the sale of non-insurance products	-75	-46	-100
Depreciations of customer relations and trademarks	-476	-290	-786
Integration and restructuring costs related to RSA acquisition	-300	-368	-949
Other costs ^{a)}	-161	-174	-315
	-1,011	-879	-2,150
	-955	-817	-2,024

a) Hereof DKK 50m related to bankruptcy of Gefion in H1 2022

Notes

DKKm

4 Tryg Forsikring's investment portfolio

	30.06.2023	30.06.2022	31.12.2022
Total investment assets	68,988	75,121	71,845
Other, hereof financial instrument in liabilities a)	-5,941	-4,149	-7,185
External customers	-1,915	-2,066	-1,972
Tryg Forsikring's investment portfolio b)	61,132	68,906	62,688
Match portfolio	44,178	50,715	45,032
Tryg Forsikring's Free investment portfolio b)	16,954	18,191	17,656

a) Primarily debt relating to repos and derivatives.

b) The setup of Tryg Invest is impacting Tryg Forsikring's balance sheet as external customers investments are booked under "Total other financial investments" with opposing liabilities entries such as "Debt to group undertakings" and "Other debt".

Valuation of investment assets

Investment assets are measured at fair value with value adjustment in the income statement. Listed bonds and shares, parts of unit trusts as well as derivative financial instruments are measured at the quoted price at the balance sheet date.

The valuation of the investment assets can be distributed in the fair value hierarchy model, which is determined in accordance with IFRS 13. The model distributes the total investments assets based on the price at which the investment assets are set. Reference is made to the annual report 2022, note 15, for further description of the fair value hierarchy.

The main part of Tryg Forsikring's investment assets are classified as level 1 and 2 and are valued based on listed prices. This involves the bond portfolio, the main part of shares and unit trust units as well as the statement of financial instruments. Assets, which can be classified as level 3, can be attributed to unlisted assets, specific unlisted Unit trusts and investment property.

As these investment assets are not valued based on observable input, there will be a discretionary element in this hierarchy. On 30 June 2023, the value amounts to DKK 1,207m (DKK 1,215m on 30 June 2022 and DKK 1,145m on 31 December 2022)

Transfers between categories

Transfers between the categories quoted market prices and consolidated reference prices mainly result from bonds that are reclassified either due to traded volume or the number of days between last transaction and the time of determination. As at 30 June 2023, financial assets of DKK 2.2 billion have been transferred from quoted market prices to consolidated reference prices and DKK 5.4 billion from consolidated reference prices to quoted market prices.

Notes

5 Subordinated loan capital

Tryg Forsikring A/S has issued a new restricted Tier 1 Capital notes for the amount of SEK 900m.

The value of the loan is recognised at initial recognition with 598m DKK in Equity. Costs related to the issue and interest payments are deducted in equity as well.

Lender	Listed bonds
Issue date	20 March 2023
Maturity date	Perpetual
Loan may be called by lender as from	20 March 2028
Repayment profile	Interest-only
Interest structure	3.5% above STIBOR 3M

Tryg Forsikring A/S has issued a new restricted Tier 1 Capital notes for the amount of NOK 600m.

The value of the loan is recognised at initial recognition with 394m DKK in Equity. Costs related to the issue and interest payments are deducted in the equity as well.

Lender	Listed bonds
Issue date	20 March 2023
Maturity date	Perpetual
Loan may be called by lender as from	20 March 2028
Repayment profile	Interest-only
Interest structure	3.45% above NIBOR 3M

Tryg Forsikring A/S has purchased SEK 414m of its outstanding SEK 700m Floating Rate Perpetual Restricted Tier 1 Capital Notes with ISIN DK0030418249 at a price of 101%.

A subordinated loan of the amount of NOK 800m has been paid out in full in March 2023.

For information on other subordinated loans, please refer to annual report 2022, note 1.

