

ALM. BRAND

# Annual Report 2021

Alm. Brand A/S | Midtermolen 7 | DK-2100 Copenhagen Ø  
Company reg. (CVR) no. 77 33 35 17



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*Group companies*

# Alm. Brand in brief

Alm. Brand is a Danish financial services group.  
We carry on business within Non-life Insurance.

*We take  
care of our  
customers*

## Our identity



### Proper conduct

Proper conduct is the core of Alm. Brand. We behave properly and treat our customers and each other in a fair and proper manner.

### Commitment

At Alm. Brand, we make an effort. We are committed to being there for our customers in their everyday lives and to being focused on their needs.

### Making it simple

We are pragmatic and see things from the customer's perspective. We ensure simplicity and swiftness by being easy to reach and by offering good self-service solutions.

#### Founded

**1792**

Alm. Brand was founded by Royal Decree on 29 February 1792 – 230 years ago.

#### Employees at end-2021

**1,486**

We are close to 1,500 employees working at our head office in Copenhagen and in our local offices.

#### Alm. Brand af 1792 fmba

**46.7%**

Our largest shareholder is Alm. Brand af 1792 fmba, which holds 46.7% of the shares of Alm. Brand A/S.

# Our *business model*

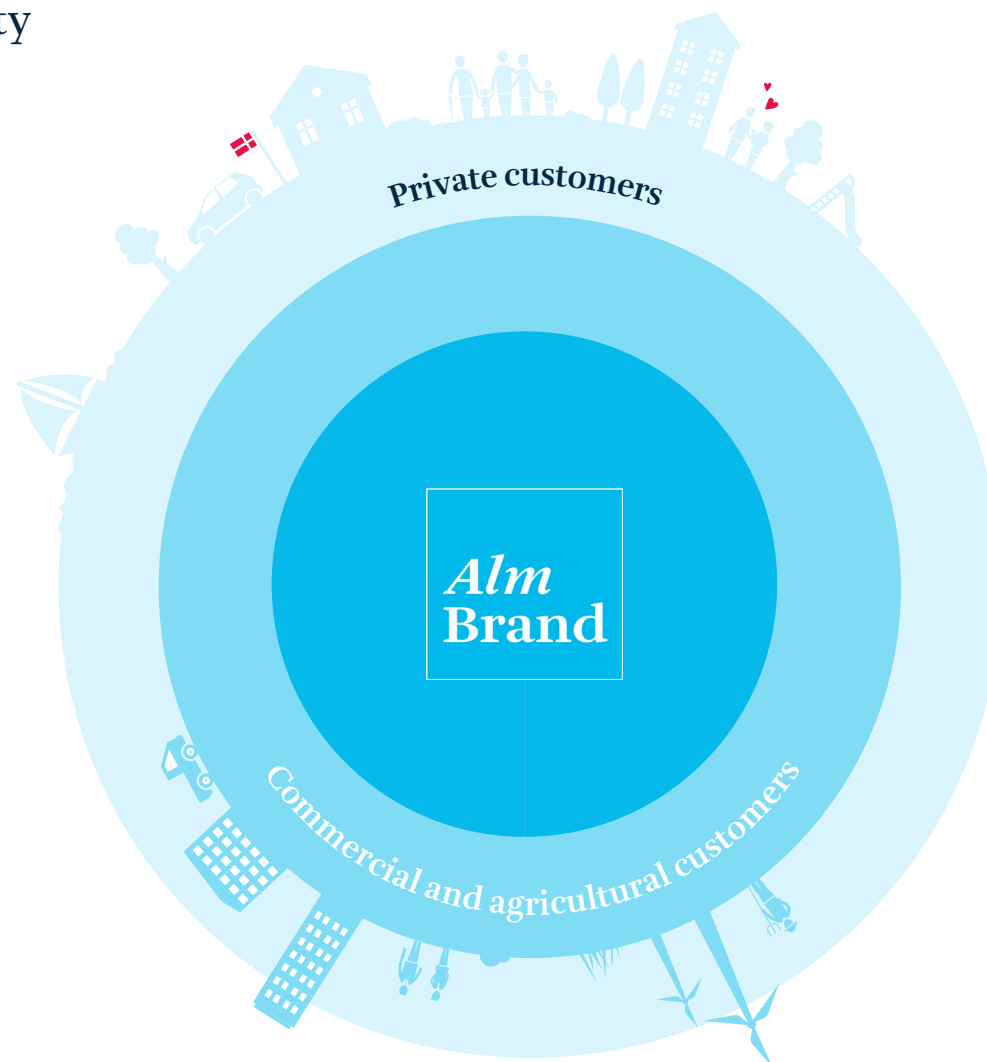
We offer excellent customer service and high-quality products covering our customers' financial needs.

## Benefits for our customers

- Advisory services tailored to the needs of each individual customer
- Online services
- High quality and customer satisfaction

## Benefits for Alm. Brand

- Many customer contact points
- Synergies in the form of shared functions and knowledge sharing across the organisation
- Long-term customer relations
- In-depth knowledge of our customers' needs, solutions and risks
- Extensive partnership network across Denmark
- Strong brand





# 5-year *highlights*

	DKKm	2021	2020	2019	2018	2017
GROUP	Non-life Insurance	904	856	596	632	901
	Life Insurance	-	-	107	124	109
	Banking	-	-	-	26	67
	Other activities	-65	-60	-86	-58	-54
	<b>Profit/loss before tax, continuing activities excluding special costs</b>	<b>839</b>	<b>796</b>	<b>617</b>	<b>724</b>	<b>1,023</b>
	Special costs	-141	-98	-64	-	-
	<b>Profit/loss before tax, continuing activities</b>	<b>698</b>	<b>698</b>	<b>553</b>	<b>724</b>	<b>1,023</b>
	Tax, continuing activities	-192	-160	-113	-155	-212
	<b>Profit/loss after tax, continuing activities</b>	<b>506</b>	<b>538</b>	<b>440</b>	<b>569</b>	<b>811</b>
	Profit/loss after tax, discontinued activities	92	80	12	-	-
	<b>Profit/loss after tax</b>	<b>598</b>	<b>618</b>	<b>452</b>	<b>569</b>	<b>811</b>
	Total provisions for insurance contracts	7,828	24,698	23,593	21,626	20,961
	Consolidated shareholders' equity	13,706	5,167	4,576	4,748	4,936
	Total assets	42,235	32,780	41,798	39,025	34,654
	Average no. of employees	1,410	1,690	1,796	1,770	1,602
	No. of employees, end of period	1,486	1,369	1,904	1,884	1,689
	Return on equity before tax, continuing activities (%) *)	19.1	16.3	13.4	-	-
	Return on equity before tax (%) **)	21.8	18.9	13.8	15.2	20.8
	Return on equity after tax (%) **)	16.9	14.6	10.9	12.0	16.5

	DKKm	2021	2020	2019	2018	2017
PARENT COMPANY	<b>Profit/loss before tax, continuing activities</b>	<b>492</b>	<b>504</b>	<b>429</b>	<b>555</b>	<b>798</b>
	Tax, continuing activities	14	34	23	14	13
	<b>Profit/loss after tax, continuing activities</b>	<b>506</b>	<b>538</b>	<b>452</b>	<b>569</b>	<b>811</b>
	Profit/loss after tax, discontinued activities	92	80	12	-	-
	<b>Profit/loss after tax</b>	<b>598</b>	<b>618</b>	<b>452</b>	<b>569</b>	<b>811</b>
	Total assets	16,176	6,257	5,208	5,095	5,247
	Total investment assets	14,711	5,634	4,952	5,021	5,173
	Share capital	1,541	1,541	1,577	1,610	1,655
	Shareholders' equity	13,706	5,167	4,576	4,748	4,936
	Payables	1,133	822	345	59	25
	Return on equity before tax (%) *)	21.8	18.9	13.8	15.2	20.8
	Return on equity after tax (%) *)	16.9	14.5	10.9	12.0	16.5
FINANCIAL RATIOS	Earnings per share	2.4	4.0	2.9	3.6	5.0
	Diluted earnings per share	2.4	4.0	2.9	3.6	4.9
	Earnings per share, continuing activities	2.0	3.5	-	-	-
	Diluted earnings per share, continuing activities	2.0	3.5	-	-	-
	Net asset value per share	9	34	30	30	30
	Share price, end of period	12.7	73.4	59.2	49.3	81.0
	Price/NAV	1.43	2.2	2.0	1.7	2.7
	Average no. of shares (in thousands)	252,916	153,792	155,832	158,150	161,438
	No. of shares, end of period, diluted (in thousands)	1,541,091	153,887	154,588	157,955	161,708
	Average no. of shares, diluted (in thousands)	252,916	153,891	156,527	159,723	163,840
	Dividend per share (DKK)	2.26	4.00	3.00	3.00	3.00
	No. of shares bought back (in thousands)	-	809	3,891	3,307	4,768
	Avg. price of shares bought back, DKK	-	57.7	56.0	65.5	59.4

\*) The calculation of financial ratios for 2019-2021 is based on the profit before tax on continuing activities and consequently does not include the profit on discontinued activities. In addition, adjustments for special costs have been made.

In the key figures and financial ratios, no eliminations have been recognised between the profit on continuing activities and the loss on discontinued activities. Eliminations totalled DKK 30 million before tax in 2020 and DKK 34 million in 2019. See also the segment income statement for 2020 on page 51.

\*\*) Return on equity in the parent company is calculated before tax in subsidiaries. The calculation of return on equity before tax for 2018 takes into account deferred tax of DKK 49 million from an intangible asset (customer relationships). The return on equity is calculated for the group's consolidated profit adjusted for special costs.

The profit for Non-life Insurance is stated exclusive of the health/personal accident result. The profit for Life Insurance is stated inclusive of the health/personal accident result.

## Overview of 2021 results

### FULL-YEAR CONSOLIDATED FINANCIAL RESULTS

Alm. Brand generated a pre-tax profit on continuing activities excluding special costs of DKK 839 million in 2021, against a pre-tax profit of DKK 796 million in 2020.

The consolidated profit on continuing activities for 2021 was DKK 698 million before tax. This profit includes special costs associated with the acquisition and preparations for the integration of Codan in a total amount of DKK 141 million. By comparison, the profit on continuing activities for 2020 included costs of DKK 98 million in connection with restructurings and corporate expenses related to the divestment of the bank, leaving profit on continuing activities for 2020 at DKK 698 million. The profit for 2021 was highly satisfactory and outperformed expectations for the group's profit on continuing activities of approximately DKK 625 million as announced in connection with the interim report for Q3 2021. The most recent guidance also comprised a gain on the sale of Alm. Brand Liv og Pension A/S of close to DKK 545 million after recognition of costs directly associated with the transaction in addition to transaction-related restructuring costs of about DKK 60 million. This transaction will not be closed until 2022, and the gains and costs related to the transaction will therefore be recognised in the 2022 financial year.

The realised profit on continuing activities excluding special costs equalled a return on equity of 19.1% p.a. before tax.

The profit reflected a highly satisfactory performance by Non-life Insurance with a continued improvement in underlying claims trends and, during some parts of the year, an improved claims experience driven by a lower level of activity in society during the COVID-19 lockdown.

Moreover, the profit of Non-life Insurance was favourably affected by an expansion of Alm. Brand's partial internal model for non-life insurance risk, whereas a higher level of expenses for major claims detracted from performance. Non-life Insurance generated a profit of DKK 904 million in 2021, against DKK 856 million in 2020.

The profit on continuing activities excluding special costs also included a DKK 65 million loss on other activities, consisting of group expenses as well as the return on the remaining mortgage deed and debt collection portfolio and the portfolio of unlisted shares.

The group posted a profit on discontinued activities, consisting of the profit of Life Insurance including the result of health and accident insurance, of DKK 92 million after tax. The profit before tax was DKK 116 million, against DKK 135 million in 2020. Total pension contributions amounted to DKK 1,434 million in 2021, against DKK 1,504 million in 2020, primarily as a result of a reduction in single payments to DKK 634 million, against DKK 685 million in 2020. The performance was satisfactory. The bonus rate was 19.3% at 31 December 2021, which was an increase of 4.1 percentage points relative to the year-earlier date.

The bonus rate remained satisfactory in light of the very low interest rate environment, which made it possible to fix the rate on policyholders' savings at 3% for new customers in 2022 as well.

Against this background, the Board of Directors recommends that an ordinary dividend of DKK 0.30 per share be paid in respect of 2021 in continuation of the general meeting scheduled to be held in April 2022. This means that Alm. Brand will distribute DKK 462 million for the 2021 financial year, corresponding to a payout ratio of 77% of the profit after tax.

### MAJOR EVENTS

#### Share issue

In the period 15-26 November 2021, Alm. Brand completed a rights issue. A total of 1,387,026,000 new shares were sold at a subscription price of DKK 7.55 per new share at a subscription ratio of 1:9. The new shares were issued with pre-emptive rights to the company's existing shareholders, and the rights issue secured fresh funds in a gross amount of DKK 10.5 billion to Alm. Brand. Costs of DKK 0.2 billion were incurred in relation to the rights issue.

#### Acquisition of Danish business of Codan Forsikring A/S ("Codan")

On 11 June 2021, Alm. Brand announced that it had entered into a binding agreement with Intact Financial Corporation and Tryg A/S to acquire Codan at a price of about DKK 12.6 billion. Final closing of the transaction is expected in H1 2022, subject to regulatory approval. Alm. Brand has been granted approval by the Danish Financial Supervisory Authority to acquire Codan's Danish business, see company announcement no. 44/2021 of 19 November 2021.

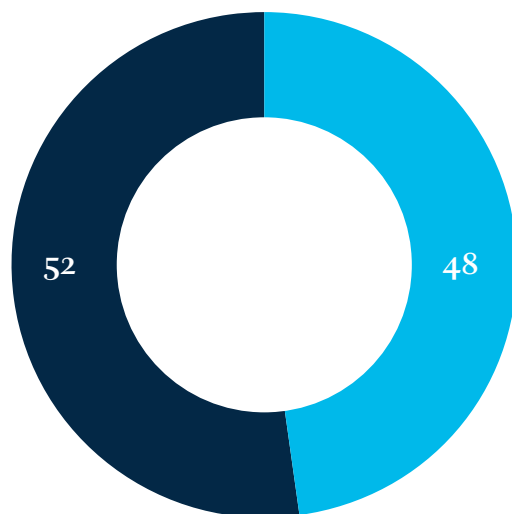
#### Approval of expansion of partial internal model for non-life insurance risk

As mentioned in the "Capitalisation" section of the 2020 Annual Report, Alm. Brand had submitted an application to the Danish Financial Supervisory Authority for approval to expand the company's partial internal model for non-life insurance risk in personal accident and workers' compensation lines. The Danish Financial Supervisory Authority approved the expansion in June. The implementation resulted in a lower solvency capital requirement and, consequently, a lower risk margin.



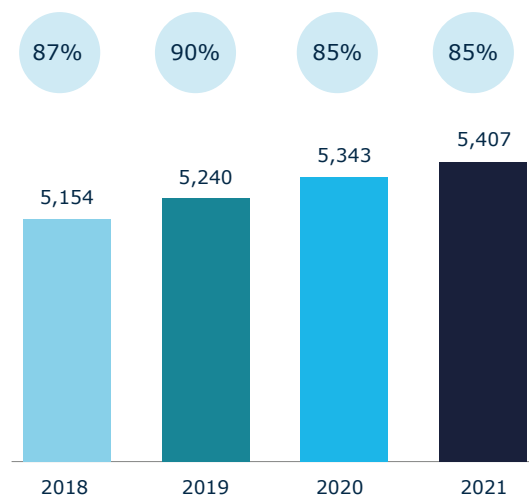
# Overview of 2021 results

## Non-life Insurance



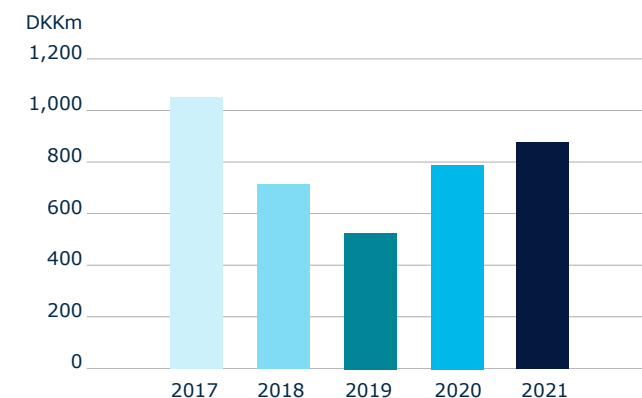
● Private (%) ● Commercial (%)

## Premium income

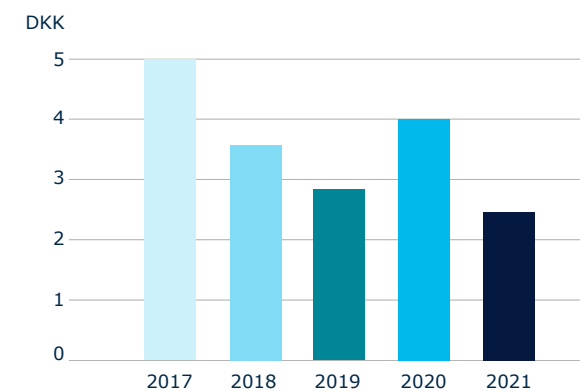


● Combined ratio

## Profit before tax \*)



## Earnings per share



Gross premium income

**5,407**  
DKKm

Profit before tax \*)

**839**  
DKKm

Return on equity \*)

**19.1%**  
before tax

Earnings per share

**2.40**  
DKK

\*) Profit before tax for 2019, 2020 and 2021 is stated for continuing activities and exclusive of special costs (see Accounting policies, page 97).

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### Rating of Alm. Brand

On 23 September 2021, Alm. Brand announced that Alm. Brand Forsikring A/S and Alm. Brand A/S had been rated by international credit rating agency Fitch Ratings.

Alm. Brand Forsikring A/S was assigned an insurance financial strength rating (IFSR) of 'A+', and Alm. Brand A/S was assigned a long-term issuer default rating (IDR) of 'A'. Both ratings were assigned a 'stable outlook', reflecting Fitch Ratings' expectation that the rating will remain at the level assigned in the short to medium term.

### Sale of Alm. Brand Liv og Pension A/S

On 1 October 2021, Alm. Brand announced that Alm. Brand had entered into a binding agreement with Nordic I&P on the sale of Alm. Brand Liv og Pension at a price of DKK 1.1 billion. The sale is expected to trigger an accounting gain of close to DKK 545 million after recognition of costs directly associated with the transaction, freeing up capital in Alm. Brand in a total amount of about DKK 900 million.

### Issue of tier 2 capital

On 7 October 2021, Alm. Brand announced that the company had completed its first-ever public issue of tier 2 capital. The issue, which was for an amount of DKK 1.3 billion, will form part of the financing of the Codan transaction.

### Change to the Board of Directors

On 12 July 2021, Alm. Brand announced that Flemming Fuglede Jørgensen had resigned from the Board of Directors of Alm. Brand A/S and that his seat on the Board of Directors had been filled by alternate Tina Schmidt Madsen.

### Share-based remuneration scheme

In December 2021, like the year before, the group's employees were offered to participate in a share-based remuneration scheme. The scheme runs for a period of one year with effect from 1 January 2022, and the shares will be granted on a quarterly basis, the first grant taking place in May 2022. The scheme represents a total market value of DKK 27 million. Shares to be granted under the share-based remuneration scheme are purchased in the open market, and the scheme has been individually approved by the Danish Financial Supervisory Authority.

## MAJOR EVENTS AFTER THE BALANCE SHEET DATE

### Announcement by the Danish Competition and Consumer Authority that Alm. Brand's acquisition of Codan has entered Phase 2

Alm. Brand has been informed by the Danish Competition and Consumer Authority that the processing of Alm. Brand's acquisition of Codan has entered Phase 2.

### Danish Financial Supervisory Authority approves Nordic I&P's acquisition of Alm. Brand Liv og Pension A/S

On 3 February 2022, the Danish Financial Supervisory Authority announced that it had approved Nordic I&P as owners of Alm. Brand Liv og Pension. Closing of the transaction took place on 1 March 2022.

### Windstorm Malik

In January 2022, Denmark was hit by Malik, the most severe windstorm in six years. Alm. Brand estimates claims expenses related to the windstorm to total DKK 50-75 million.



# To our shareholders

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The year 2021 was in many ways a landmark year for Alm. Brand, as we charted the course for a new and enlarged group with a singular focus on non-life insurance. We took a giant leap into a future in which Alm. Brand will be a larger and more significant player in the Danish market. We plan to achieve this position by doubling Alm. Brand's business volume, which will give us the muscle needed to build an even more competitive and innovative non-life insurer for the benefit of our customers, business partners, employees and shareholders.

The competitive landscape in the Danish non-life insurance market has for a number of years been more or less constant and characterised by market shares shifting towards the two largest market players. But the market has also changed in the sense that strategic partnerships have contributed to setting a new agenda in the market, with scale economies driving a trend defined by innovation and new insurance products. In last year's management's review, we said that "changes will continue, perhaps even at an accelerated pace. Alm. Brand needs to continue to change in order to retain the group's position as an attractive player in the Danish non-life and life insurance market." This prophecy has come true.

## A new and enlarged Alm. Brand

Shortly before the summer holidays, Alm. Brand entered into a conditional agreement to acquire Codan's Danish business, thereby creating the framework for a combination of two companies each with a legacy of strong roots dating back to the early years of the Danish non-life insurance market. The new and enlarged Alm. Brand will be Denmark's second-largest non-life insurer and have about 700,000 customers. The many preparations leading up to the submission of the offer dominated the past year, and the subsequent rights issue and issue of a credit bond also took a heavy toll on our resources. In the midst of these preparations, Alm. Brand also entered into a conditional agreement to sell Alm. Brand Liv og Pension, which marked the final step in focusing the Alm. Brand Group to become a provider of non-life insurance only.

At the same time, we remained fully focused on operations and on developing our existing business.

Alm. Brand achieved a performance which, overall, is considered to be highly satisfactory. The performance reflected the continued positive effects of the restructuring and streamlining efforts made in 2020, serving as a springboard for the group's further development, which includes accelerating our digital developments and forming value-creating partnerships.

The group reported a consolidated pre-tax profit on continuing activities of DKK 698 million in 2021, which was unchanged from the 2020 performance. The profit for both 2020 and 2021 included special costs related to restructurings to form a new, enlarged and more customer-centric insurance group.

Based on the profit for the year, the Board of Directors recommends that an ordinary dividend of DKK 0.30 per share be distributed for the 2021 financial year.

## A share with a new profile

However, 2021 was not smooth sailing all the way. Our shareholders have yet to reap the short-term benefits of the results and changes that characterised 2021. The equity market did not respond favourably to the acquisition of Codan, but some of the losses were recovered as the successful rights issue towards the end of the year secured fresh funds of DKK 10.5 billion to Alm. Brand. Overall, the shareholders who chose to subscribe for shares in respect of all of the pre-emptive rights they had been granted recovered their investment.

However, we have created a new and enlarged Alm. Brand with a stronger market position, a broader customer portfolio and greater potential for value creation. The share thus represents a different and more attractive investment

case than it did before, although the road to realising the expected value creation will clearly be more challenging and require a successful integration and that we achieve the identified synergies. But we are confident that Alm. Brand has the ability to execute on the new strategy and create a combined group with even sharper priorities and an even more refined profile.

It is thus with a sound combination of optimism and expectations that we step into the new year. ■



Jørgen Hesselbjerg Mikkelsen  
Chairman



Rasmus Werner Nielsen  
Chief Executive Officer





# Outlook for 2022 and targets

Expectations are for an overall pre-tax profit of DKK 450-500 million in 2022.

## FINANCIAL OUTLOOK FOR 2022

Alm. Brand's consolidated profit for 2022 will be the sum of the profit generated by the present Alm. Brand and the profit generated by Codan plus the synergies realised already in 2022. The current outlook comprises the financial performance of the present Alm. Brand.

Alm. Brand expects to report a pre-tax profit on ordinary activities of DKK 450-500 million excluding run-off gains and losses in 2022.

Non-life Insurance is expected to post a pre-tax profit of DKK 525-575 million. The guidance reflects that Denmark in January 2022 was hit by Malik, the most severe wind-storm in six years. The claims expenses related to this claims event are estimated at DKK 50-75 million. In addition, the guidance is based on premium growth of 3-4%, which includes a significant growth contribution from partnerships. Unlike 2021, the guidance for 2022 does not include a potential COVID-19 impact on the claims experience and, moreover, it reflects an average claims experience for the rest of the year for both weather-related claims and major claims. The expense ratio is expected to be about 16.5%, and the combined ratio excluding run-offs is expected to be 90-91.

Other activities are expected to report a pre-tax loss of DKK 75 million, which includes negative interest related to the placement of the purchase price for Codan until closing of the transaction.

Moreover, given that closing of the Codan transaction will take place in spring 2022, Alm. Brand expects to launch restructuring measures which will lead to the realisation of synergies with an accounting effect of DKK 90 million in 2022.

The sale of Alm. Brand Liv og Pension A/S was not completed in 2021, and the profit guidance related to the transaction has therefore been carried over into 2022. This means that Alm. Brand expects to report a profit on discontinued activities of about DKK 485 million, consisting of a gain of close to DKK 545 million from the sale of Alm. Brand Liv og Pension A/S less costs directly associated with the transaction and transaction-related restructuring costs of about DKK 60 million.

Codan's technical result and the amount of restructuring costs will be announced as soon as possible after the acquisition.

The financial outlook is based on the assumption of continued low interest rates in 2022. The group has a substantial portfolio of investment assets, and a continued low interest rate level will therefore affect this business area.

## FINANCIAL TARGETS

Alm. Brand has a target of a return on invested capital of 7% after tax related to the acquisition of Codan.

Moreover, Alm. Brand has defined a target for the combined group to triple the pre-tax profit relative to the original guidance range for 2021 of DKK 600-650 million. Adjusted to reflect the sale of Alm. Brand Liv og Pension and the resulting loss of earnings from these activities, Alm. Brand aims to generate a pre-tax profit of DKK 1.7-1.8 billion in the medium term.

Alm. Brand maintains its dividend policy and will thus distribute at least 70% of the profit for the year after tax to the shareholders. However, the dividend distributions for the individual years will be determined with due consideration to planned activities, including investments and special risks.

In Q4 2022, and thus after closing of the Codan transaction, Alm. Brand expects to specify its financial targets for the combined group for the period until 2025. ■

# Strategy

## A new and enlarged Alm. Brand

Over the past few years, major changes have been implemented in Alm. Brand, all with the objective of innovating the direction of the group's developments, thereby charting the course for a new and enlarged Alm. Brand with a singular focus on non-life insurance.

In 2020, we broke away from the former strategy built on the concept of a financial supermarket encompassing non-life insurance, life insurance and banking. The sale of Alm. Brand Bank marked a farewell to banking and opened the door to an active partnership strategy based on formation of agreements with both Sydbank and VW Semler Finans Danmark on the sale of insurances.

The strategy was further unfolded in 2021.

The insurance sector is transforming, and in the past year, Alm. Brand took another important strategic step towards ensuring that the company will retain its competitive edge in future.

The Danish market traditionally consisted of the two major insurers Tryg and Topdanmark, a group of medium-sized insurers, including Alm. Brand Forsikring, and a large group of small companies. Over the past few years, the market shares have shifted and competition intensified, among other things as a result of partnerships between some of the largest insurance companies and banks in Denmark. These partnerships have contributed to strengthening their positions and growing their business, thereby creating scale economies in all parts of their business.

It is therefore crucial that Alm. Brand also becomes a large player in the Danish non-life insurance market. With this aim in mind, Alm. Brand already at the beginning of 2021 began preparations for a potential acquisition of Codan Forsikring's Danish business, leading to Alm. Brand's announcement of its acquisition of Codan shortly before the summer holidays. This marks a strategically aggressive step that will position Alm. Brand among the largest non-life insurers in Denmark, and it is a transaction which, in a single move, will broaden our customer portfolio and add another important element to the distribution channel that builds on partnerships.

With the acquisition of Codan, Alm. Brand's strategic priorities for the coming years are in place. A combination of two companies of more or less equal size in the same market, and with overlapping and complementary business areas, will – all else being equal – pave the way for achieving the largest sum of synergies at the lowest possible execution risk.

### Strategic partnerships

The overriding objective of Alm. Brand's strategic agenda for the coming years is thus to ensure a successful combination with and integration of Codan. From the outset, the new and enlarged Alm. Brand will double its business volume and have about 700,000 customers. Alm. Brand already has an exciting and growing partnership business, and with the acquisition of Codan Forsikring comes the company Privatsikring, which distributes insurances through a wide group of banks that in aggregate serve close to every third personal banking customer in Denmark. Alm. Brand will leverage its distribution know-how through strategic partnerships to further accelerate this distribution channel, including by offering insurance customers innovative digital self-service solutions.

The partnerships will be developed in a way that ensures that Alm. Brand stands out from the competition – and leverages its strong brands, wide product range and advantages in the digital field, among other things by forming a deeper technological integration with its partners that is unprecedented in the market.

### Priorities towards 2022

The acquisition of Codan is expected to be completed in spring 2022, but already in August 2021, a transformation programme was launched to ensure readiness in the period up until closing and to coordinate a number of defined projects, all of which are intended to contribute to the objective of creating a new, combined group.

The programme will define the markers for Alm. Brand's strategy for the next two to three years and chart the course for the new company. The programme will define the framework for planning and executing the work involved in integrating Codan into Alm. Brand and lay down plans for restructuring and realisation of synergies. And precisely synergies are key in order for the acquisition of Codan to create value – for customers, partnerships, employees and shareholders.

Alm. Brand thus aims to triple its operating profit by 2025. In order to achieve this objective, the integration of Codan must be successful, and the expected synergies of DKK 600 million related to administration, IT and claims payments must be achieved. The group's overriding focus is therefore on integration, processes and optimisation of workflows to ensure that the Alm. Brand Group may become a stronger and more profitable business and that customers, partners and other stakeholders will get an even better experience from engaging with Alm. Brand. ■



# Non-life Insurance

	DKKm	2021	2020	2019	2018	2017
INCOME STATEMENT	Gross premium income	5,407	5,343	5,240	5,154	5,041
	Claims expenses *)	-3,738	-3,464	-3,546	-3,357	-3,177
	Insurance operating expenses *)	-933	-902	-908	-885	-880
	Profit/loss on reinsurance	67	-184	-236	-247	-181
	<b>Technical result</b>	<b>803</b>	<b>793</b>	<b>550</b>	<b>665</b>	<b>803</b>
	Interest and dividends, etc.	79	117	129	138	177
	Capital gains and losses	-125	57	29	-151	-32
	Administrative expenses related to investment activities	-13	-27	-26	-26	-31
	Return on and value adjustment of technical provisions	160	-84	-86	6	-16
	<b>Investment return after return on and value adjustment of technical provisions</b>	<b>101</b>	<b>63</b>	<b>46</b>	<b>-33</b>	<b>98</b>
	<b>Profit/loss before tax excluding special costs, continuing activities</b>	<b>904</b>	<b>856</b>	<b>596</b>	<b>632</b>	<b>901</b>
	Special costs	-34	-	-44	-	-
	<b>Profit/loss before tax, continuing activities</b>	<b>870</b>	<b>856</b>	<b>552</b>	<b>632</b>	<b>901</b>
	Tax, continuing activities	-194	-193	-125	-135	-192
	<b>Profit/loss after tax, continuing activities</b>	<b>676</b>	<b>663</b>	<b>427</b>	<b>497</b>	<b>709</b>
	Profit/loss after tax, discontinued activities	18	19	9	16	12
	<b>Profit/loss after tax</b>	<b>694</b>	<b>682</b>	<b>436</b>	<b>513</b>	<b>721</b>

	DKKm	2021	2020	2019	2018	2017
BALANCE SHEET	Run-off result on claims, net of reinsurance	109	101	70	117	283
	Total provisions for insurance contracts	7,828	7,139	6,780	6,581	6,652
	Insurance assets	337	57	29	47	91
	Total shareholders' equity	1,687	3,025	2,363	2,335	2,429
FINANCIAL RATIOS	Gross claims ratio *)	69.1	64.8	67.7	65.1	63.0
	Net reinsurance ratio	-1.3	3.4	4.5	4.8	3.6
	<b>Claims experience *)</b>	<b>67.8</b>	<b>68.2</b>	<b>72.2</b>	<b>69.9</b>	<b>66.6</b>
	Gross expense ratio *)	17.3	16.9	17.4	17.2	17.5
	<b>Combined Ratio *)</b>	<b>85.1</b>	<b>85.1</b>	<b>89.6</b>	<b>87.1</b>	<b>84.1</b>
	Combined ratio excluding run-off result *)	87.1	87.0	90.9	90.5	89.7
	Combined ratio	86.4	85.1	90.4	87.1	84.1
	Return on equity before tax (%) **)	46.9	31.8	26.0	28.3	38.8
	Return on equity after tax (%) **)	36.4	24.6	20.1	22.2	30.5

\*) Gross claims expenses are stated less DKK 22 million and insurance operating expenses are stated less DKK 50 million from the Transitional Service Agreement (TSA). Financial ratios for 2021 have been restated accordingly.

\*\*) The key ratios have been calculated net of special costs.

# Non-life Insurance

## Sustained growth driven by highly satisfactory trend in underlying operations.

### FULL-YEAR FINANCIAL RESULTS

Non-life Insurance generated a pre-tax profit of DKK 904 million excluding special costs in 2021, against a profit of DKK 856 million in 2020. The performance was highly satisfactory and better than expected at year start. The 2021 profit was favourably affected by improvements to underlying operations, supported by continued gains from profitability-enhancing measures and an improved claims experience driven by a reduced level of activity in society during the COVID-19 lockdown.

The technical result amounted to a profit of DKK 803 million in 2021, against a profit of DKK 793 million in 2020, and the investment result was DKK 101 million, against DKK 63 million the year before.

The total profit for 2021 in Non-life Insurance included costs of DKK 34 million related to preparations for the integration of Codan, bringing the pre-tax profit to DKK 870 million.

The combined ratio was 85.1 in 2021 and was thus unchanged relative to 2020, reflecting continued growth in underlying operations net of COVID-19 effects and a stable level of run-off gains, but also a higher level of expenses for major claims. Excluding run-off gains on claims provisions, the combined ratio was 87.1.

The underlying combined ratio was 78.5 in 2021, marking an improvement of 0.4 of a percentage point relative to

2020. The actual improvement after adjusting for the estimated earnings effects from COVID-19 in both 2021 and 2020 was 1.5 percentage points, driven by the continued implementation of initiatives aimed at ensuring profitable business growth, including pricing initiatives directed at specific segments and customers as well as efficiency enhancement of claims processing.

### Premiums

Gross premium income was up by 1.2% in 2021 to DKK 5,407 million. Overall, growth fell short of expectations at the beginning of the year, although the trend should be seen in the context of a lower level of activity in society in the first half of 2021 and a generally more competitive market. Commercial reported strong premium growth at 3.9% throughout 2021, whereas fierce competition in parts of the private customer market combined with a strong focus on maintaining a handsome profit margin caused Private to experience a drop in premium income.

Customer loyalty remained at a stable level for the commercial customer segments, whereas the private customer segment experienced a slightly downward trend, which was mainly attributable to the implementation of profitability measures. However, the retention rates for Commercial and Private remained at a high level.

### Claims experience

The claims experience was 67.8% in 2021, against 68.2% in 2020. There were two main reasons for the favourable trend in the claims experience: The COVID-19 effects were significantly smaller in 2021 than in 2020 and expenses for major claims were higher in 2021 than in 2020.