The total share of loan capital amounts to DKK 4,038m of which 1,213m is recognized in equity. The loans are recognized after deduction of transaction costs. The total share of loan capital included in the calculation of the own funds totals DKK 4.0bn.

Notes

6 Related parties

Dividends paid in H1 2023 (H1 2022):

Tryg Forsikring A/S paid Tryg A/S DKK 3,781 (DKK 1,200m)

There have been no other material transactions with related parties.

7 Contingent Liabilities

Price adjustments 2016-2020

At the end of October (2020), Tryg received the Forbrugerombudsmand's (FO or Consumer Ombudsman) assessment of the case. In FO's opinion, Tryg Forsikring was not complying with regulations on price adjustments for residential customers when increasing prices above indexation between March 2016 and February 2020. The case is related to a part of the private portfolio in Denmark. Based on this assessment the FO is concluding that certain customers may have a recovery claim against Tryg Forsikring. Tryg Forsikring does not agree with the FO's assessment as the company believes it has followed the guidelines stated by the Danish FSA in terms of price increases. The FO has now decided that the case should be decided in court. Management has decided not to disclose an estimated amount but this is deemed immaterial.

Other

Companies in the Tryg Forsikring Group are party to a number of other disputes in Denmark, Norway and Sweden, which management believes will not affect the group's financial position significantly beyond the obligations recognized in the statement of financial position at 30 June 2023.

8 Accounting policies

Tryg Forsikring's interim report for H1 2023 is presented in accordance with IAS 34 Interim Financial Reporting. The interim report of the parent company has been prepared in accordance with the executive order issued by the Danish FSA's regulations on financial reports for insurance companies and transverse pension funds.

Changes in accounting policies (Tryg forsikring group)

This is the first half year report in which IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments have been applied. As a result, Tryg has restated comparative amounts and the presentation of the Statement of financial position as at 1 January 2023. Except for the changes mentioned; the accounting policies have been applied consistently for all periods presented in this interim report. As mentioned in the Annual Report for 2022 (note 29), IFRS 9 and IFRS 17 have been implemented with effect from 1 January 2023.

IFRS 9 Financial instruments

IFRS 9 includes new provisions governing "classification and measurement of financial assets", "impairment of financial assets" and "hedge accounting".

Classification and measurement

The general principles for measurement of financial assets and liabilities have changed following implementation of IFRS 9. But at Group level, the implementation has not given rise to significant changes in the presentation and classification.

After initial recognition, financial assets must continue to be measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The measurement is based on classification of the individual financial assets in accordance with Tryg Forsikring's business model.

Going forward, classification of financial instruments will be based on the following business models:

The asset is held to collect cash flows from payments of principal and interest (hold to collect business model). Measured at amortised cost (AMC).

The asset is held to collect cash flows from payments of principal and interest and selling the asset (hold to collect and sell business model). Measured at fair value with changes recognised through other comprehensive income with reclassification to the income statement on realisation of the assets (FVOCI).

Other financial assets are measured at fair value through profit or loss (FVPL). These include assets managed on a fair value basis, held in the trading book or assets, where contractual cash flows do not solely comprise interest and principal of the receivable. It is also still possible to measure financial assets at fair value with value adjustment through profit or loss, when such measurement significantly reduces or eliminates an accounting mismatch that would otherwise have occurred on measurement of assets and liabilities or recognition of losses and gains on different bases.

The principles of financial liabilities follow the accounting policies applied so far.

The Group's financial assets and business models were reviewed in 2022 to ensure correct classification thereof. The review included an assessment of whether collecting cash flows is a significant element, including whether the cash flows only consist of interest and principal.

The assessment has not led to significant changes to the measurement and classification of financial assets. In particular, it should be noted that Tryg does not have a business model that implies recognising fair value adjustments in other comprehensive income. Thus, bank loans and deposits are essentially still measured at amortised cost.