## Combined ratio

	2021	2020	2019	2018	2017
Combined ratio, underlying business *)	79.6	81.1	82.4	82.1	81.2
COVID-19 effects, estimated	-1.1	-2.2	-	-	-
Combined ratio, underlying business *)	78.5	78.9	82.4	82.1	81.2
Weather-related claims, net of reinsurance	1.6	1.5	2.7	1.2	1.5
Major claims, net of reinsurance	7.7	6.3	5.9	7.4	6.8
Run-off result, claims	-2.0	-1.9	-1.3	-3.4	-5.6
Change in risk margin	-0.7	0.3	-0.1	-0.2	0.2
<b>Combined ratio *)</b>	<b>85.1</b>	<b>85.1</b>	<b>89.6</b>	<b>87.1</b>	<b>84.1</b>

\*) FY 2021 is net of a DKK 72 million income from the TSA and special costs of DKK 34 million in total, equivalent to an impact of 2.0 percentage points.

\*) FY 2019 is net of special costs in a total amount of DKK 44 million, equivalent to an impact of 0.8 of a percentage point.

In addition, procurement and claims processing initiatives continued to have favourable effects, mitigating a rise in inflation of mainly raw materials prices and wages. Lastly, the run-off result affected the claims experience favourably by 2.0 percentage points. Net of the run-off result, the claims experience was 69.9%, against 70.2% in 2020.

Before offsetting income from the Transitional Service Agreement (TSA) related to the divestment of Alm. Brand Bank, the claims experience was 68.2%.

#### **Weather-related claims**

Expenses for weather-related claims net of reinsurance amounted to DKK 86 million in 2021, against DKK 80 million in 2020. Despite the increase and a rainy and windy period in the late summer and autumn months, the level of weather-related claims expenses was below the level of an average year. Weather-related claims affected the combined ratio by 1.6 percentage points in 2021.

#### **Major claims**

Expenses for major claims net of reinsurance amounted to DKK 416 million in 2021, against DKK 338 million in 2020. During the year, there was a higher frequency of major claims and a total of four major fire claims which triggered coverage under the reinsurance programme. Major claims affected the combined ratio by 7.7 percentage points in total, against 6.3 percentage points in 2020.

#### **Underlying business**

The underlying claims ratio was 61.3% in 2021, against 62.0% in 2020. In 2021 as well, the claims ratio was favourably affected by the temporary lockdown of society, which had a favourable knock-on effect on most insurance products. The generally lower level of activity combined with continued widespread use of distance working meant fewer motor claims and a lower burglary frequency, but overall the effects were somewhat smaller than in 2020.

#### **Run-off result**

Run-off gains on claims net of reinsurance amounted to DKK 109 million in 2021, against a gain of DKK 101 million in 2020, which included a positive trend on both workers' compensation and motor insurance. Run-off gains thus affected the combined ratio by 2.0 percentage points, equivalent to the expected average level over a given period.

#### **Risk margin**

The change in the overall risk margin lifted the full-year performance by DKK 36 million, equivalent to a 0.7 percentage point improvement of the combined ratio. The change was due to a recalculation based on Alm. Brand's partial internal model, which over the year was expanded to include worker's compensation and personal accident insurance. The expanded model provides a more a true and fair view of the risk involved, and at the time of its implementation, the capital requirement was lowered by DKK 176 million, while the risk margin was lowered by DKK 64 million. By comparison, the risk margin reduced the 2020 performance by DKK 20 million, increasing the combined ratio by 0.3 of a percentage point.

#### **Costs**

Insurance operating expenses amounted to DKK 933 million in 2021, against DKK 902 million in 2020, equivalent to an expense ratio of 17.3. The increase relative to 2020 was due to higher acquisition costs, including mainly costs incurred in connection with partnerships and marketing campaigns.

Total costs before offsetting income from the Transitional Service Agreement (TSA) with Sydbank amounted to DKK 983 million, equivalent to an expense ratio of 18.2.

#### **Net reinsurance ratio**

The net reinsurance ratio for the year was negative at 1.3, which was due to the fact that major claims reported triggered coverage under the reinsurance programme in excess of the premium paid. By comparison, the net cost of reinsurance was 3.4 percentage points in 2020.

#### **Discounting**

Due to the composition of expected cash flows, the technical provisions are affected the most by movements in short-term interest rates. In 2021, interest rates increased by 29 bps at the short end of the curve (including VA premium). The interest rate change is assessed to have improved the combined ratio by about 0.45 of a percentage point relative to 2020.



## Private

DKKm	2021	2020
Gross premium income	2,592	2,633
Gross claims expenses *)	-1,577	-1,619
Insurance operating expenses *)	-514	-482
Profit/loss on reinsurance	-41	-47
<b>Technical result</b>	<b>460</b>	<b>485</b>
Run-off result, claims	63	107
Gross claims ratio *)	60.8	61.5
Net reinsurance ratio	1.6	1.8
<b>Claims experience *)</b>	<b>62.4</b>	<b>63.3</b>
Gross expense ratio *)	19.8	18.3
<b>Combined ratio *)</b>	<b>82.2</b>	<b>81.6</b>
Combined ratio, underlying business *)	81.5	82.3
Weather-related claims, net of reinsurance	1.0	1.1
Major claims, net of reinsurance	2.6	2.2
Run-off result, claims	-2.4	-4.1
Change in risk margin	-0.5	0.1
<b>Combined ratio *)</b>	<b>82.2</b>	<b>81.6</b>

\*) Gross claims expenses are stated less DKK 10 million and insurance operating expenses are stated less DKK 23 million from the TSA. Financial ratios for 2021 have been restated accordingly.

### PRIVATE

The technical result amounted to a profit of DKK 460 million in 2021, against DKK 485 million in 2020. The combined ratio totalled 82.2, against 81.6 in 2020, and thus remained at a satisfactory level. Overall, the performance was in line with expectations, being lifted by a generally favourable minor claims experience, but also affected by slightly higher major claims expenses as compared with 2020. As expected, the claims frequency reflected the broader re-opening of Danish society, meaning that the positive effects of COVID-19 were less pronounced than the year before.

Gross premium income declined 1.6% to DKK 2,592 million in 2021 from DKK 2,633 million in 2020. Over the year, a number of initiatives were taken to strengthen customer onboarding and reduce customer defection, including pricing initiatives and ongoing product adjustments.

These initiatives began to feed through in the second half of the year in the form of an increase in the portfolio premium, which ended the year at a marginally higher level compared with 31 December 2020.

The claims experience excluding run-off gains on claims was 64.8%, against 67.4% in 2020.

Expenses for weather-related claims totalled DKK 27 million net of reinsurance in 2021, against DKK 30 million in 2020, affecting the combined ratio by 1.0 percentage point.

Expenses for major claims totalled DKK 67 million net of reinsurance in 2021, against DKK 58 million in 2020, and were in line with expectations, as were weather-related claims expenses. Major claims expenses affected the combined ratio by 2.6 percentage points, against 2.2 percentage points in 2020.

The underlying claims ratio was 61.7 in 2021 and thus below the 64.0 reported for 2020 in spite of the fact that COVID-19 effects had a greater positive impact on the 2020 claims ratio.

Insurance operating expenses rose by DKK 32 million to DKK 514 million and were thus scaled to reflect the new partnerships and the expected higher business volume, bringing the expense ratio to 19.8, against 18.3 in 2020.

The run-off result on claims net of reinsurance was a gain of DKK 63 million in 2021, against DKK 107 million in 2020, mainly driven by a positive result on motor and personal accident insurance.

The change in the risk margin affected the full-year performance by DKK 12 million, equivalent to a 0.5 percentage point improvement of the combined ratio.

## Commercial

DKKm	2021	2020
Gross premium income	2,815	2,710
Gross claims expenses *)	-2,161	-1,845
Insurance operating expenses *)	-419	-420
Profit/loss on reinsurance	108	-137
<b>Technical result</b>	<b>343</b>	<b>308</b>
Run-off result, claims	46	-6
Gross claims ratio *)	76.8	68.1
Net reinsurance ratio	-3.9	5.0
<b>Claims experience *)</b>	<b>72.9</b>	<b>73.1</b>
Gross expense ratio *)	14.9	15.5
<b>Combined ratio *)</b>	<b>87.8</b>	<b>88.6</b>
Combined ratio, underlying business *)	75.7	75.6
Weather-related claims, net of reinsurance	2.1	1.9
Major claims, net of reinsurance	12.4	10.3
Run-off result, claims	-1.6	0.2
Change in risk margin	-0.8	0.6
<b>Combined ratio *)</b>	<b>87.8</b>	<b>88.6</b>

\*) Gross claims expenses are stated less DKK 12 million and insurance operating expenses are stated less DKK 27 million from the TSA. Financial ratios for 2021 have been restated accordingly.

### COMMERCIAL

The technical result was a profit of DKK 343 million in 2021, against a profit of DKK 308 million in 2020. The combined ratio totalled 87.8, against 88.6 in 2020, and was thus at a satisfactory level. The performance was the result of higher premium income and a favourable minor claims experience, which more than offset the increase in major claims expenses.

Gross premium income was DKK 2,815 million in 2021, against DKK 2,710 million in 2020, equivalent to an increase of 3.9% driven by commercial customers, whereas the growth contribution from agricultural customers was not nearly as pronounced. Over the year, Commercial successfully sharpened its growth focus and succeeded in increasing sales to new customers based on a stronger collaboration between sales and underwriting and more data-driven sales follow-up. Moreover, premiums in particular on workers' compensation insurance were adjusted to ensure a satisfactory price/risk balance in response to the changes in case processing by Labour Market Insurance (Arbejdsmarkedets Erhvervssikring) in 2020, which led to higher claims payouts.

The claims experience excluding run-off gains on claims was 74.5% in 2021, against 72.9% in 2020.

Expenses for weather-related claims totalled DKK 59 million net of reinsurance, against DKK 50 million in 2020, reflecting weather conditions which like in 2020 caused claims expenses to come out at the lower end of the expected range in spite of heavy rainfall over the summer months. Weather-related claims affected the combined ratio by 2.1 percentage points in 2021, against 1.9 percentage points in 2020.

Expenses for major claims were DKK 349 million net of reinsurance, affecting the combined ratio by 12.4 percentage points, against 10.3 percentage points in 2020. During the year, there was a higher frequency of major claims, including a total of four major fire claims which triggered coverage under the reinsurance programme.

The underlying claims ratio was 60.9, against 60.1 in 2020, and was thus at a satisfactory level with a slightly higher claims frequency, which reflected the broader re-opening of Danish society.

Like the previous years, 2021 benefited from positive effects of already implemented profitability-enhancing measures, including measures to lift profitability on building insurances in the residential segment and on motor insurance and workers' compensation insurance, all of which served to improve the claims ratio.

Insurance operating expenses totalled 419 million, which was unchanged relative to 2020 and a result of the combination of higher acquisition costs and lower administrative expenses.

The run-off result on claims net of reinsurance amounted to a gain of DKK 46 million in 2021, against a loss of DKK 6 million in 2020, and was due to a favourable experience for building, contents and all-risks insurance providing cover for damage or loss to equipment.

The change in the overall risk margin affected the 2021 performance by a net income of DKK 24 million, equivalent to a 0.9 percentage point positive effect on the combined ratio. The change was predominantly attributable to the expansion of Alm. Brand's partial internal model for non-life insurance risk.

The net reinsurance ratio for 2021 was minus 3.9 (income), against 5.0 in 2020 (expense). During the year, a total of four major claims were reported, in aggregate triggering reinsurance coverage of close to DKK 300 million, and Alm. Brand's reinsurance programme thus satisfactorily supported the major claims experience.

### INVESTMENT RESULT

The investment result after interest on technical provisions was a gain of DKK 101 million in 2021, against a gain of DKK 63 million in 2020. The 2021 result was highly satisfactory in light of the conservative investment profile and the very low interest rate environment.

Investment assets are distributed on Danish and international bonds, mortgage deeds and shares and property investments. The goal is to achieve a satisfactory financial risk/return ratio. The overall goal is to keep the market risk low. The financial risk is adjusted using derivative financial instruments.

The bond portfolio is placed predominantly in Danish government bonds and mortgage bonds, European investment grade corporate bonds and derivative fixed-income instruments. In addition, the company has a small proportion of emerging markets bonds and corporate bonds in the high-yield segment.

The return on bonds not attributable to the hedging of provisions contributed negatively to the overall investment result. 2021 was generally a tough year for Danish mortgage bonds, which in addition to negative yields were affected by widening credit spreads and rising interest rates, which also applies to the remaining part of the unrestricted bond portfolio.

The interest on technical provisions is calculated using the EIOPA (European Insurance and Occupational Pensions Authority) yield curve including a volatility adjustment (VA) premium. The asset portfolio for the hedging of interest rate risk on provisions is composed so as to match fluctuations on provisions occurring in step with market changes in the underlying components of the yield curve. The hedging strategy produced a satisfactory result throughout 2021, and the overall result of the hedging portfolio and value adjustment of provisions was a gain of DKK 38 million.

The mortgage deed portfolio includes an option agreement protecting Alm. Brand Forsikring against credit losses, as Alm. Brand Forsikring can sell back mortgage deeds to Alm. Brand PIA A/S if mortgage deed debtors default on their payment obligations. The mortgage deed investment result fell short of expectations due to the low interest rate level which caused the amount of redemptions to increase.

Alm. Brand Forsikring has limited exposure to equities, primarily to global equities and a small proportion of strategic equities that support the business. The return on the global equity market was positive in 2021 and contributed favourably to the performance. ■

## Investment return

DKKm	2021			2020		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	7,782	-149	-1.9%	8,574	84	1.0%
Mortgage deeds etc.	501	7	1.4%	641	-2	-0.3%
Equities	405	77	24.0%	381	87	22.8%
Properties	289	19	7.2%	44	5	12.3%
Illiquid credit	96	0	0.0%	-	-	-
<b>Total return on investments</b>	<b>9,073</b>	<b>-46</b>	<b>-0.5%</b>	<b>9,641</b>	<b>174</b>	<b>1.9%</b>
Administrative expenses related to investment activities		-13			-27	
Return on and value adjustment of technical provisions		160			-84	
<b>Net investment return</b>		<b>101</b>			<b>63</b>	

Investment assets reflect average tied-up amount, and a look-through approach on investment associations.



# CSR

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Alm. Brand's core values are rooted in proper conduct in a broad sense and reflected in the way we do business and in the way we interact with the world around us.

For many years, proper conduct has been, and it still is, one of Alm. Brand's core values – proper conduct in the way we think, the way we act and the way we communicate. A natural part of our DNA is therefore that we feel a strong sense of corporate responsibility and want to leave a positive imprint on the world around us. As part of our corporate social responsibility efforts, we strive to promote sustainable development and make a favourable impact on society.

Alm. Brand seeks to conduct its business in a responsible and sustainable manner anchored in the vision that “We take care of our customers”. “Take care of” applies not only to customer relationships, but also to employee relationships, environmental and climate matters and to matters concerning society in general.

Through our CSR policy, we seek to ensure alignment with our historical heritage and the pledge of proper conduct we have made to our customers and to develop our CSR landscape on an ongoing basis to ensure that it is up to date and aligned with changes in society. Alm. Brand's CSR strategy comprises the focus areas environment and climate, social and employee-related matters, anti-corruption and anti-bribery, human rights and socially responsible investment. At the end of the year, Alm. Brand further strengthened its sustainability efforts by setting up a new function dedicated to sustainability.

The full statutory report on corporate social responsibility for 2021 as per section 132b of the Danish Financial Statements Act is provided in Alm. Brand's CSR report, which is available together with the group's CSR policy [here](#).

Alm. Brand is a signatory to the UN Global Compact, and the CSR report therefore also represents Alm. Brand's Communication on Progress (COP). ■

# Diversity in management

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The Committee on Corporate Governance recommends that companies once a year discuss activities to ensure relevant diversity at all management levels in the group.

The Board of Directors of Alm. Brand is focused on promoting diversity, and back in 2013 Alm. Brand adopted a gender equality policy in accordance with applicable law. The policy is focused on increasing the share of the under-represented gender and encompasses an annual follow-up on the development in the share of men and women in management positions.

The Board of Directors of Alm. Brand consists of 11 members including employee-elected members. At 31 December 2021, the Board of Directors consisted of five women and six men, corresponding to a ratio of 45/55%. As the Board of Directors has defined a target stipulating that the share of the under-represented gender must be at least 33%, the gender equality target was met. The full statutory report on gender composition of management as per section 132a of the Danish Financial Statements Act as well as additional information and policies on the gender composition of management are available [here](#). ■

# Capitalisation

## Total capital strengthened for the new and enlarged Alm. Brand.

In accordance with Alm. Brand's long-term business objectives, the group assumes a variety of calculated risks in order to meet its obligations to its customers. The business risks require that Alm. Brand has adequate and satisfactory capital resources. The group's risks are described in detail in notes 39 and 40.

The capitalisation level is considered sufficient to resist very severe losses. The statutory capital requirement ensures that the companies in the group are adequately capitalised to absorb very serious adverse events over the next 12 months without compromising outstanding customer accounts. The group companies also measure their exposure to significant risks through stress scenarios, thereby ensuring that the risk tolerances defined by the individual boards of directors are observed. New risks may arise, and the boards of directors of Alm. Brand's subsidiaries are responsible for the identification and quantification of these.

In Q4 2021, Alm. Brand procured financing for the acquisition of Codan's Danish business, making for an unusually high capitalisation level pending the closing of the transaction.

Alm. Brand A/S is deemed to be the ultimate insurance holding company of the group. In connection with the acquisition of Codan's Danish business, Alm. Brand af 1792 fmba's ownership interest in Alm. Brand A/S fell to 46.7% at 31 December 2021. Alm. Brand af 1792 fmba is thus no longer a majority shareholder.

Alm. Brand has defined an ordinary dividend target corresponding to a payout ratio of at least 70% of the profit for the year after tax. However, such distribution will be subject to an assessment of any increased capital requirement over the following years, either due to planned activities, special risks or a shortfall in earnings.

### TOTAL CAPITAL

The group's total capital was DKK 14,373 million at 31 December 2021, consisting of equity, tier 2 capital and the Solvency II capital elements profit margin and risk margin. The total capital is stated after deduction of a dividend of DKK 0.30 per share, equivalent to DKK 462 million.