Notes

8 Accounting policies (continue)

Impairment for expected credit losses

According to IAS 39, impairment was based on objective impairment criteria. Implementation of IFRS 9 means that going forward impairment charges for loans and advances measured at amortised cost will be based on expected credit losses and that already at the time of granting (stage 1), loans and advances are subject to impairment charges corresponding to the expected credit losses arising from default within 12 months. This has led to minor increased impairment provisions on bank loans.

IFRS 17 Insurance Contracts

IFRS 17 – Insurance contracts, as adopted by EU, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts held. It replaces IFRS 4 – Insurance contracts.

In IFRS 17 a general measurement model measures groups of contracts based on the estimates of the present value of future cash flows that are expected as the contracts are fulfilled. The general model is based on present value of future cash flows, adjusted to reflect the time value of money, including a risk adjustment and a contractual service margin. The contractual service margin represents the unearned profit to be recognised in the statement of profit or loss when services are provided in future periods. At each reporting date, the fulfilment cash flows are remeasured using current assumptions.

IFRS17 requires that a risk margin is estimated. Tryg uses a cost of capital approach, which is also prescribed under Solvency II. A cost of capital approach estimates the capital which a third party would need to hold, in order to protect itself from the underlying risks, and which cannot be mitigated in the market. IFRS 17 requires that the risk margin is split into both a gross margin and a ceded margin. The effect of this split increases the gross claims and has a positive impact on ceded result and thereby no impact on the net result.

The gross margin does not play a role in Trygs internal management of capital and reserves, and is constructed for reporting purposes only.

Tryg Forsikring's business is entirely focused on non-life insurance and it is relatively short-tail. This makes Tryg Forsikring eligible to use the premium allocation approach as simplification for measurement. In some cases e.g. when Tryg Forsikring in the future acquire portfolios the premium allocation model may not be applied. In these cases the general model will apply.

The premium allocation model is similar to Tryg Forsikring's previous accounting principles. Tryg Forsikring has in line with the current accounting principle chosen to expense acquisition cost as they incur. This means that the financial effect of implementing IFRS 17 will be limited.

The main impact will be on presentation of profit and loss compared to previously:

Insurance revenue

Insurance revenue is the amount recognised for services provided in the period. Predominantly on the basis of the passage of time. The previous top-line 'gross earned premium' was measured in the same way.

Insurance service expenses

Insurance service expenses comprise 'Acquisition costs', 'claims costs' and 'administration expenses'. Previously, (i) 'Bonus and premium discounts' were off set in 'Gross earned premium'. Under IFRS 17 it will be presented as 'Claims costs'

(ii) 'Onerous contracts' were off set in 'Gross earned premiums' as 'unexpired risk'. Under IFRS 17 it will be presented as 'Claims costs'

(iii) Movement in inflation swaps were included in 'claims costs'. Going forward the movements will be included in 'Investment activities'

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise payments to and recoveries from reinsurance contracts held. Under IFRS 17 these will be presented in profit and loss as a single net amount including changes in a specific risk adjustment. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately and off set in insurance contracts. 'Insurance service result' is the result of 'Insurance revenue', 'Insurance service expenses' and 'Net expenses from reinsurance contracts'. Statement of financial position presentation has been changed following IFRS 17.

The carrying amount of portfolios of

- reinsurance contracts held that are assets

Compromises reinsurer's share of premiums and claims provisions and receivables and debt relating to reinsurance

- insurance contracts issued that are liabilities

Compromises provisions for premium, claims, bonuses and premium discounts and receivables and debt relating to policyholders

Acquired portfolios

The amendment to IFRS 3 Business Combinations introduced by IFRS 17 requires a entity to classify contracts acquired as insurance contracts based on the contractual terms and other factors at the date of acquisition. Claims reserves acquired before the initial application date 1 January 2023 will be presented as insurance revenue based on the expected cash flows as of the acquisition date. The Purchase as of the acquisition date. The Purchase as of the acquisition date. The Purchase Price Allocation made under IFRS 3 Business Combined prior to the application date is fixed and will not change. Hence no changes have been made to Equity and Goodwill.