In Q4 2021, the group completed a share issue that generated total proceeds in a net amount of DKK 10.3 billion. In addition, new tier 2 capital of DKK 1.3 billion was sourced, which was not eligible to be fully included in the total capital for the group at 31 December 2021.

A significant part of the total capital for the group at 31 December 2021 consisted of funds required for the acquisition of Codan. Adjusted for the funds required for the acquisition of Codan, total capital was DKK 2,483 million, which was a decline of DKK 1,305 million relative to Q3 2021. The decline was due to the fact that the proceeds from the rights issue are not sufficient to cover the full amount required for the Codan acquisition.

The Solvency II capital elements profit margin and risk margin increase the sensitivity of the total capital. Alm. Brand makes allowance for this sensitivity in the capital planning by investigating the effect on the total capital through a scenario analysis. In Alm. Brand Forsikring, the profit margin stability is analysed and stress-tested by exposing it to a number of negative scenarios.

New capital will be sourced, which will be included as tier 1 capital. This is expected to take place in March 2022.

### STATUTORY CAPITAL REQUIREMENT

In Q4 2021, Alm. Brand was granted approval by the Danish Financial Supervisory Authority to use a combination of methods for consolidation at group level\*. Using a combination of methods for consolidation offers some operational advantages, but it is not possible to include the same amount of diversification as previously. In addition, the group had high market risk exposure at 31 December 2021 due to the rights issue completed. The market risk exposure of the ultimate insurance holding company will decline after closing of the Codan acquisition.

\*) Alm. Brand Forsikring A/S and Alm. Brand Liv og Pension A/S are thus consolidated using method 2, while the rest of the companies are consolidated using method 1.

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The solvency capital requirement was DKK 1,358 million calculated using a combination of methods 1 and 2, including using the partial internal model applied by Alm. Brand Forsikring. The solvency ratio was 1,058%.

Adjusted for the market risk related to the funds required for the acquisition of Codan, the solvency capital requirement was DKK 1,181 million. The solvency coverage of the Alm. Brand A/S Group adjusted for the funds required for the acquisition of Codan was 210% at 31 December 2021.

#### **Non-life Insurance and Life Insurance activities**

Alm. Brand Forsikring A/S calculates its solvency capital requirement on the basis of a partial internal model in combination with the standard formula of the Solvency II regime. A partial internal model is used to calculate the solvency capital requirement attributable to “premium and reserve risk” and “natural catastrophe risk”. The partial internal model is designed to reflect the business structure and the reinsurance cover and is based on the company’s own data.

The model is designed to most accurately reflect the risk exposure. In June 2021, Alm. Brand Forsikring was granted approval to expand its partial internal model for non-life insurance risk in personal accident and workers’ compensation lines. The implementation resulted in a lower solvency capital requirement and, consequently, a lower risk margin. The model subsequently comprises all lines.

The solvency capital requirement of Alm. Brand Forsikring A/S amounted to DKK 973 million at 31 December 2021, against DKK 1,059 million at 31 December 2020.

Alm. Brand Liv og Pension A/S applies the standard formula provided in the Solvency II legislation for the calculation of the company’s capital requirement. The solvency capital requirement of Alm. Brand Liv og Pension A/S amounted to DKK 135 million at 31 December 2021, against DKK 153 million at 31 December 2020. The level of the solvency capital requirement is relatively high due to the high bonus potentials in Alm. Brand Liv og Pension A/S, which had a bonus rate of 19.3 at 31 December 2021.

Solvency II legislation provides the option of including the loss-absorbing effect of a deferred tax asset in the calculation of the capital requirement. Alm. Brand has decided to make use of this option in the calculation of the capital requirements of the two insurance companies. ■

# Statement on corporate governance

Alm. Brand strives to obtain maximum transparency and openness and agrees with the basic principles of the corporate governance recommendations. This is reflected in the company’s management approach, which is generally consistent with the recommendations.

### COMPOSITION AND ORGANISATION OF THE BOARD OF DIRECTORS

Alm. Brand af 1792 fmba holds 46.7% of the shares in Alm. Brand A/S and has a total of about 400,000 members, all of whom are customers of Alm. Brand Forsikring A/S. As a result of this structure, five of the eight board members elected by the shareholders are nominated by Alm. Brand af 1792 fmba. The other board members elected by the shareholders are independent.

The five board members nominated by the board of Alm. Brand af 1792 have been elected from among the members of the association’s committee of representatives in pursuance of its by-laws.

Information about the recommended candidates’ background, qualifications and selection criteria are provided in the complete proposals ahead of the general meeting. Information about e.g. the board members’ other executive positions and directorships as well as their special qualifications is provided in the financial statements. As regards new candidates, information on other executive positions and directorships is also provided in the complete proposals sent to shareholders ahead of the annual general meeting.

As less than half of the board members elected by the shareholders are independent, Alm. Brand A/S deviates from the corporate governance recommendations. Manage-

ment believes that the principal shareholder and the other shareholders have identical interests in the company.

### BOARD COMMITTEES

The Board of Directors has set up two board committees – the audit committee and the remuneration committee. The Chairman and the Deputy Chairman of the Board of Directors, who are not deemed to be independent, are members of these committees. The majority of the committee members are thus not independent. This is not in compliance with the corporate governance recommendations, but the Board of Directors has made this choice in order to ensure a strong focus on the work of the committees.

A detailed description of the tasks of the committees, the members of the committees, meeting frequency, etc. is available [here](#).

The Board of Directors has not found it necessary to set up a nomination committee, as the majority of the members of the Board of Directors are elected by the principal shareholder.

When selecting and nominating the independent candidates, Alm. Brand complies with the recommendation to take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender, and the Board of Directors also obtains external assistance when selecting the independent candidates.

# 46.7%

of the share capital is held by Alm. Brand af 1792 fmba.

**Alm. Brand af 1792 fmba is an association whose members are Alm. Brand Forsikring’s customers. Five of the eight shareholder-elected members of the Board of Directors are nominated by the principal shareholder.**

### GOVERNING BODIES

In compliance with Danish legislation, Alm. Brand A/S and the group’s subsidiaries have a two-tier management system with a board of directors and a management board. A detailed presentation of the members of the Board of Directors and the Management Board of Alm. Brand A/S is provided in the section listing directorships and special qualifications below. The responsibilities and duties of the Board of Directors and the Management Board are defined in the rules of procedure of the Board of Directors.

## Board committees

Audit committee	Remuneration committee
Anette Eberhard (Chair)	Jørgen Hesselbjerg Mikkelsen (Chair)
Jørgen Hesselbjerg Mikkelsen	Jan Skytte Pedersen
Jan Skytte Pedersen	Anette Eberhard
	Brian Egested



The Board of Directors consists of eight members elected by the shareholders in general meeting and currently three members elected by the employees. Of the 11 board members, six are male and five are female. The age, seniority, other directorships, special qualifications and meeting attendance of the board members are set forth in the list of directorships on pages 30-36. Pia Laub, Karen Sofie Hansen-Hoeck and Anette Eberhard are deemed to be independent, as they do not serve on the board of the company's principal shareholder.

When nominating new members for the Board of Directors, the Board of Directors emphasises that as a whole the following qualifications are represented: General management experience, experience from the Alm. Brand Group's customer segments, experience in auditing and accounting matters, particularly in relation to membership of the audit committee, and insight into legal matters, insight into financial matters, experience in risk management and solvency matters, investments and general insight into IT matters.

## BOARD EVALUATION

The Board of Directors assesses its overall qualifications and work procedures once a year. At least once every three years, the Board of Directors obtains external assistance for the evaluation. As part of the evaluation, the number, level and complexity of other directorships held by the members of the Board of Directors are discussed with a view to ensuring that other directorships are kept at a reasonable level. The evaluation is presided over by the Chairman of the Board of Directors. The evaluation procedure is based on the company's business model and strategy and entails an evaluation of the individual qualifications of each member of the Board of Directors as well as of the combined qualifications of all members of the Board of Directors in accordance with the recommendations of the Danish Financial Supervisory Authority on board evaluation. The

evaluation also comprises e.g. the cooperation with the company's Management Board, the Chairman's ability to lead the Board of Directors, committee work and the overall planning of board work.

In addition to the usual evaluation of qualifications and the cooperation with the Management Board, the Board of Directors' self-evaluation in 2021 comprised a review of the qualifications of the members of the Board of Directors and their readiness in terms of the forthcoming acquisition of Codan. The evaluation did not give rise to any significant remarks. The results of the evaluation will form part of the work of the Board of Directors going forward.

The Board of Directors held 21 meetings in 2021. For information on the meeting attendance of each individual board member, see page 24.

Additional information on the group's management and organisational structures is available [here](#).

## REMUNERATION POLICY

Alm. Brand's remuneration policy is available on the group's website. Among other things, the remuneration policy contains information about the group's share-based remuneration. Further information about the remuneration of the Board of Directors and the Management Board is provided in note 4 to the financial statements as well as in the company's remuneration report for 2021. Click [here](#) for more information.

In 2020, the group complied with the remuneration policy described in the 2020 financial statements, and in 2021 it complied with the remuneration policy adopted for 2021.

### Board of Directors

Board members receive a fixed annual remuneration re-

flecting the scope of the board work and the responsibility related to serving on the board.

In accordance with the remuneration policy, the board members are not remunerated by way of incentive schemes.

Pursuant to the corporate governance recommendations, the remuneration paid to the board members for the current financial year must be approved by the shareholders in general meeting. The Board of Directors believes that it is sufficient that the shareholders approve the remuneration paid to the Board of Directors in respect of the past financial year when approving the financial statements and that the Chairman of the Board of Directors explains the expected remuneration payable to the Board of Directors for the current financial year.

### Management Board

The member of the Management Board is remunerated by way of a salary which is intended to be competitive with similar positions in the financial sector. In addition to this salary, the company provides a pension contribution, and the remuneration also includes a company car, paid telephone subscription and other customary salary substitutes. Other directorships held by members of the Management Board in companies of the Alm. Brand Group do not trigger any remuneration. The remuneration report is available [here](#).

A share-based remuneration programme was established with effect from 1 July 2016. The award of shares by way of share-based remuneration takes place in the months of June and December, respectively. On 4 June 2021, 4,659 shares were granted at a price of DKK 331,813.98 for the first half of 2021, and on 3 December 2021, 38,203 shares were granted at a price of DKK 445,446.98 for the second half of 2021.

In 2021, the Management Board received remuneration in a total amount of DKK 10.5 million including the value of share-based remuneration, pension, etc. The remuneration of the Management Board is adjusted every two years. The Management Board is composed of Rasmus Werner Nielsen, CEO.

### FINANCIAL REPORTING PROCESS

The primary responsibility for Alm. Brand A/S's risk management and control organisation in relation to the financial reporting process rests with the Board of Directors and the

Management Board, including compliance with applicable legislation and other financial reporting regulations.

### Control environment

The Board of Directors has defined a working plan ensuring that the Board of Directors reviews, at least once a year, the group's:

- Organisation
- Plans and budgets
- Risk of fraud
- In-house rules and guidelines

The Board of Directors and the Management Board are responsible for establishing and approving general policies, procedures and controls in key areas in relation to the financial reporting process. The audit committee supports the Board of Directors in this work. On an ongoing basis, the Management Board monitors compliance with relevant legislation and other financial reporting regulations and provisions, and reports its findings to the Board of Directors.

The group's internal audit department reports directly to the Board of Directors in compliance with the audit plan presented by the internal audit department and adopted by the Board of Directors. The internal audit department performs sample audits of business procedures and internal controls in critical audit areas, including the financial statements and the financial reporting.

### Risk assessment

The working plan of the Board of Directors ensures that the Board of Directors and the Management Board at least once a year perform an overall assessment of risks in relation to the financial reporting process. In this connection, the Board of Directors assesses the group's organisation with respect to:

- Risk measurement and risk management
- Financial reporting and budget organisation
- Internal control
- Rules on powers of procuration
- Segregation of functions or compensatory measures
- IT organisation and IT security

## Board remuneration

Amount in DKK 1,000	Alm. Brand A/S Meeting attendance	Alm. Brand A/S Remuneration	Audit committee	Total*)
Jørgen Hesselbjerg Mikkelsen*	20/21	1,200	40	1,240
Jan Skytte Pedersen*	21/21	800	40	840
Anette Eberhard	21/21	400	90	490
Boris Nørgaard Kjeldsen*	20/21	400		400
Flemming Fuglede Jørgensen (resigned on 12 July 2021)*	9/10	213		213
Tina Schmidt Madsen (appointed on 12 July 2021)*	11/11	188		188
Per Viggo Hasling Frandsen*	20/21	400		400
Karen Sofie Hansen-Hoeck	21/21	400		400
Pia Laub	18/21	400		400
Brian Egested*	21/21	400		400
Claus Nexø Jensen*	21/21	400		400
Lotte Kathrine Sørensen*	21/21	400		400

In accordance with the remuneration policy, the board members are not remunerated by way of incentive schemes.

\* Member of the board of Alm. Brand af 1792 fmba. Alm. Brand af 1792 fmba pays 10% of the remuneration.

As part of the risk assessment, the Board of Directors considers the risk of fraud on an annual basis. This work includes:

- A discussion of management's potential incentive/motive for committing fraudulent financial reporting or other types of fraud
- A discussion of management reporting with a view to preventing/identifying and responding to fraudulent financial reporting

The audit committee supports the Board of Directors in these assessments.

### Risk management and financial reporting process

Day-to-day risk management is handled at segment level on the basis of risk limits defined by the Management Board and approved by the Board of Directors.

Risk management is coordinated by a cross-organisational risk committee consisting of the Management Board and the companies' risk managers as well as the persons in charge of the actuarial departments, the IT department, the finance department and the persons holding business responsibility in Non-life Insurance and Life Insurance.

The finance department is responsible for preparing full-year and interim financial statements. The key financial reporting contributors are the non-life and life insurance actuarial departments, which are responsible for calculating technical provisions, and the risk management department, which is responsible for calculating the group's financial assets and liabilities.

The report is prepared by the investor relations department on the basis of information from a number of departments, including the finance department and the relevant business area.

For a more detailed review of the risks facing the group, see note 39, Capital and risk management, and note 40, Significant accounting estimates, assumptions and uncertainties.

### WHISTLEBLOWER SCHEME

In 2014, the group set up a whistleblower scheme as part of the implementation of new legislation. Employees can use the whistleblower scheme to anonymously report violations or suspected violations of financial legislation committed by employees or board members of Alm. Brand's companies. Responsibility for the whistleblower scheme rests with the compliance department, which received no reports in 2021. As a result of the entry into force of the Danish Whistleblower Act in December 2021, the company has implemented a new whistleblower scheme with a wider scope than the former scheme. Alm. Brand's new whistleblower scheme ensures compliance with both statutory frameworks.

### ACTIVE OWNERSHIP

Alm. Brand's liquid equity investments are made through sustainable investment associations. As the investments are made within the realm of the investment associations, Alm. Brand has no possibility of exercising any voting rights, but instead assesses on an ongoing basis whether the external managers meet the expectations defined. Alm. Brand receives quarterly ESG reports in respect of the liquid investment portfolio. Alm. Brand's long-term equity

investments are limited to investments in companies which are deemed to comply with Alm. Brand's policy on responsible investment.

### DATA ETHICS POLICY

Protecting our customers' personal data is a key priority for the Alm. Brand Group, and we support the industry's principles of data ethics, which are available in Danish at [forsikringogpension.dk/temaer/dataetik/](https://forsikringogpension.dk/temaer/dataetik/).

Against this background, Alm. Brand has decided to implement the following data ethics principles:

- We want our customers to be informed about the use of personal data, and we will ensure regular updating of our privacy policy, which contains updated information about how we process our customers' personal data.
- We want to make relevant solutions available to our customers, and it is our ambition to use relevant digital options on a responsible basis in the best interest of our customers.
- We will only request consent to obtain and disclose such information as is needed for the specific solutions and products we or our business partners offer our customers.
- Protection of personal data is a key priority for the Alm. Brand Group, and we encourage customers to contact us if they have any questions related to the processing of their personal data. We have therefore appointed a Data Protection Officer and a GDPR and customer ambassador, who will be available to answer queries from customers and contribute to equipping the group's employees to observe our data ethics principles in order to give our customers a sense of security.

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## DEVIATION FROM CORPORATE GOVERNANCE RECOMMENDATIONS

Alm. Brand is subject to the recommendations prepared by the Committee on Corporate Governance, which are available at [corporategovernance.dk](https://corporategovernance.dk). On an annual basis, the Board of Directors of Alm. Brand A/S considers all recommendations applying the “comply or explain” principle. The full account is available [here](#).

The group deviates from the corporate governance recommendations in the following respects:

- At least half of the board members elected by the shareholders are not independent. See “Composition and organisation of the Board of Directors”
- The majority of the members of the board committees cannot be deemed to be independent. See “Board committees”
- The Board of Directors has not set up a nomination committee. See “Board committees”
- The selection and nomination of candidates for the Board of Directors is only partially carried out on the basis of the recommended criteria
- The remuneration of the Board of Directors is approved for the past year and not for the current financial year. See “Remuneration policy–Board of Directors”.

The Board of Directors believes that Alm. Brand A/S predominantly complies with the corporate governance criteria and that these few exceptions do not constitute a disadvantage or are contrary to the interests of the shareholders or other stakeholders. ■



# Shareholder information

## Equity market responded sharply to the acquisition of Codan, but the share price is back on a positive track after subscription of new shares.

### THE ALM. BRAND SHARE IN 2021

Alm. Brand is listed on Nasdaq Copenhagen and is a component of the OMX Copenhagen Large Cap index. At 31 December 2021, the share price was DKK 12.74, which, in addition to the share price performance over the year, reflected that Alm. Brand in November completed a rights issue for existing shareholders at a ratio of 1:9 at a discounted price of DKK 7.55 per share.