Notes

Tryg Forsikring Group			
Changes in opening balance 01.01.23 related to IFRS 17 and IFRS 9	01.01.23	Change	31.12.22
	IFRS 17 &		IFRS 4 &
	IFRS 9		IAS 39
Assets			
Total other financial investment assets	70,792	423	70,369
- Of which held at fair value through profit or loss	70,598	423	70,175
- Of which held at amortised cost	194		194
Reinsurers' share of premium provisions			264
Reinsurers' share of claims provisions			1,587
Assets from reinsurance contracts	2,823	971	
Receivables from policyholders		-1,621	1,621
Receivables from insurance enterprises		-498	498
Other asset positions	39,427	-175	39,602
Total assets	113,041	-900	113,942
Equity and liabilities			
Equity	42,655	0	42,655
Premium provisions			7,700
Claims provisions			39,227
Provisions for bonuses and premium discounts			1,843
Total provisions for insurance contracts	49,063	293	
Debt relating to direct insurance		-895	895
Debt relating to reinsurance		-123	123
Other liability positions	21,323	-175	21,498
Total equity and liabilities	113,041	-900	113,942
Tryg Forsikring Group			
	2022		2022
Change in income statement due to IFRS 17	IFRS 17 &	Change	IFRS 4 &
	IFRS 9		IAS 39
Gross premiums written			34,658
Change in premium provisions			157
Insurance revenue a)	38,365	3,551	34,815
Insurance technical interest, net of reinsurance		-152	152
Claims paid			-22,046
Change in claims provisions			-361
Bonus and premium discounts			-877
Acquisition costs and administration expenses			-4,783
Insurance service expenses	-32,156	-4,089	-28,067
Ceded insurance premiums			-1,673
Change in reinsurers' share of premium provisions			-3
Reinsurance cover received			398
Change in the reinsurers' share of claims provisions			325
Reinsurance commissions and profit participation from reinsurers			229
Net expense from reinsurance contracts	-576	147	-723
Insurance service result (Technical result)	5,636	-542	6,177
Investment activities			
Profit/Loss from associates	-53		-53
Income from investment property	48		48
Interest income and dividends	915		915
Value adjustments	-3,695	-2,764	-931
Interest expenses	-141		-141
Administration expenses in connection with investment activities	-168		-168
Total investment return	-3,094	-2,764	-331
Return on insurance provisions		930	-930
Net finance income/expenses from insurance contracts	2,621	2,621	0
Net finance income/expenses from reinsurance contracts	-36	-36	0
Total investment	-510	751	-1,261
Other income	126	0	126
Other costs	-2,150	-209	-1,940
Profit/loss before tax	3,102	0	3,102
Tax	-832	0	-832
Profit/loss on continuing business	2,270	0	2,270

a) IFRS 17 requires that claims reserves acquired shall be presented as insurance revenue. The difference of Insurance revenue relates to claims provisions from Trygg-Hansa and Codan Norway. Please refer to the above section "Acquired portfolios" and note 1 "Insurance service result".

Tryk Forsikring A/S (parent company)