At the beginning of the year, the share price was DKK 73.40, and in 2021 Alm. Brand paid an extraordinary divi-

dend of DKK 8.00 per share on 8 January 2021 as a result of the sale of Alm. Brand Bank A/S in autumn 2020 and an ordinary dividend of DKK 7.00 per share in total in respect of the 2019 and 2020 financial years.

Less dividends paid and adjusted for the subscription of new shares at a discount, Alm. Brand's share price fell 8.7% in 2021.

Investors who at the beginning of the year held one share in Alm. Brand and subsequently chose to subscribe for shares in respect of all pre-emptive rights granted

to them in connection with the rights issue achieved a modest gain of 0.7% in aggregate. One share represented a value of DKK 73.40 at the beginning of the year, and if an investor participated in the rights issue, he or she would acquire nine new shares for each existing share held at a total of DKK 67.95, after which the investor would hold ten shares at a total purchase price of DKK 141.45. Investors received a total dividend payout of DKK 15.00 in 2021, which, when added to the year-end value of the ten shares, makes for a total of DKK 142.40 at 31 December 2021, equal to an accretion of 0.7% relative to the purchase price. By comparison, the OMX Copenhagen Large Cap index produced a return of 23.3% in the period.

At 31 December 2021, Alm. Brand's market capitalisation totalled DKK 19.6 billion, and the market value of the average daily trading volume of Alm. Brand shares was DKK 27.1 million in 2021.

## Share price performance 2021

Alm. Brand compared with OMX CPH C25 and OMX Copenhagen Large Cap



### Share capital and ownership

The company's nominal share capital amounted to DKK 1,541,140,000 at 31 December 2021, divided into shares of DKK 1 each. Each share represents one vote.

## Share information

Share capital	DKK 1,541,140,000
No. of shares (of DKK 1 each)	1,541,140,000
Share classes	1
Restrictions on transferability and voting rights	None
Stock exchange	Nasdaq Copenhagen
Ticker	ALMB
ISIN	DK0015250344

At 31 December 2021, Alm. Brand held a total of 48,626 treasury shares, equivalent to less than 0.1% of the share capital.

#### Authorisation to effect capital increases

The Board of Directors is authorised, subject to certain specified limits, with pre-emptive rights to the company's existing shareholders to increase the share capital in one or more issues by a nominal amount of up to DKK 236,490,000. The authorisation is valid until 29 April 2025.

#### Ownership

With an ownership interest of 46.7% at 31 December 2021, Alm. Brand af 1792 fmba is the largest shareholder of Alm. Brand, and Alm. Brand is not aware of any other shareholders holding an ownership interest of more than 5%.

In aggregate, Alm. Brand had 28,742 registered shareholders at 31 December 2021, which is almost double the number at the beginning of the year. The free float represents 53.3% of the total number of shares.

Danish investors make up the largest group of shareholders, holding in aggregate 75% of the free float.

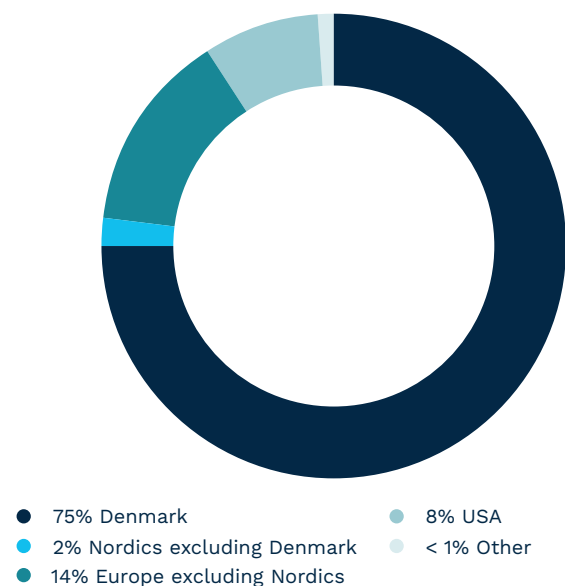
#### Dividend

The Board of Directors recommends that an ordinary dividend of DKK 0.30 per share be paid in respect of the 2021 financial year. The proposed dividend per share adds up to a total dividend payout of DKK 462 million, corresponding to payout of 77% of the consolidated profit on continuing activities after tax.

#### Investor relations policy

Alm. Brand aims to communicate in an accurate, relevant and timely manner with equity market stakeholders in order to ensure that all investors have equal and adequate access for trading and pricing of the company's shares to be effected on a fully informed basis.

## Geographical breakdown



## Shareholdings

	No. of shares held 31 Dec. 2021		No. of shares held 31 Dec. 2020	
	Personally	Related parties	Personally	Related parties
<b>Board of Directors</b>				
Jørgen H. Mikkelsen, Chairman	683,908	675,000	149,969	145,139
Jan Skytte Pedersen, Deputy Chairman	12,000	188,000	12,000	8,000
Boris Nørgaard Kjeldsen	29,819	-	8,651	-
Tina Schmidt Madsen	58,005	24,100	-	-
Karen Sofie Hansen-Hoeck	-	-	-	-
Anette Eberhard	18,249	-	3,249	-
Per Viggo Hasling Frandsen	310,000	-	31,000	-
Pia Laub	124,520	-	3,473	-
Claus Nexø Jensen	83,400	514	5,444	1,345
Brian Egested	25,255	-	1,548	-
Lotte Kathrine Sørensen	2,500	-	200	-
<b>Management Board</b>				
Rasmus Werner Nielsen	266,665	57	34,154	57

The management of Alm. Brand prioritises meeting with investors and analysts on a regular basis, and in connection with the release of financial statements, management and the investor relations department participate in a number of meetings with both Danish and international investors.

Alm. Brand's investor relations website, [investorrelations.almbrand.dk](https://investorrelations.almbrand.dk), contains all official company announcements, financial statements, investor presentations, the financial calendar, corporate governance documents and other material.

Alm. Brand observes a three-week silent period before the release of full-year and interim financial reports, ceasing all communications to the equity market during that period.

### Analyst coverage

The Alm. Brand share is currently covered by five analysts.

## Analyst coverage

Carnegie	Martin Gregers Birk
Danske Bank	Asbjørn Nicholas Mørk
Jyske Bank	Anders Haulund Vollesen
Nordea	Jakob Brink
SEB	Per Grønborg

### Contact

Day-to-day contact with investors and analysts is handled by:

**Mads Thinggaard,**  
**First Vice President, Investor Relations**

Tel. +45 20 25 54 69

E-mail: [abmat@almbrand.dk](mailto:abmat@almbrand.dk)

**Mikael Bo Larsen,**  
**Senior Investor Relations Officer**

Tel. +45 51 43 80 02

E-mail: [abmela@almbrand.dk](mailto:abmela@almbrand.dk)

### Annual general meeting

The annual general meeting of Alm. Brand A/S will be held on Wednesday 27 April 2022, at 11:00 a.m. at Clarion Hotel Copenhagen Airport, Ellehammersvej 20, DK-2770 Kastrup, Denmark.



## Financial calendar 2022

27 April 2022	Annual general meeting
12 May 2022	Release of Q1 2022 interim report
18 August 2022	Release of Q2 2022 interim report
10 November 2022	Release of Q3 2022 interim report



# Alm. Brand - Board of Directors



PER VIGGO HASLING FRANDSEN    BORIS NØRGAARD KJELDSSEN    CLAUD NEXØ JENSEN    JAN SKYTTE PEDERSEN  
PIA LAUB    LOTTE KATHRINE SØRENSEN    KAREN SOFIE HANSEN-HOECK  
ANETTE EBERHARD    TINA SCHMIDT MADSEN    JØRGEN HESSELBJERG MIKKELSEN    BRIAN EGESTED



# Board of Directors

## SPECIAL QUALIFICATIONS

General management experience  
Experience from the Alm. Brand Group's customer segments  
Experience in audit and accounting matters  
Insight into financial matters  
Insight into economic matters  
Experience in risk management and solvency statement  
Investments

## DIRECTORSHIPS

**DIRECTORSHIPS WITHIN THE ALM. BRAND GROUP**  
**Chairman**  
Alm. Brand A/S  
Alm. Brand af 1792 fmba  
Alm. Brand Fond

**DIRECTORSHIPS OUTSIDE THE ALM. BRAND GROUP**  
**Chairman**  
Danish Agro A.m.b.a  
Danish Agro Finance A/S

**Deputy Chairman**  
Dan Agro Holding A/S

**Member**  
DanHatch Holding A/S  
Hesselbjerg Agro A/S  
Vilomix International Holding A/S  
DV International Holding A/S  
Danish Agro Machinery Holding A/S  
Dava Foods Holding A/S  
Sjællandske Medier A/S and subsidiaries

**MANAGER**  
JHM Holding 2010 ApS

## Jørgen Hesselbjerg Mikkelsen (Chairman)

Farm owner, born in 1954 and appointed in 1994.



## SPECIAL QUALIFICATIONS

General management experience  
Experience from the Alm. Brand Group's customer segments  
Experience in audit and accounting matters  
Insight into financial matters  
Insight into economic matters  
Experience in risk management and solvency compliance  
Investments

## DIRECTORSHIPS

**DIRECTORSHIPS WITHIN THE ALM. BRAND GROUP**  
**Deputy Chairman**  
Alm. Brand A/S  
Alm. Brand af 1792 fmba  
Alm. Brand Fond

**DIRECTORSHIPS OUTSIDE THE ALM. BRAND GROUP**  
**Chairman**  
Herm. Rasmussen A/S

**Member**  
Herm. Rasmussen A/S Holding  
Herm. Rasmussen A/S Erhvervssejendomme  
Herm. Rasmussen A/S Malerforretning  
Ringvejens Autolakereri A/S  
Malerfirma Fr. Nielsen og Søn A/S  
Søfronten Herning P/S  
Ejendomsselskabet Lysbroengen P/S  
Rederiet Viking P/S  
Silkeborg Fodbold College  
Fabrikant Michael Sørensen's Fond

**MANAGER**  
MFP Holding, Silkeborg ApS  
Herm. Rasmussen A/S Holding  
Malerfirma Fr. Nielsen og Søn A/S

## Jan Skytte Pedersen (Deputy Chairman)

Manager, born in 1956 and appointed in 2010.



#### SPECIAL QUALIFICATIONS

General management experience  
Experience from the Alm. Brand Group's customer segments  
Experience in audit and accounting matters  
Insight into financial matters  
Insight into legal matters  
Insight into economic matters  
General insight into IT matters  
Experience in risk management and solvency statement  
Investments

#### DIRECTORSHIPS

##### DIRECTORSHIPS WITHIN **Member**

THE ALM. BRAND GROUP Alm. Brand A/S  
Alm. Brand af 1792 fmba  
Alm. Brand Fond

##### DIRECTORSHIPS OUTSIDE **Chairman**

THE ALM. BRAND GROUP Kemp & Lauritzen A/S  
Glentco-Legatfonden

##### **Member**

Benny Johansen & Sønner A/S  
AG Gruppen A/S and wholly-owned subsidiaries  
EjendomDanmark

### Boris Nørgaard Kjeldsen

Managing Director, born in 1959 and appointed in 2003



#### SPECIAL QUALIFICATIONS

General management experience  
Insight into legal matters  
Insight into economic matters  
Insight into financial matters  
General insight into IT matters  
Experience from the Alm. Brand Group's customer segments

#### DIRECTORSHIPS

##### DIRECTORSHIPS WITHIN **Member**

THE ALM. BRAND GROUP Alm. Brand A/S

##### DIRECTORSHIPS OUTSIDE **Chair**

THE ALM. BRAND GROUP Madkulturen (institution under the Ministry of Environment and Food of Denmark)

##### **Member**

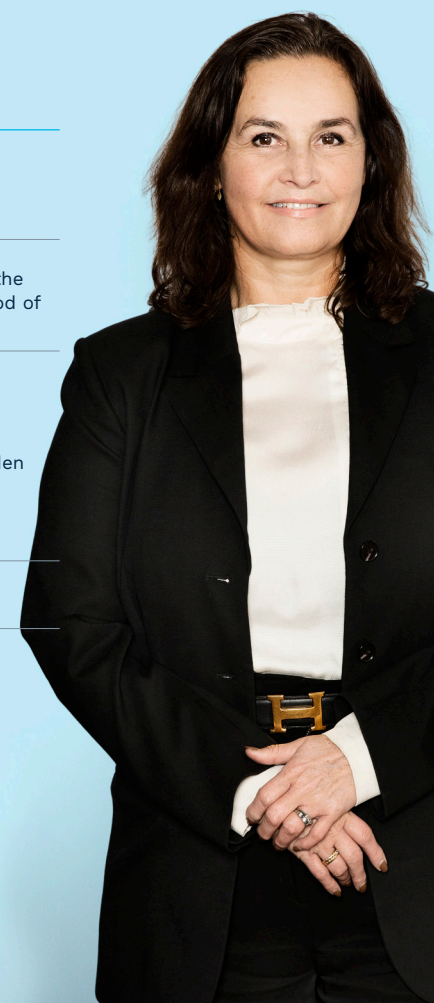
Danske Spil A/S  
Søstre Grene  
Softline A/S  
Fairtrade Mærket Danmark Fonden  
Fødevarebanken  
Hovmand A/S  
Connecting Food Holding ApS

##### MANAGER

Connecting Food Holding ApS  
Producters ApS

### Karen Sofie Hansen-Hoeck

Manager, born in 1965 and appointed in 2013.



## Pia Laub

Professional board member, born in 1969 and appointed in 2020.



### SPECIAL QUALIFICATIONS

General management experience  
Experience from the Alm. Brand Group's customer segments  
Experience in audit and accounting matters  
Insight into financial matters  
Insight into legal matters  
Insight into economic matters  
General insight into IT matters  
Experience in risk management and solvency statement  
Investments

### DIRECTORSHIPS

DIRECTORSHIPS WITHIN **Member**  
THE ALM. BRAND GROUP Alm. Brand A/S

DIRECTORSHIPS OUTSIDE **Member**  
THE ALM. BRAND GROUP The Danish National Center for Grief  
Ny Carlsberg Glyptotek

### SPECIAL QUALIFICATIONS

General management experience  
Experience from the Alm. Brand Group's customer segments  
Experience in audit and accounting matters  
Insight into financial matters  
Insight into economic matters  
General insight into IT matters  
Experience in risk management and solvency statement  
Investments

### DIRECTORSHIPS

DIRECTORSHIPS WITHIN **Member**  
THE ALM. BRAND GROUP Alm. Brand A/S

DIRECTORSHIPS OUTSIDE **Member**  
THE ALM. BRAND GROUP Investeringsfonden for Udviklingslande (IFU)

MANAGER  
IIP Denmark P/S (managing director)  
IIP Denmark GP ApS  
PKA Private Funds III GP ApS  
SEEKEE ApS  
PKA Venture I GP ApS  
PKA Private Funds IV GP ApS

## Anette Eberhard

Manager, born in 1961 and appointed in 2015.





## Per Viggo Hasling Frandsen

Estate owner, born in 1952 and appointed in 2009.



### SPECIAL QUALIFICATIONS

General management experience  
Experience from the Alm. Brand Group's customer segments  
Insight into financial matters  
Insight into economic matters  
Investments

### DIRECTORSHIPS

#### DIRECTORSHIPS WITHIN **Member**

THE ALM. BRAND GROUP Alm. Brand A/S  
Alm. Brand af 1792 fmba  
Alm. Brand Fond

#### DIRECTORSHIPS OUTSIDE **Chairman**

THE ALM. BRAND GROUP "Sia" Per Frandsen Latvia

### SPECIAL QUALIFICATIONS

General management experience  
Experience from the Alm. Brand Group's customer segments  
Experience in audit and accounting matters  
Insight into financial matters  
Insight into economic matters  
Experience in risk management and solvency statement  
Investments

### DIRECTORSHIPS

#### DIRECTORSHIPS WITHIN **Member**

THE ALM. BRAND GROUP Alm. Brand A/S  
Alm. Brand af 1792 fmba  
Alm. Brand Fond

#### DIRECTORSHIPS OUTSIDE **Member of board of representatives**

THE ALM. BRAND GROUP Sydbank A/S

#### MANAGER

Schmidt Invest ApS  
TSM Holding ApS  
Schmidt Ejendomme ApS  
Schmidt Advicer ApS

## Tina Schmidt Madsen

Manager, born in 1968 and appointed in 2021.





## Lotte Kathrine Sørensen (employee representative)

Staff association chair,  
born in 1974 and appointed in 2020.

### SPECIAL QUALIFICATIONS

Experience from the Alm. Brand  
Group's customer segments

### DIRECTORSHIPS

**DIRECTORSHIPS WITHIN THE ALM. BRAND GROUP** **Chair**  
Staff association of Alm. Brand  
Forsikring A/S

**Member**  
Alm. Brand A/S  
Alm. Brand af 1792 fmba  
Alm. Brand Fond



## Claus Nexø Jensen (employee representative)

Tied agent (agricultural insurance),  
born in 1966 and appointed in 2018.

### SPECIAL QUALIFICATIONS

Experience from the Alm. Brand  
Group's customer segments

### DIRECTORSHIPS

**DIRECTORSHIPS WITHIN THE ALM. BRAND GROUP** **Chairman**  
Assurandørforeningen (association of  
tied agents) at Alm. Brand

**Member**  
Alm. Brand A/S  
Alm. Brand af 1792 fmba  
Alm. Brand Fond

**DIRECTORSHIPS OUTSIDE THE ALM. BRAND GROUP** **Deputy Chairman**  
Finansforbundet (Financial Services  
Union in Denmark) - Tied Agents



#### SPECIAL QUALIFICATIONS

Experience from the Alm. Brand Group's customer segments  
General management experience

#### DIRECTORSHIPS

**DIRECTORSHIPS WITHIN THE ALM. BRAND GROUP**  
**Chairman**  
Alm. Brand Chefforeningen (association of managers)

**Member**  
Alm. Brand A/S  
Alm. Brand af 1792 fmba  
Alm. Brand Fond

**MANAGER**  
Egested Holding ApS (Managing Director)  
MonKeyBo Group ApS  
Finansforbundet (Financial Services Union in Denmark) - Tied Agents

### Brian Egested (employee representative)

Head of department, born in 1969 and appointed in 2014.



# Management Board

## DIRECTORSHIPS

### DIRECTORSHIPS WITHIN **Chairman**

THE ALM. BRAND GROUP Alm. Brand Forsikring A/S  
Alm. Brand Præmieservice A/S  
Alm. Brand PIA A/S  
Pensionskassen under Alm. Brand A/S  
(appointed by the Management Board)

CHIEF EXECUTIVE OF- Alm. Brand A/S  
FICER Alm. Brand af 1792 fmba

### DIRECTORSHIPS OUTSIDE **Member**

THE ALM. BRAND GROUP Forsikring & Pension (the Danish Insurance Association)

## Rasmus Werner Nielsen

Chief Executive Officer,  
born in 1969 and employed with  
Alm. Brand since 2017.

Chief Executive Officer  
since October 2019.



# Financial statements *Group*

## 39 *Statement by the Board of Directors and the Management Board*

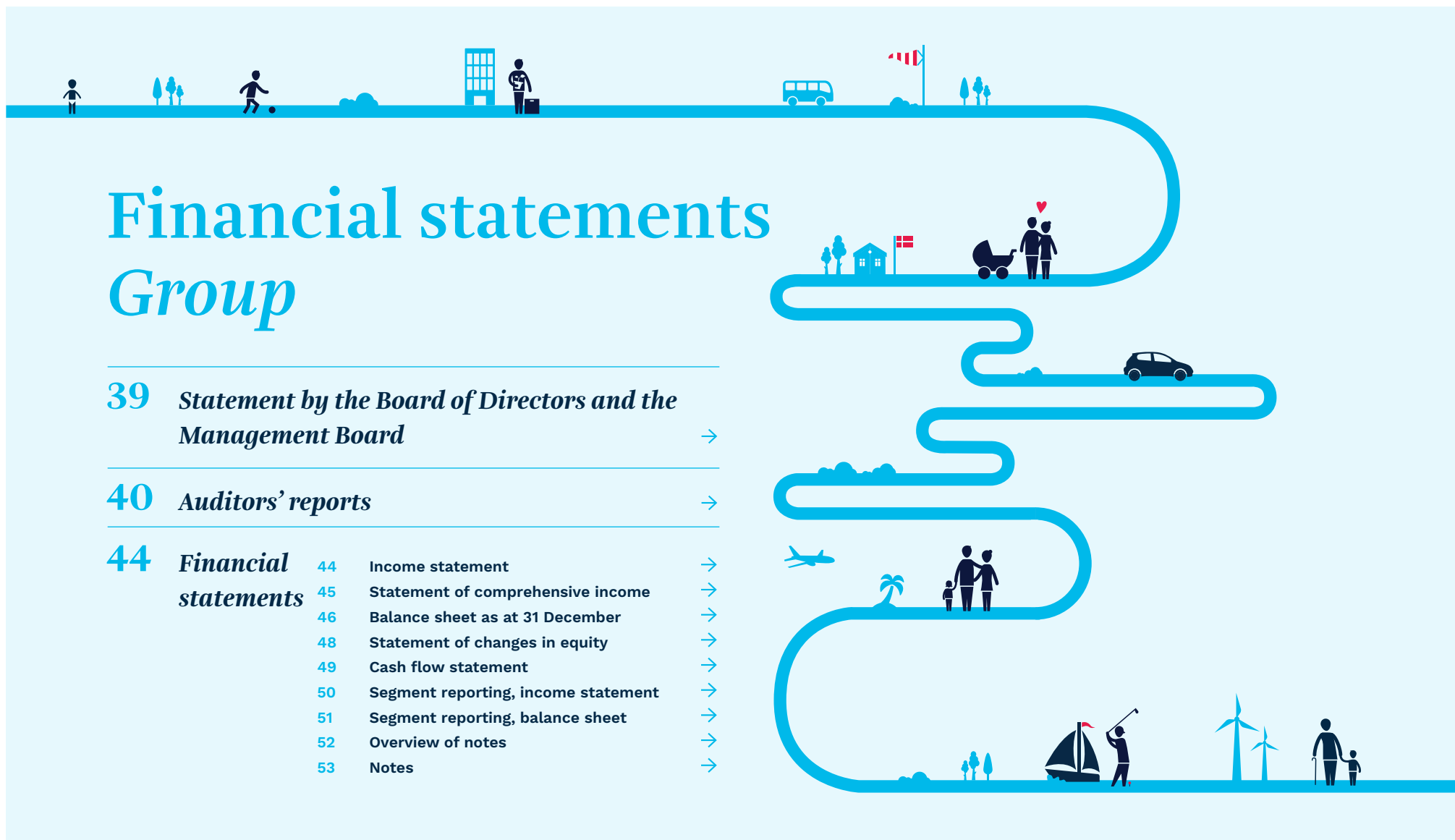


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# Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board have today considered and approved the annual report of Alm. Brand A/S for the period 1 January to 31 December 2021.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial enterprises. The parent company financial statements have been prepared in accordance with the Danish Financial Business Act. The management's review has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2021 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year ended 31 December 2021.

In our opinion, the management's review contains a fair review of developments in the group's and the parent company's activities and financial position and describes the principal risks and uncertainties that may affect the group and the parent company.

Furthermore, in our opinion, the annual report of Alm. Brand A/S for 2021 with the file name [Alm. Brand-2021-12-31-da.zip](#) has been prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend the annual report for adoption at the annual general meeting.

## Management Board

Copenhagen, 3 March 2022

**Rasmus Werner Nielsen**  
Chief Executive Officer

## Board of Directors

Copenhagen, 3 March 2022

**Jørgen Hesselbjerg Mikkelsen**  
Chairman

**Jan Skytte Pedersen**  
Deputy Chairman

**Anette Eberhard**

**Per Viggo Hasling Frandsen**

**Karen Sofie Hansen-Hoeck**

**Tina Schmidt Madsen**

**Boris Nørgaard Kjeldsen**

**Pia Laub**

**Brian Egested**

**Claus Nexø Jensen**

**Lotte Kathrine Sørensen**



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## INDEPENDENT AUDITOR'S REPORT

### To the shareholders of Alm. Brand A/S

#### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Alm. Brand A/S for the financial year 1 January – 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement for the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial institutions and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial institutions.

Further, in our opinion the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2021 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

#### Appointment of auditor

At the Annual General Meeting on 20 April 2021, we were elected as auditor for Alm. Brand A/S for the financial year 2021.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the Parent Company financial statements for the financial year 2021 (hereinafter collectively referred to as "the financial statements"). These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

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## Key audit matters

### Measurement of outstanding claims provision

The Group's outstanding claims provisions for non-life insurance totaled DKK 5,968 million at 31 December 2021.

The measurement of outstanding claims provisions is subject to significant management estimates, including expected losses for incurred claims in current and in previous years, as well as unknown claims (IBNR and IBNER provisions).

Reference is made to note 19 to the consolidated financial statements for a specification of outstanding claims provisions, notes 39 and 40 for Management's description of risks, uncertainties and estimates made in respect of outstanding claims provisions as well as note 41 for a description of the accounting policies.

### Measurement of provisions for insurance contracts (included in the financial statement item assets classified as held for sale)

The Group's provisions for life insurance totaled DKK 16,292 million, profit margin on life insurance totaled DKK 351 million and outstanding claims provisions regarding Alm. Brand Liv og Pension A/S totaled DKK 536 million at 31 December 2021.

The measurement of provisions for life insurance, profit margin on life insurance and outstanding claims provisions regarding Forsikrings-selskabet Alm. Brand Liv og Pension A/S is subject to significant management estimates, including:

- Choice of method, models and data
- Determination of expectations of future events.

For a specification of insurance-related provisions regarding Forsikrings-selskabet Alm. Brand Liv og Pension A/S reference is made to note 37 to the consolidated financial statements, notes 39 and 40 for Management's description of risks, uncertainties and estimates made as well as note 41 for a description of the accounting policies.

## How our audit addressed the key audit matter

Our audit procedures performed in cooperation with our actuarial specialists included:

- Assessment of design and test of effectiveness of key controls in the processes for claims handling and provisions for case reserves as well as actuarial methods applied for calculating IBNR and IBNER provisions.
- Comparison of data, methods and assumptions used with generally accepted actuarial standards, historical developments and trends.
- Assessment and analyses of the development of run-off results and changes to the models applied and assumptions used compared with last year as well as the development in industry standards.
- Test of accuracy and completeness of underlying data on a sample basis as well as re-calculation of outstanding claims provisions for selected lines of business.

Furthermore, we assessed whether the disclosures relating to risks and uncertainties in respect of provisions made meet the relevant accounting rules.

Our audit procedures performed in cooperation with our actuarial specialists included:

- Assessment of design and test of performance of key controls in the actuarial models and in the processes for determining assumptions, data collection and use of analyses.
- Comparison of assumptions used for disability and mortality, reactivation, repurchase probabilities as well as expectations of future compensations for losses incurred compared with historical data, trends and market practice.
- Comparison of assumptions as well as methods and models applied with generally accepted actuarial standards.
- Test of accuracy and completeness of underlying data on a sample basis as well as re-calculation of actuarial calculations and models on a sample basis.
- Analytical procedures in the form of assessing the development of provisions for insurance and investment contracts compared with last year and in relation to the development in industry standards and market practice.

Furthermore, we assessed whether the disclosures meet the relevant accounting rules.

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### Statement on the Management's review

Management is responsible for the Management's review. Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

### Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial institutions and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Business Act.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures respon-

sive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

#### Report on compliance with the ESEF Regulation

As part of our audit of the financial statements of Alm. Brand A/S we performed procedures to express an opinion on whether the annual report for the financial year 1 January – 31 December 2021 with the file name [Alm.Brand-2021-12-31-da.zip](#) is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to

the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements. Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;

- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.
- In our opinion, the annual report for the financial year 1 January – 31 December 2021 with the file name [Alm.Brand-2021-12-31-da.zip](#) is prepared, in all material respects, in compliance with the ESEF Regulation.

## EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Copenhagen, 3 March 2022

### Lars Rhod Søndergaard

State Authorised  
Public Accountant  
mne28632

### Thomas Hjortkjær Petersen

State Authorised  
Public Accountant  
mne33748

# Income statement

				Group			
DKKm	Note	2021	2020	Note	2021	2020	
<b>Income statement</b>							
Gross premiums written	1	5,442	5,343	Interest income and dividends, ect.	5	102	132
Premiums ceded to reinsurers		-230	-226	Value adjustments	6	-143	53
Change in premium provision		-1	38	Interest expenses	7	-15	-16
Change in profit margin and risk margin		-34	-38	Other income		29	0
Change in provision for unearned premiums, reinsurers' share		-3	-4	Administrative expenses related to investment activities		-97	-52
<b>Earned premiums, net of reinsurance</b>		<b>5,174</b>	<b>5,113</b>	<b>Total investment return</b>		<b>-124</b>	<b>117</b>
Claims paid, gross	2	-3,080	-3,177	Return on and value adjustments of technical provisions		160	-84
Claims paid, reinsurers' share		16	13	<b>Total investment return after return on and value adjustment on technical provisions</b>		<b>36</b>	<b>33</b>
Change in the provision for claims		-716	-267	Other income		72	0
Change in risk margin		36	-20	Other expenses		-141	-98
Change in provision for claims, reinsurers' share		283	32	<b>Profit/loss before tax, continuing activities</b>		<b>698</b>	<b>728</b>
<b>Claims incurred, net of reinsurance</b>		<b>-3,461</b>	<b>-3,419</b>	Tax, continuing activities	8	-192	-167
Acquisition costs	3	-761	-694	<b>Profit/loss after tax, continuing activities</b>		<b>506</b>	<b>561</b>
Administrative expenses	4	-222	-208	Profit/loss after tax, discontinuing activities	37	92	57
Reinsurance commissions and profit participation		1	1	<b>Profit/loss after tax</b>		<b>598</b>	<b>618</b>
<b>Net operating expenses</b>		<b>-982</b>	<b>-901</b>	Earnings per share, DKK, continuing activities		2.0	3.5
<b>Technical result</b>		<b>731</b>	<b>793</b>	Diluted earnings per share, DKK, continuing activities		2.0	3.5
				Earnings per share, DKK		2.4	4.0
				Diluted earnings per share, DKK		2.4	4.0



# Statement of comprehensive income

		Group	
DKK <b>m</b>	Note	2021	2020
<b>Comprehensive income</b>			
Profit for the period		598	618
<i>Items that are or may be reclassified to profit or loss</i>		0	0
<i>Items that will not be reclassified to profit or loss:</i>			
Tax on other comprehensive income		0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Comprehensive income</b>		<b>598</b>	<b>618</b>
<b>Proposed allocation of profit/loss:</b>			
Proposed dividend		0	0
Share attributable to Alm. Brand		0	0
<b>Comprehensive income</b>		<b>0</b>	<b>0</b>

# Balance sheet

DKKm	Note	Group	
		2021	2020
<b>Intangible assets</b>	<b>9</b>	<b>43</b>	<b>9</b>
Tangible assets	10	132	140
Group occupied property	11	0	743
<b>Tangible assets</b>		<b>132</b>	<b>883</b>
<b>Investment properties</b>	<b>12</b>	<b>0</b>	<b>790</b>
Equities		599	1,239
Unit trust units		9,024	3,462
Bonds		11,978	22,905
Loans		583	738
Other		140	1,287
<b>Investments assets</b>	<b>13</b>	<b>22,324</b>	<b>29,631</b>
Reinsurers' share of provision for unearned premiums		1	4
Reinsurers' share of life insurance provision for claims		0	27
Reinsurers' share of provision for claims		336	191
<b>Reinsurers' share of insurance contract provisions</b>	<b>14</b>	<b>337</b>	<b>222</b>
Receivables related to direct insurance contracts	15	117	171
Receivables from insurance companies		28	23
Other receivables	16	255	303
<b>Receivables</b>		<b>400</b>	<b>497</b>
Current tax assets		21	0
Assets held for sale	37	18,725	0
Cash in hand and demand deposits		110	524
<b>Other assets</b>		<b>18,856</b>	<b>524</b>
Interest receivable		74	148
Other prepayments		69	76
<b>Prepayments</b>		<b>143</b>	<b>224</b>
<b>Total assets</b>		<b>42,235</b>	<b>32,780</b>

# Balance sheet

DKKm	Note	Group	
		2021	2020
<b>Liabilities and equity</b>			
Share capital		1,541	1,541
Reserves, retained earnings, ect.		11,703	2,547
Proposed dividend		462	1,079
<b>Consolidated shareholders' equity</b>	<b>17</b>	<b>13,706</b>	<b>5,167</b>
<b>Subordinated debt</b>			
	<b>18</b>	<b>1,295</b>	<b>400</b>
Premium provisions		1,128	1,203
Life insurance provisions		0	16,562
Profit margin on general insurance contracts		486	418
Profit margin on life insurance and investment contracts		0	382
Provision for outstanding claims		5,968	5,810
Risk margin on general insurance contracts		246	323
<b>Provision for insurance contracts</b>	<b>19</b>	<b>7,828</b>	<b>24,698</b>
Pension obligations ect.	20	13	16
Deferred tax liabilities	21	19	0
<b>Provisions</b>		<b>32</b>	<b>16</b>
Payables related to direct insurance	22	83	103
Payables related to reinsurance		15	43
Issued bonds	23	150	152
Payables to credit institutions		322	918
Current tax liabilities	24	0	5
Liabilities related to assets held for sale	37	18,146	0
Other payables	25	643	1,232
<b>Payables</b>		<b>19,359</b>	<b>2,453</b>
<b>Accruals and deferred income</b>		<b>15</b>	<b>46</b>
<b>Liabilities</b>		<b>42,235</b>	<b>32,780</b>

# Statement of changes in equity

DKKm	Share capital	Contingency funds	Other provisions	Retained profit	Proposed dividend	Shareholders' equity
<b>Shareholders' equity at 1 January 2020</b>	<b>1,577</b>	<b>182</b>	<b>1,215</b>	<b>1,142</b>	<b>460</b>	<b>4,576</b>
<b>Changes in shareholders' equity 2020:</b>						
Profit/loss for the year				618	0	618
Comprehensive income	0	0	0	618	0	618
Cancellation of treasury shares	-36			36		0
Proposed dividend				-1,079	1,079	0
Cancellation of proposed dividend				460	-460	0
Capital movements in subsidiaries				3		3
Share option scheme, exercise				11		11
Purchase and sale of treasury shares				-41		-41
<b>Changes in shareholders' equity</b>	<b>-36</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>619</b>	<b>591</b>
<b>Shareholders' equity at 31 December 2020</b>	<b>1,541</b>	<b>182</b>	<b>1,215</b>	<b>1,150</b>	<b>1,079</b>	<b>5,167</b>
<b>Shareholders' equity at 1 January 2021</b>	<b>1,541</b>	<b>182</b>	<b>1,215</b>	<b>1,150</b>	<b>1,079</b>	<b>5,167</b>
<b>Changes in shareholders' equity 2021:</b>						
Profit/loss for the year				598	0	598
Comprehensive income	0	0	0	598	0	598
Reduction of capital	-1,387		-1,215	2,602		0
Issue of new shares pr. 2. december 2021	1,387			9,085		10,472
Cost related to the issue of new shares				-231		-231
Proposed dividend				-462	462	0
Dividend distributed				-1,229	-1,079	-2,308
Purchase and sale of treasury shares				8		8
<b>Changes in shareholders' equity</b>	<b>0</b>	<b>0</b>	<b>-1,215</b>	<b>10,371</b>	<b>-617</b>	<b>8,539</b>
<b>Shareholders' equity at 31 December 2021</b>	<b>1,541</b>	<b>182</b>	<b>0</b>	<b>11,521</b>	<b>462</b>	<b>13,706</b>

The contingency funds are allocated from untaxed funds and are required, according to the articles of association, to be used for the benefit of policyholders. A deferred tax provision has been made for the contingency funds.