Income statement

DKKm	H1 2023	H1 2022	FY 2022
Notes			
General insurance			
Gross premiums written	20,077	18,126	34,202
Ceded insurance premiums	-1,265	-1,049	-1,672
Change in premium provisions	-2,092	-794	-1,454
Change in profit margin and risk margin	164	-1,495	1,613
Change in reinsurers' share of premium provisions	272	272	-3
Premium income, net of reinsurance	17,155	15,059	32,687
Claims paid	-11,600	-9,985	-21,817
Reinsurance cover received	522	295	398
Change in claims provisions	-571	-19	-162
Change in risk margin	0	-307	-307
Change in the reinsurers' share of claims provisions	244	40	325
Claims, net of reinsurance	-11,404	-9,976	-21,562
Bonus and premium discounts	-314	-421	-698
Acquisition costs	-2,159	-1,580	-3,483
Administration expenses	-747	-776	-1,853
Acquisition costs and Administration expenses	-2,906	-2,356	-5,336
Reinsurance commissions and profit participation from reinsurers	125	112	229
Insurance operating costs, net of reinsurance	-2,781	-2,344	-5,320
Technical result	2,657	2,319	5,107
Investment activities			
Income from Group undertakings	328	-721	-647
Income from associates	-34	-1	-53
Income from investment property	0	5	5
Interest income and dividends	543	286	683
1 Value adjustments	92	-2,602	-3,350
Interest expenses	-148	-74	-147
Administration expenses in connection with investment activities	-60	-18	-98
Total investment return	721	-3,125	-3,606
Return and value adjustment on insurance provisions	-421	1,959	2,597
Total Investment return after return and value adjustment on insurance	301	-1,165	-1,009
2 Other income	57	62	126
2 Other costs	-536	-489	-1,367
Profit/loss before tax	2,478	726	2,857
Tax	-595	-181	-800
Profit/loss on continuing business	1,883	545	2,057
Profit/loss for the period	1,883	545	2,270

Statement of comprehensive income

DKKm	H1 2023	H1 2022	FY 2022
Profit/loss for the period	1,883	545	2,270
Other comprehensive income which cannot subsequently be reclassified as profit or loss			
Actuarial gains/losses on defined-benefit pension plans	0	0	-2
Tax on actuarial gains/losses on defined-benefit pension plans	0	0	1
	0	0	-2
Other comprehensive income which can subsequently be reclassified as profit or loss			
Exchange rate adjustments of foreign entities for the year	-1,871	-1,418	-2,217
Hedging of currency risk in foreign entities for the year	509	290	496
Tax on hedging of currency risk in foreign entities for the year	-128	-64	-109
	-1,490	-1,192	-1,830
Total other comprehensive income	-1,490	-1,192	-1,832
Comprehensive income	393	-647	438

Statement of Financial position

DKKm	H1 2023	H1 2022	FY 2022
Notes			
Assets			
Intangible assets	30,730	34,095	32,716
Operating equipment	188	181	178
Group-occupied property	901	723	693
Total property, plant and equipment	1,089	904	871
Investment property	2	12	6
Investments in Group undertakings	17,415	18,081	17,861
Equity investments in associates	21	34	37
Total investments in Group undertakings and associates	17,436	18,115	17,898
Equity investments	104	103	92
Unit trust units	35	38	36
Bonds	46,331	51,862	48,284
Other lending	0	15	0
Deposits with credit institutions	0	0	848
Derivative financial instruments	1,318	936	194
Total other financial investment assets	47,788	52,954	49,454
Total investment assets	65,226	71,082	67,358
Reinsurers' share of premium provisions	508	545	264
Reinsurers' share of claims provisions	1,796	1,329	1,587
Total reinsurers' share of provisions for insurance contracts	2,304	1,874	1,851
Receivables from policyholders	2,736	3,196	1,614
Total receivables in connection with direct insurance contracts	2,736	3,196	1,614
Receivables from insurance enterprises	462	592	498
Receivables from Group undertakings	144	361	479
Other receivables	1,232	1,278	303
Total receivables	4,575	5,426	2,895
Current tax assets	758	557	844
Cash at bank and in hand	951	1,306	2,227
Total other assets	1,709	1,863	3,072
Interest and rent receivable	270	155	189
Other prepayments and accrued income	759	558	721
Total prepayments and accrued income	1,029	713	910
Total assets	106,662	115,957	109,673

Statement of Financial position

DKKm	H1 2023	H1 2022	FY 2022
Notes			
Equity and liabilities			
Shareholders' equity	39,954	41,587	42,655
Subordinate loan capital	2,824	3,757	3,688
Premium provisions	5,587	5,926	2,900
Profit margin - Non-life contracts	4,622	4,341	4,459
Claims provisions	35,762	39,197	37,670
Risk margin - Non-life contracts	1,428	1,428	1,428
Provisions for bonus and premium discounts	1,473	1,417	1,359
Total provisions for insurance contracts	48,871	52,310	47,815
Pensions and similar liabilities	62	79	85
Deferred tax liability	3,119	3,209	3,408
Other provisions	120	150	94
Total provisions	3,301	3,438	3,587
Debt relating to direct insurance	534	695	882
Debt relating to reinsurance	393	758	121
Amounts owed to credit institutions	590	995	717
Debt relating to unsettled funds transactions and repos	2,415	1,673	3,616
Derivative financial instruments	2,274	1,747	2,059
Debt to Group undertakings	211	5,006	589
Current tax liabilities	401	148	80
Other debt	4,824	3,816	3,810
Total debt	11,642	14,838	11,874
Accruals and deferred income	70	27	52
Total equity and liabilities	106,662	115,957	109,673
3 Related parties			
4 Contingent Liabilities			
5 Accounting policies			
6 Key ratios			
7 Reconciliation of profit/loss and equity (Danish FSA and IFRS)			

Statement of changes in equity

DKKm	Share capital	Revaluation equity method	Other reserves a)	Retained earnings	Proposed dividend	Non-controlling interest	Shareholders of Tryg Forsikring	Additional Tier 1 capital	Total
Equity at 31 December 2022	1,646	706	4,724	32,502	2,570	1	42,148	506	42,654
Changes in impairment owing to implementation of IFRS 9				-2			-2		-2
Changes in taxes due owing to implementation of IFRS 9				1			1		1
Equity at 1 January 2023	1,646	706	4,724	32,500	2,570	1	42,147	506	42,653
H1 2023									
Profit/loss for the period		311	-299	-513	2,385		1,883	19	1,883
Other comprehensive income		-32		-1,459	0		-1,490		-1,490
Total comprehensive income	0	279	-299	-1,972	2,385	0	393	19	393
Issue Additional tier 1 capital								987	987
Reduction of tier 1 capital								-280	-280
Dividend paid					-3,781		-3,781		-3,781
Interest paid on additional Tier 1 capital								-19	-19
Total changes in equity in H1 2023	0	279	-299	-1,972	-1,396		-3,388	707	-2,699
Equity at 30 June 2023	1,646	986	4,424	30,529	1,174	1	38,759	1,213	39,954
Equity at 31 December 2021	1,100	1,281	1,735	8,144	700	1	12,962	506	13,468
H1 2022									
Profit/loss for the period		-379	2,907	-2,482	500		545		545
Other comprehensive income		-19		-1,173	0		-1,192		-1,192
Total comprehensive income	0	-398	2,907	-3,655	500	0	-647		-647
Capital contribution	546			29,420			29,966		29,966
Dividend paid					-1,200		-1,200		-1,200
Total changes in equity in H1 2022	546	-398	2,907	25,765	-700		28,766		28,766
Equity at 30 June 2022	1,646	883	4,642	33,910	0	1	41,081	506	41,587
Equity at 31 December 2021	1,100	1,281	1,735	8,144	700	1	12,962	506	13,468
2022									
Profit/loss for the year		1,256	2,989	-5,045	3,070		2,270	0	2,270
Other comprehensive income		-1,830		-2	0		-1,832		-1,832
Total comprehensive income	0	-574	2,989	-5,046	3,070	0	438	0	438
Issue of new shares	546	0		29,420			29,966		29,966
Dividend paid					-1,200		-1,200		-1,200
Interest paid on additional Tier 1 capital				-16			-16		-16
Total changes in equity in 2022	546	-574	2,989	24,358	1,870	0	29,187	0	29,187
Equity at 31 December 2022	1,646	706	4,724	32,502	2,570	1	42,149	506	42,655

a) The possible payment of dividend is influenced by contingency fund provisions and Norwegian Natural Perils Pool of DKK 4,424m (DKK 4,724m as at 31 December 2022). The provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.