Issue of 1.387.026.000 new shares of nominal DKK 1 at a price of DKK 7,55. The net proceeds were DKK 10.241m.

# Cash flow statement

DKKm			Group	
	2021	2020	2021	2020
<b>Cash flows from operating activities</b>				
Premiums received	5,572	5,191		
Claims paid	-3,080	-3,089		
Dividends received	12	2		
Interest, etc. received	78	-7		
Interest expenses	-14	0		
Payments concerning reinsurance	-210	-216		
Expenses paid	-1,245	-1,027		
Other ordinary income received	66	0		
Taxes paid/received	-187	-127		
<b>Cash flows from operating activities, continuing activities</b>	<b>992</b>	<b>727</b>		
Cash flows from operating activities, discontinuing activities	-70	495		
<b>Cash flows from operating activities</b>	<b>922</b>	<b>1,222</b>		
<b>Change in investment placement (net)</b>				
Acquisition of intangible assets, furniture, equipment, etc.	-38	-1		
Properties acquired or converted	0	10		
Sale/acquisition of equity investments	-8,300	1,330		
Sale/repayment of mortgage deeds and loans	156	-54		
Sale/purchase of bonds	-2,008	-2,092		
<b>Change in investment placement, continuing activities</b>	<b>-10,190</b>	<b>-807</b>		
Change in investment placement, discontinuing activities	891	2,049		
<b>Change in investment placement</b>	<b>-9,299</b>	<b>1,242</b>		
<b>Change in financing</b>				
Sale/purchase of treasury shares			8	-29
Dividende distributed			-2,308	0
Issue of new shares			10,241	0
Repayment of subordinated debt			895	0
Change in payables to credit institutions			215	353
Change in other liabilities			-6	150
<b>Change in financing, continuing activities *)</b>			<b>9,045</b>	<b>474</b>
Change in financing, discontinuing activities *)			-904	-427
<b>Change in financing</b>			<b>8,141</b>	<b>47</b>
Net change in cash and cash equivalents, continuing activities			-153	394
Net change in cash and cash equivalents, discontinuing activities			-83	2,117
<b>Net changes in cash and cash equivalents</b>			<b>-236</b>	<b>2,511</b>
<b>Disposals relating to divestment</b>				<b>-3,023</b>
<b>Cash in hand and demand deposits presented within assets held for sale</b>			<b>-178</b>	
Cash and cash equivalents beginning of year			524	1,036
<b>Cash and cash equivalents, year end</b>			<b>110</b>	<b>524</b>
<i>Cash and cash equivalents comprise the following items:</i>				
Cash in hand and balances at call			110	524
Balances due from credit institutions and central banks, see note			0	0
<b>Cash and cash equivalents, year end</b>			<b>110</b>	<b>524</b>

\*) The amount of DKK 9,045 million consists only of cash inflows og outflows.



# Segment reporting, income statement

DKKm	Note	2021				
		Private	Commercial	Non-life	Other	Group
Gross premiums written	1	2,584	2,858	5,442	0	5,442
Premiums ceded to reinsurers		-44	-186	-230	0	-230
Change in premium provision		29	-30	-1	0	-1
Change in profit margin and risk margin		-21	-13	-34	0	-34
Change in provision for unearned premiums, reinsurers' share		-1	-2	-3	0	-3
<b>Earned premiums, net of reinsurance</b>		<b>2,547</b>	<b>2,627</b>	<b>5,174</b>	<b>0</b>	<b>5,174</b>
Claims paid, gross	2	-1,535	-1,545	-3,080	0	-3,080
Claims paid, reinsurers' share		0	16	16	0	16
Change in the provision for claims		-64	-652	-716	0	-716
Change in risk margin		12	24	36	0	36
Change in provision for claims, reinsurers' share		4	279	283	0	283
<b>Claims incurred, net of reinsurance</b>		<b>-1,583</b>	<b>-1,878</b>	<b>-3,461</b>	<b>0</b>	<b>-3,461</b>
Acquisition costs	3	-448	-313	-761	0	-761
Administrative expenses	4	-89	-133	-222	0	-222
Reinsurance commissions and profit participation		0	1	1	0	1
<b>Net operating expenses</b>		<b>-537</b>	<b>-445</b>	<b>-982</b>	<b>0</b>	<b>-982</b>
<b>Technical result</b>		<b>427</b>	<b>304</b>	<b>731</b>	<b>0</b>	<b>731</b>
Interest income and dividends, ect.	5			85	18	102
Value adjustments	6			-125	-18	-143
Interest expenses	7			-6	-10	-15
Other income				0	29	29
Administrative expenses related to investment activities				-13	-84	-97
<b>Total investment return</b>				<b>-59</b>	<b>-65</b>	<b>-124</b>
Return on and value adjustments of technical provisions				160	0	160
<b>Total investment return after return on and value adjustment on technical provisions</b>				<b>101</b>	<b>-65</b>	<b>36</b>
Other income				72	0	72
Other expenses				-34	-107	-141
<b>Profit/loss before tax, continuing activities</b>				<b>870</b>	<b>-172</b>	<b>698</b>
Tax, continuing activities	8			-194	2	-192
<b>Profit/loss after tax, continuing activities</b>				<b>676</b>	<b>-170</b>	<b>506</b>
Profit/loss after tax, discontinuing activities	37			0	92	92
<b>Profit/loss after tax</b>				<b>676</b>	<b>-78</b>	<b>598</b>

# Segment reporting, income statement

DKKm	Note	2020				
		Private	Commercial	Non-life	Other	Group
Gross premiums written	1	2,616	2,727	5,343		5,343
Premiums ceded to reinsurers		-48	-178	-226		-226
Change in premium provision		51	-13	38		38
Change in profit margin and risk margin		-34	-4	-38		-38
Change in provision for unearned premiums, reinsurers' share		-1	-3	-4		-4
<b>Earned premiums, net of reinsurance</b>		<b>2,584</b>	<b>2,529</b>	<b>5,113</b>		<b>5,113</b>
Claims paid, gross	2	-1,587	-1,590	-3,177		-3,177
Claims paid, reinsurers' share		2	11	13		13
Change in the provision for claims		-29	-238	-267		-267
Change in risk margin		-3	-17	-20		-20
Change in provision for claims, reinsurers' share		0	32	32		32
<b>Claims incurred, net of reinsurance</b>		<b>-1,617</b>	<b>-1,802</b>	<b>-3,419</b>		<b>-3,419</b>
Acquisition costs	3	-394	-300	-694		-694
Administrative expenses	4	-88	-120	-208		-208
Reinsurance commissions and profit participation		0	1	1		1
<b>Net operating expenses</b>		<b>-482</b>	<b>-419</b>	<b>-901</b>		<b>-901</b>
<b>Technical result</b>		<b>485</b>	<b>308</b>	<b>793</b>		<b>793</b>
Interest income and dividends, ect.	5			130	7	132
Value adjustments	6			57	-13	53
Interest expenses	7			-13	-8	-16
Other income				0	0	0
Administrative expenses related to investment activities				-27	-46	-52
<b>Total investment return</b>				<b>147</b>	<b>-60</b>	<b>117</b>
Return on and value adjustments of technical provisions				-84	0	-84
<b>Total investment return after return on and value adjustment on</b>				<b>63</b>	<b>-60</b>	<b>33</b>
Other expenses				0	-98	-98
<b>Profit/loss before tax, continuing activities</b>				<b>856</b>	<b>-158</b>	<b>728</b>
Tax, continuing activities	8			-193	33	-167
<b>Profit/loss after tax, continuing activities</b>				<b>663</b>	<b>-125</b>	<b>561</b>
Profit/loss after tax, discontinuing activities	37			0	80	57
<b>Profit/loss after tax</b>				<b>663</b>	<b>-45</b>	<b>618</b>

# Overview of notes

## Notes with reference

1	Gross premiums	→
2	Claims paid	→
3	Acquisition costs	→
4	Administrative expenses	→
5	Interest income and dividends, etc.	→
6	Value adjustments	→
7	Interest expenses	→
8	Tax, continuing activities	→
9	Intangible assets	→
10	Furniture and equipment, computers, cars, etc.	→
11	Owner-occupied properties	→
12	Investment properties	→
13	Investment assets	→
14	Reinsurers' share of insurance contracts	→

15	Receivables related to direct insurance contracts	→
16	Other receivables	→
17	Consolidated shareholders' equity	→
18	Subordinated debt	→
19	Provisions for insurance contracts	→
20	Pensions and similar obligations	→
21	Deferred tax liabilities	→
22	Debt related to direct insurance	→
23	Issued bonds	→
24	Current tax liabilities	→
25	Other creditors	→

## Notes without reference

26	Technical result, Non-life Insurance	→
27	Segment reporting, Non-life Insurance	→
28	Contingent liabilities, guarantees and lease agreements	→
29	Collateral security	→
30	Related parties	→
31	Fair value and classification of financial assets, liabilities and instruments	→
32	Return on financial instruments	→
33	Offsetting	→
34	Financial instruments by term to maturity	→
35	Market risk	→
36	Sensitivity information	→
37	Discontinued activities	→
38	Change to the format of the financial statements	→
39	Capital and risk management	→
40	Significant accounting estimates, assumptions and uncertainties	→
41	Accounting policies	→

# Notes

DKKm	2021	2020
<b>Note 1 Gross premiums written</b>		
Gross premiums	5,442	5,343
<b>Total premium income</b>	<b>5,442</b>	<b>5,343</b>
Direct insurance is exclusively written in Denmark		
<b>Note 2 Claims paid, gross, run-off result</b>		
Claims paid	-3,080	-3,177
<b>Total claims expenses</b>	<b>-3,080</b>	<b>-3,177</b>
Run-off result, claims	103	99
Run-off result, ceded business	6	2
Run-off result, net	109	101
The run-off result includes value adjustment of inflation swaps used to hedge inflation risk related to workers' compensation.		
<b>Note 3 Acquisition costs</b>		
Acquisition commission	-287	-143
Other acquisition costs	-474	-551
<b>Total acquisition costs</b>	<b>-761</b>	<b>-694</b>

	2021	2020
<b>Note 4 Administrative expenses</b>		
Acquisition commission	-222	-208
<b>Total acquisition costs</b>	<b>-222</b>	<b>-208</b>
Salaries and wages	962	1,190
Pension	151	180
Payroll tax, etc.	170	182
Share-based payment	4	5
Total salaries and wages, pension, etc.	1,287	1,557
Part of the payroll expenses for the year have been allocated as claims handling costs and are therefore included under claims incurred.		
Average number of employees	1,410	1,690

DKKm	2021	2020
<i>Remuneration to the Management Board and Board of Directors (DKK '000)</i>		
Salaries and wages	8,047	6,987
Pension plans	1,710	1,405
Share-based payment	777	545
Total remuneration to the Management Board	10,534	8,937
Directors' fees	5,331	5,465
Total remuneration to the Management Board and Board of Directors	15,865	14,402
<i>Alm. Brand Group remuneration to the Board of Directors (DKK '000)</i>		
Jørgen Hesselbjerg Mikkelsen (Chairman)	1,120	1,140
Jan Skytte Pedersen (Deputy Chairman)	760	865
Anette Eberhard	490	640
Karen Sofie Hansen-Hoeck	400	300
Pia Laub (employee representative, joined in 2020)	400	119
Boris Nørgaard Kjeldsen	360	470
Per Viggo Hasling Frandsen	360	380
Flemming Fuglede Jørgensen	192	380
Tina Schmidt Madsen (joined in 2021)	169	0
Ebbe Castella (retired in 2020)	0	319
Brian Egested (employee representative)	360	300
Claus Nexø Jensen (employee representative)	360	300
Lotte Kathrine Sørensen (employee representative, joined in 2020)	360	69
Susanne Larsen (employee representative, retired in 2020)	0	275
Helle Låsby Frederiksen (employee representative, retired in 2020)	0	232
Total remuneration to the Board of Directors	5,331	5,789
No. of members of the Management Board	1	1
No. of members of the Board of Directors	11	11

Remuneration to the Management Board comprises remuneration to Chief Executive Officer Rasmus Werner Nielsen.

In Alm. Brand, all employees, including the Management Board member, are entitled to a defined contribution pension plan. The group's expenses in relation to the Management Board's pension

plans are shown in the note above.

The total remuneration including any severance payments accruing to the chief executive officer in the event of termination of employment cannot constitute more than up to the equivalent of two years' remuneration.

The senior management team of the Alm. Brand Group are covered by a share-based remuneration programme totalling 12% of the fixed salary. The shares are granted free of charge twice annually (third trading day of June and December, respectively). The value is calculated as a simple average of the average price of one share in Alm. Brand quoted on the first trading day of each calendar month during the calendar months forming the basis of the individual share grant. Chief Executive Officer Rasmus Werner Nielsen's scheme totals 10% of his fixed salary.

The group's employees have been offered to participate in a share-based remuneration scheme, under which a part of their gross salary will be paid in the form of shares. The shares are granted on a quarterly basis, the number of shares received being based partly on the individual employee's saved-up amount, partly on the average share price on the fourth weekday after the date of announcement of the relevant financial report.

The remuneration of the Board of Directors includes remuneration for audit committee participation. As chair of the remuneration committee, Anette Eberhard receives DKK 90 thousand annually. Jørgen Hesselbjerg Mikkelsen and Jan Skytte Pedersen each receive DKK 40 thousand annually. Alm. Brand af 1792 fmba pays 10% of the remuneration for the board members serving on the board of the association. See page 24 for information about such members.

Group Chief Auditor Morten Bendtsen, who is employed by the Board of Directors, holds no employment outside Alm. Brand.

DKKm	2021	2020
<i>Remuneration to key employees (DKK '000)</i>		
Salaries	23,572	19,388
Pension plans	4,403	3,347
Share-based payment	2,368	1,458
Total remuneration to key employees	30,343	24,193



In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group.

Remuneration to key employees in the Management Board includes salary etc. in connection with severance.

DKK m	2021	2020
<i>Remuneration to risk takers (DKK '000)</i>		
Fixed salary	60,932	94,583
Pension	9,800	14,359
Variable salary	430	747
Share-based payment	4,117	4,082
Total remuneration to risk takers	75,279	113,771
Number of risk takers	28	66

Risk takers are those persons who, in accordance with the Danish Executive Order on remuneration policy and public disclosure of salaries, have a material influence on the company's risk profile.

In 2021 remuneration to risk takers includes salary etc. in connection with severance (DKK 11 million).

A one-off fee has been paid to risk takers, but no bonus has been disbursed.

	2021	2020
<i>Audit fees (DKK '000)</i>		
EY - Audit	2,619	0
EY - Non-audit services	2,109	0
Deloitte - Audit	0	4,920
Deloitte - Other assurance engagements	0	886
Deloitte - Tax consultancy	581	602
Deloitte - Non-audit services	41,120	1,184
Total audit fees	46,429	7,592

Fees to Deloitte for non-audit services comprise assistance in connection with the acquisition of Codan and drafting of prospectus in 2021. Fees to EY for non-audit services comprise assistance in connection with the implementation of IFRS 17, prospectus-related assistance and miscellaneous financial reporting assistance.

# Notes

DKK m	2021	2020
<b>Note 5 Interest income and dividends, etc.</b>		
Equity investments	11	2
Bonds	40	76
Loans secured by mortgages	45	43
Deposits in credit institutions	2	1
Other investment assets	4	10
<b>Total interest income, etc.</b>	<b>102</b>	<b>132</b>
<b>Note 6 Value adjustments</b>		
<i>Investment assets</i>		
Equity investments	25	77
Unit trust units	46	-5
Bonds	-150	-30
Loans secured by mortgages	-4	-25
Investment properties	0	3
Other investment assets	-60	34
Exchange rate adjustments	0	-1
<b>Total value adjustments</b>	<b>-143</b>	<b>53</b>
<i>Change in fair values based on valuation models and recognised in the</i>		
Mortgage deeds	-19	-25
Unlisted shares	-31	-9
Investment properties	91	3
<b>Total change in fair values</b>	<b>41</b>	<b>-31</b>

The group's counterparties are primarily financial institutions with a high credit rating with which the group exchanges collateral security on a daily basis. Accordingly, the group finds that a credit adjustment does not give rise to any notably different valuation.