Notes

DKKm

H1 2023

H1 2022

FY 2022

1 Value adjustments

Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:

Value adjustments concerning financial assets or liabilities

Equity investments	-4	-26	-666
Unit trust units	-1	-39	593
Bonds	94	-1,386	-1,625
Derivatives (equity, interest, currency)	325	-1,192	-1,371
Other loans	24	0	-40
	438	-2,643	-3,109

Value adjustments concerning assets or liabilities

Investment property	0	0	0
Owner-occupied property	0	0	
Discounting	0	0	
Other statement of financial position items a)	-346	41	-241
	-346	41	-241
	92	-2,602	-3,350

a) Exchange rate adjustments concerning financial assets or liabilities which cannot be stated to fair value total DKK 163m (DKK 122m in DKK 166m in 2022).

2 Other income and costs

Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:

Other income

Income related to the sale of non-insurance products	57	62	126
Other income	0	0	0
	57	62	126

Other costs

Costs related to the sale of non-insurance products	-75	-46	-100
Integration and restructuring costs related to RSA acquisition	-300	-368	-949
Other costs a)	-161	-74	-318
	-536	-489	-1,367
	-479	-427	-1,241

a) Hereof DKK 50m related to bankruptcy of Gefion in H1 2022

Notes

DKKm	H1 2023	H1 2022	FY 2022
3 Related parties			
Please refer to Note 6 "Related parties" in Tryg Forsikring Group			
4 Contingent Liabilities			
Please refer to Note 7 "Contingent Liabilities" in Tryg Forsikring Group			
5 Accounting policies			
The interim report of the parent company has been prepared in accordance with the executive order issued by the Danish FSA's report of the FSA's parent company has been prepared in accordance with the executive order issued by the Danish regulations on financial reports for insurance companies and transverse pension funds. Reassessment of "Administration expenses" and "other costs" has been made for comparative figures in H1 2022 and for FY 2022.			
6 Key ratios a)			
Gross claims ratio	68.2	66.9	66.2
Net reinsurance ratio	0.6	2.1	2.1
Claims ratio, net of reinsurance	68.8	69.0	68.3
Gross expense ratio	16.3	15.3	15.9
Combined ratio	85.1	84.3	84.2
Run-off gains/losses, gross	692	650	1,046
Run-off gains/losses, net of reinsurance	505	656	686
a) For definitions of Key ratios - please refer to "Glossary – Tryg Forsikring parent company" on page 36			
7 Reconciliation of profit/loss and equity (Danish FSA and IFRS)			
The executive order on application of International Financial Reporting Standards for companies subject to the Danish Financial Business Act issued by the Danish FSA requires disclosure of differences between the format of the half report under International Financial Reporting Standards and the rules issued by the Danish FSA.			
There is no difference in profit/loss or equity recognised after Danish FSA and IFRS.			

Glossary - key ratios and alternative performance measure

Tryg Forsikring Group

The financial highlights and key ratios of Tryg Forsikring have been prepared in accordance with the Executive Order issued by the Danish Financial Supervisory Authority on the Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds and also comply with 'Recommendations & Ratios' issued by the Danish Finance Society.

Claims ratio, net of ceded business

Gross claims ratio + net reinsurance ratio payment.

Combined ratio

The sum of the gross claims ratio, the net reinsurance ratio and the gross expense ratio.

Danish general insurance

Comprises the legal entities Tryg Forsikring A/S and Tryg Livsforsikring A/S, Forsikrings-Aktieselskabet Liv II a and excluding the Norwegian and Swedish branches).

Discounting

Expresses recognition in the financial statements of expected future payments at a value below the nominal amount, as the recognised amount carries interest until payment. The size of the discount depends on the market-based discount rate applied and the expected time to payment.

Gross claims ratio

$$\frac{\text{Gross claims} \times 100}{\text{Gross premium income}}$$

Gross premium income

Gross expense ratio

$$\frac{\text{Gross insurance operating costs} \times 100}{\text{Gross premium income}}$$

Insurance revenue

Calculated as insurance revenue adjusted for change in gross premium provisions.

Net reinsurance ratio

$$\frac{\text{Profit or loss from reinsurance} \times 100}{\text{Gross premium income}}$$

Norwegian general insurance

Comprises Tryg Forsikring A/S, Norwegian branch.

Other general insurance

Comprises Finnish, Dutch, Austrian, Swiss, Belgium and German Credit & surety insurance.

Own funds

Equity plus share of qualifying subordinate loan capital and profit margin (solvency purpose), less intangible assets, tax asset and proposed dividend.

Percentage return on equity after tax

Profit or loss for the year after tax x 100

Average equity

Relative run-off result

Run-off gains/losses net of reinsurance relative to claims provisions net of reinsurance, beginning of year.

Run-off gains/losses

The difference between the 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 that part of the claims provisions at the end of the financial year pertaining to injuries and damage occurring in earlier financial years.

Solvency II

Solvency requirements for insurance companies issued by the EU Commission.

Solvency ratio

Ratio between own funds and the capital requirement

Swedish general insurance

Comprises Tryg Forsikring Forsikring A/S, Swedish branch.

Unwinding

Unwinding of discounting takes place with the passage of time as the expected time to payment is reduced. The closer the time of payment, the smaller the discount. This gradual increase of the provision is not recognised under claims, but under technical interest in the income statement.

Large claims, net of reinsurance

Large claims, net of reinsurance, as calculated by the Tryg Group, represents Large claims, net of reinsurance is defined as single claims or claims events gross above 10m in local currencies adjusted for reinsurance.

Large claims, net of reinsurance

Gross Premium income

Premium proforma growth in local currencies

Premium proforma growth in local currencies is based on proforma figures that includes Trygg-Hansa and Codan Norway. As calculated by the Tryg Group, represents:

Premium proforma growth in local currencies

(Premium income including Trygg-Hansa and Codan Norway pro-forma in year X - Premium income including Trygg-Hansa and Codan Norway pro-forma in year X-1 (2021)

Premium income including Trygg-Hansa and Codan Norway pro-forma in year X-1 (2021)

Return On Own Funds (ROOF)

Profit for the year after tax x 100

(Own Funds Primo + Own Funds Ultimo)/2

Return On Tangible Equity (ROTE)

Profit for the year after tax x 100

(Tangible Equity primo + Tangible Equity Ultimo)/2

Run-off, net of reinsurance

Run-off, net of reinsurance, as calculated by the Tryg Group, represents

Run-off, net of reinsurance

Gross Premium income.

Weather claims, net of reinsurance

Weather claims, net of reinsurance, as calculated by the Tryg Group, represents weather claims, net of reinsurance, is defined as claims related to storm, cloudbursts, natural perils and winter, adjusted for reinsurance.

Weather claims, net of reinsurance

Gross Premium income.

Glossary – Tryg Forsikring parent company

Gross claims ratio

Gross claims (including inflation swap) x 100

Gross premium income (including bonus and premium discount)

Net reinsurance ratio

Profit or loss from reinsurance x 100

Gross premium income (including bonus and premium discount)

Claims ratio, net of ceded business

Gross claims ratio + net reinsurance ratio payment.

Gross expense ratio

Gross insurance operating costs x 100

Gross premium income (including bonus and premium discount)

Disclaimer

Certain statements in this interim report are based on the beliefs of our management as well as assumptions made by and information currently available to management. Statements regarding Tryg Forsikring A/S's future operating results, financial position, cash flows, business strategy, plans and future objectives other than statements of historical fact can generally be identified by the use of words such as 'targets', 'believes', 'expects', 'aims', 'intends', 'plans', 'seeks', 'will', 'may', 'anticipates', 'would', 'could', 'continues' or similar expressions.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this annual report, including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance.

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, Tryg Forsikring's actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected. Tryg Forsikring A/S is not under any duty to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law.