	2021	2020
<b>Note 7 Interest expenses</b>		
Issued bonds	-5	-2
Subordinated debt	-3	-8
Other interest expenses	-7	-6
<b>Total interest expenses</b>	<b>-15</b>	<b>-16</b>
<b>Note 8 Tax, continuing activities</b>		
Estimated tax on profit/loss for the year	-166	-156
Adjustment of tax relating to prior years	0	0
Final withholding tax paid	0	0
Tax on reversing entries in equity	0	0
Tax effect of eliminations against discontinued activities	0	-7
Adjustment of deferred tax	-26	-4
<b>Total tax</b>	<b>-192</b>	<b>-167</b>
<i>Tax for the year consists of:</i>		
Tax on accounting profit	-154	-130
Non-deductible expenses and non-taxable income	-38	-30
Regulering af skat vedrørende forrige år	0	0
Adjustment of tax relating to prior years	0	-7
<b>Total tax</b>	<b>-192</b>	<b>-167</b>
 Effective tax rate	 27.5	 22.9

# Notes

DKKm	2021	2020
<b>Note 9 Intangible assets</b>		
Software and customer relationships	43	9
<b>Intangible assets, year-end</b>	<b>43</b>	<b>9</b>
<i>Software and customer relationships</i>		
Cost, beginning of year	332	570
Disposals relating to the divestment of Alm. Brand Bank A/S	0	-247
Additions during the year	37	9
Cost, year-end	369	332
Accumulated amortisation and impairment, beginning of year	-323	-383
Disposals relating to the divestment of Alm. Brand Bank A/S	0	89
Depreciation for the year	-3	-29
Accumulated amortisation and impairment, year-end	-326	-323
Software and customer relationships, year-end	43	9

DKKm	2021				2020			
	Leased Cars	Furniture and equipment, computers, etc.	Leased properties	Total	Leased Cars	Furniture and equipment, computers, etc.	Leased properties	Total
Cost, beginning of year	25	18	199	242	0	1,410	26	1,632
Additions during the year	7	0	28	35	31	293	2	332
Disposals relating to the divestment of Alm. Brand Bank A/S	0	0	0	0	0	-1,313	-4	-1,317
Disposals during the year	-1	-8	-10	-19	-6	-390	-6	-405
Cost, year-end	31	10	217	258	25	0	18	242
Accumulated depreciation and impairment, beginning of year	-9	-15	-78	-102	0	-560	-22	-603
Depreciation for the year	-8	-1	-34	-43	-9	-186	-1	-254
Impairment	0	0	0	0	0	0	0	0
Disposals relating to the divestment of Alm. Brand Bank A/S	0	0	0	0	0	542	2	544
Depreciation on disposals	1	8	10	19	0	204	6	211
Accumulated depreciation and impairment, year-end	-16	-8	-102	-126	-9	0	-15	-102
Furniture and equipment, computers, cars, etc., year-end	15	2	115	132	16	0	3	140
Furniture and equipment, computers, cars, etc., year-end, non-life				17				19
Furniture and equipment, computers, cars, etc., year-end, other				115				121
Furniture and equipment, computers, cars, etc., year-end				132				140

Lease liabilities concerning properties and cars are recognised in note 25 Other payables

# Notes

DKKm	2021	2020
<b>Note 11 Group occupied property</b>		
Cost, beginning of year	595	621
Additions during the year	0	1
Disposals relating to the divestment of subsidiaries	-558	-11
Disposals during the year, reclassified to investment properties	0	-16
Disposals during the year	-37	0
Cost, year-end	0	595
Accumulated revaluations, beginning of year	149	146
Revaluations during the year	20	5
Reversal of prior year revaluation through shareholders' equity	-6	-2
Disposals relating to the divestment of subsidiaries	-163	0
Accumulated revaluations, year-end	0	149
Accumulated depreciation and impairment, beginning of year	-1	-15
Reversal of prior year impairment through profit or loss	1	4
Disposals relating to the divestment of subsidiaries	0	2
Depreciation on disposal	0	8
Accumulated depreciation and impairment, year end	0	-1
<b>Owner-occupied properties, year-end</b>	<b>0</b>	<b>743</b>
Restated value, beginning of year	743	752
Additions during the year	0	1
Disposals during the year	-38	-10
Disposals relating to the divestment of subsidiaries	-721	-9
Value adjustment recognised through the income statement	1	5
Value adjustment recognised through shareholders' equity	15	4
Restated value, year-end	0	743
Average return, office property	3.64%	5.10%
Original acquisition cost	0	575

	2021	2020
<b>Note 12 Investment properties</b>		
Carrying amount, beginning of year	790	750
Disposals relating to the divestment of subsidiaries	-841	-17
Additions during the year, property	0	9
Disposals during the year	-8	-11
Value adjustments during the year	59	59
<b>Investment properties, year-end</b>	<b>790</b>	
Investment properties, year-end, Life	0	790
<b>Investment properties, year-end</b>	<b>0</b>	<b>790</b>
Average return, office property	4.76%	5.10%
Average return, residential property	4.57%	5.00%
Total average return	4.73%	5.08%

Some of the life group's investment properties are used by the group as owner-occupied properties, and these properties have been classified as owner-occupied properties in the consolidated balance sheet.



DKK m	2021	2020
<b>Note 13 Investments assets</b>		
Government bonds	1,479	1,464
Mortgage bonds	10,499	19,486
Other fixed-rate instruments	0	4
Other floating-rate instruments	0	1,952
Bonds at amortised cost	0	0
Listed shares	606	4,204
Unlisted shares	9,017	496
Positive market value of derivative financial instruments, gross	140	1,287
Mortgage deeds at fair value	581	738
Other	2	0
<b>Investment assets, year-end</b>	<b>22,324</b>	<b>29,631</b>

The group's holding of listed and unlisted shares had a market value of DKK 9,623 million at 31 December 2021 (2020: DKK 4,700 million). A significant part of the group's equity exposure is achieved through the use of derivatives such as options and futures. The aggregate equity exposure, including derivatives, was DKK 412 million at 31 December 2021 (2020: DKK 2,648 million). For an overview of the net position in derivative financial instruments, see Note 33 Offsetting.

#### Note 14 Reinsurers' share of insurance contract provisions

Reinsurers' share of life insurance provisions	0	27
Reinsurers' share of premium provisions	1	4
Reinsurers' share of claims provisions	336	191
<b>Reinsurers' share of insurance contracts, year-end</b>	<b>337</b>	<b>222</b>

#### Reinsurers' share of life insurance provisions

Beginning of year	27	22
Change for the year	0	5
Year-end	0	27

	2021	2020
<i>Reinsurers' share of premium provisions</i>		
Beginning of year	4	8
Premiums ceded	-233	-230
Payments to reinsurers	230	226
Year-end	1	4
<i>Reinsurers' share of claims provisions</i>		
Beginning of year	191	140
Claims ceded	336	83
Payments received from reinsurers	-20	-32
Disposals relating to the divestment of subsidiaries	-171	0
Year-end	336	191

Alm. Brand is automatically notified about any changes to the security rating of reinsurance companies and their financial figures. This provides an overview of the reinsurance market and allows the group to identify potential financial difficulties (run-off) in any of the companies with which it collaborates.

If the security rating of a reinsurer is downgraded to below the level prevailing at the signing of the contract, Alm. Brand has a contractual right to terminate the contract. Any commutation proposals/agreements at less than 100% of the claims provisions are registered, and any disputes that the group might have with its reinsurers are taken into consideration.

Based on the above, at the balance sheet date, the group assesses whether there are any doubtful receivables from reinsurers. If that is the case, an impairment loss is recognised. Alm. Brand has no significant concentrations of credit risks on reinsurers.

Reinsurance is calculated on the basis of gross claims incurred based on the given retention rates. See the section on risk for a more detailed description of retention rates. The sensitivity of reinsurance to changes in assumptions is similar to that for gross claims expenses.

There is a direct correlation between reinsurance and gross provisions, so the level of the reinsurance provisions is considered to be adequate at all times.

DKKm	2021	2020
<b>Note 15 Receivables related to direct insurance contracts</b>		
Receivables from policyholders	113	166
Receivables from insurance brokers	4	5
<b>Receivables related to direct insurance contracts, year-end</b>	<b>117</b>	<b>171</b>
Total receivables written down in connection with insurance operations:		
Impairment, beginning of year	169	146
Impairment during the year and reversal of impairment	0	23
Impairment, year-end	169	169
<b>Note 16 Other receivables</b>		
Other receivables	46	118
Positive market value of derivatives, gross	158	96
Collaterals	42	79
Pensionskassen under Alm. Brand A/S	9	10
<b>Other receivables, year-end</b>	<b>255</b>	<b>303</b>
Alm. Brand has hedged its pension commitments in Pensionskassen under Alm. Brand A/S. Information about Pensionskassen under Alm. Brand A/S:		
Present value of commitment, beginning of year	-76	-85
Interest expenses	1	1
Benefits paid	7	8
Actuarial gains/losses from financial assumptions	0	-1
Actuarial gains/losses from demographic assumptions	0	3
Actuarial gains/losses from experience adjustments	4	-2
Present value of commitment, year-end	-64	-76

	2021	2020
Fair value of plan assets, beginning of year	86	93
Return on plan assets	-1	-1
Return on assets (excluding amounts recognised in net interest expenses)	-3	2
Benefits paid	-7	-8
Fair value of plan assets, year-end	75	86
Present value of commitment	-64	-76
Fair value of plan assets	75	86
Net asset recognised in the balance sheet	11	10
Net interest income	0	0
Costs recognised in the income statement	0	0
<i>Remeasurement of defined benefit pension plans</i>		
Return on plan assets excluding amounts recognised in net interest expenses	-3	2
Actuarial gains/losses from financial assumptions	0	-1
Actuarial gains/losses from demographic assumptions	0	3
Actuarial gains/losses from experience adjustments	4	-2
Recognised in other comprehensive income	1	2
Recognised in income statement and other comprehensive income	1	2

The plan assets are exclusively comprised of cash and cash equivalents (less than DKK 1 million) and bonds valued at the official market price.

DKKm	2021	2020
<i>The pension obligations are calculated on the basis of the following actuarial assumptions</i>		
The 10-year point on the discount curve at the beginning of the financial year	-1.14%	-0.74%
Expected rate of inflation	1.00%	1.00%
<i>Average remaining life expectancy in years for pension benefit recipient</i>		
Male	6.28	6.6
Female	8.3	7.5

\*) Based on the Danish Financial Supervisory Authority's updated longevity benchmark

The pension fund is a defined benefit disbursement-only fund. There are no contribution-paying members, which means that the members are either retired themselves or retired spouses. All payments are regular life benefits originally determined as a percentage of the members' pensionable salary. The benefits are adjusted twice annually. The adjustment rate is determined as the development in the net price index less 1% p.a.

The pension fund is managed by Alm. Brand A/S, which pays all costs related thereto. Auditing expenses and regulatory fees and taxes are paid by the pension fund. Alm. Brand A/S has undertaken to pay pension contribution determined by the pension fund's chief actuary and any extraordinary contributions required by the Danish Financial Supervisory Authority. Alm. Brand af 1792 fmba has undertaken to indemnify the Alm. Brand A/S for any and all costs the company may incur from time to time in respect of these obligations. The pension fund is managed by a board of directors comprised of eight members, half of whom are elected by an among the voting members of the pension fund.

The pension fund is exposed to risks such as life expectancy risk, interest rate risk and inflation risk.

The calculation of the pension obligations is based on life expectancy. If this life expectancy changes, the value of the pension obligations will increase or decline depending on whether the life expectancy rises or falls. If the actual lifetime exceeds the life expectancy, the pension fund will incur an expense. Conversely, a shorter actual lifetime will result in income for the pension fund.

The obligations of the pension fund are calculated on the basis of expected benefits discounted by the EIOPA discount curve including any positive volatility adjustment. An interest rate change will affect the value of both assets and liabilities. The difference in this effect constitutes the interest rate risk.

The benefits are adjusted by the development in the net price index less 1 percentage point. Provisions are calculated on the basis of an expected annual increase in the net price index of 2%. If the expected future development in the net price index changes, the value of pension provisions will change as well. If the actual adjustment exceeds the expected adjustment, the pension fund will incur an expense. Conversely, a lower adjustment rate will equal an income.

The actuarial assumptions underlying the determination of the pension obligation comprise discount rate, expected rate of inflation and life expectancies. The sensitivity analysis below has been calculated on the basis of probable changes in the respective assumptions existing at the balance sheet date, while all other variables are maintained.

If the discount rate is 100 bps higher (lower), the pension obligations will decline by DKK 4 million (increase by DKK 4 million). If the rate of inflation is 1 percentage point higher (lower), the pension obligations will increase by DKK 4 million (fall by DKK 4 million). A 10% increase (decline) in mortality intensities will cause the average remaining lifetime to decline (increase) by 0.4 of a year for both men and women and cause the pension obligation to decline by DKK 3 million (increase by DKK 4 million).

The sensitivity analysis does not necessarily reflect the actual change in the obligations, as it is unlikely that changes in one assumption will occur isolated from changes in other assumptions. The present value of the pension obligations in the above sensitivity analysis is calculated in the same way as the calculation of the pension obligations recognised in the balance sheet.

The method used for the sensitivity analysis and the assumptions included therein are unchanged from prior years.

As the pension fund is a disbursement-only pension fund, no contributions are expected to be made to the scheme next year. The average weighted duration of the pension obligations at 31 December 2021 was 6.1 years.

# Notes

DKKkm	2021	2020
<b>Note 17 Consolidated shareholders' equity</b>		
<b>Share capital, year-end</b>	<b>1,541</b>	<b>1,541</b>

The share capital consists of 1,541,140,000 shares of DKK 1 each and has been fully paid up.

The following shareholder has announced that it holds more than 5% of the share capital:  
Alm. Brand af 1792 fmba, Midtermolen 7, 2100 Copenhagen Ø

DKKkm	2021	2020	2019	2018	2017
Share capital,	1,541	1,577	1,610	1,655	1,735
beginning of year	-1,387	0	0	0	0
Cancellation of	1,387	0	0	0	0
treasury shares	0	-36	-33	-45	-80
Share capital, year-end	1,541	1,541	1,577	1,610	1,655

Reference is made to the statement of changes in equity.

mio. kr.	2021
Consolidated shareholders' equity	13,706
Deferred tax assets	-20
Proposed dividend	-462
Intangible assets	-44
Profit margin, non-life	379
Profit margin and risk margin, life	268
Tier 1 capital	13,827
Tier 2 capital	526
Tier 3 deferred tax	20
Total capital of the group	14,373

Total capital at 31 December 2021 comprises capital from the completed share issue. A large part of the total capital is reserved for the acquisition of Codan. Adjusted for this amount, total capital amounted to DKK 2,483 million.

	2021	2020
<i>No. of shares</i>		
Reconciliation of the no. of shares (1,000)		
Issued shares, beginning of year	154,114	157,660
Treasury shares, beginning of year	-227	-3,349
No. of shares, beginning of year	153,887	154,311
Shares acquired/sold during the year	178	-424
Cancellation of treasury shares	0	3,546
Issued shares, year end	1,541,140	154,114
Treasury shares, year end	-49	-227
No. of shares, year end	1,541,091	153,887
Nominal value, beginning of year	3	34
Acquired during the year, net	-1	4
Cancellation of treasury shares	0	-35
Nominal value, year-end	2	3
Holding (1,000) beginning of year	227	3,349
Acquired during the year	460	1,229
Sold during the year	-638	-805
Cancellation of treasury shares	0	-3,546
Holding (1,000), year-end	49	227
Percentage of share capital, year-end	0.0%	0.1%
Average no. of shares (in thousands)	252,916	153,792
No. Og shares at year-end, diluted (ind thousands)	1,541,091	153,887
Average no. of shares, diluted (in thousands)	252,916	153,891
Earnings per share	2.4	4.0

DKKm	2021	2020
<b>Note 18 Subordinated debt</b>		
<i>Subordinated loan capital</i>		
Floating rate bullet loans maturing 2020.03.15	0	150
Floating rate bullet loans maturing 2024.04.01	0	250
Floating rate bullet loans maturing 2027.01.31	1,295	0
Subordinated loan capital, year-end	1,295	400
<b>Subordinated debt, year-end</b>	<b>1,295</b>	<b>400</b>
Subordinated debt, year-end, Non-life	0	150
Subordinated debt, year-end, Banking	0	175
Subordinated debt, year-end, Other	1,295	250
<b>Subordinated debt, year-end</b>	<b>1,295</b>	<b>575</b>
Interest on subordinated debt	4	8
Of which amortisation of costs incurred on raising	5	0
Extraordinary instalments	0	0

The subordinated loan capital consists of capital securities carrying interest at a floating rate of 3M CIBOR plus 1.5 basis points. The capital securities are issued with a maturity of ten years with optional early redemption five years after the date of issue. The capital securities are expected to be listed within six months of the date of issue.

	2021	2020
<b>Note 19 Provision for insurance contracts</b>		
Unearned premium provisions	1,128	1,203
Profit margin on non-life insurance contracts	486	418
Outstanding claims provisions	5,968	5,810
Risk margin on non-life insurance contracts	246	323
Life insurance provisions	0	16,562
Profit margin on life insurance contracts	0	382
<b>Provisions for insurance contracts, year-end</b>	<b>7,828</b>	<b>24,698</b>
<i>Unearned premium provisions</i>		
Unearned premium provisions, beginning of year	1,203	1,227
Disposals relating to the divestment of subsidiaries	-51	0
Premiums received	5,442	5,471
Premiums recognised as income	-5,407	-5,471
Discounting (bond maturity effect), all years	1	-3
Discounting (value adjustment), all years	-26	15
Change in profit margin	-58	-27
Change in risk margin	24	-9
Unearned premium provisions, year-end	1,128	1,203
<i>Profit margin on non-life insurance contracts</i>		
Profit margin, beginning of year	418	404
Disposals relating to the divestment of subsidiaries	-8	0
Discounting (bond maturity effect), all years	-4	-2
Discounting (value adjustment), all years	22	-11
Change for the year	58	27
Profit margin, year-end	486	418



DKKm	2021	2020
<i>Outstanding claims provisions</i>		
Beginning of year	5,810	5,457
Disposals relating to the divestment of subsidiaries	-547	0
Claims paid regarding previous years	-1,241	-1,362
Change in expected claims expenses regarding previous years	-103	-96
Claims paid regarding current year	-1,839	-1,884
Expected claims expenses, current year	3,863	3,633
Discounting (bond maturity effect), all years	16	-1
Discounting (value adjustment), all years	-161	94
Hedging of inflation risk	134	-11
Change in risk margin	36	-20
Outstanding claims provisions, year-end	5,968	5,810
<i>Risk margin on non-life insurance contracts</i>		
Risk margin, beginning of year	323	287
Disposals relating to the divestment of subsidiaries	-9	0
Change for the year regarding previous years	-93	-47
Change for the year regarding current year	57	67
Discounting (bond maturity effect), all years	0	0
Discounting (value adjustment), all years	-8	7
Change for the year in the risk margin on premiums	-24	9
Risk margin, year-end	246	323
<i>Life insurance provisions</i>		
Life insurance provisions beginning of year	16,562	15,861
Profit margin, beginning of year	382	357
Total provisions for insurance contracts, beginning of year	16,944	16,218

	2021	2020
Life insurance provisions - continued		
Collective bonus potential, beginning of year	-1,866	-1,704
Accumulated value adjustments, beginning of year	-1,342	-1,150
Retrospective provisions, beginning of year	13,736	13,364
Disposals relating to the divestment of subsidiaries	-13,736	0
Adjustment, beginning of year*	0	1
Gross premiums	0	1,504
Addition of return	0	342
Resetting of negative bonus	0	25
Claims and benefits	0	-1,354
Expense supplement after addition of expense bonus	0	-78
Risk gain after addition of risk bonus	0	-55
Other changes	0	-13
Retrospective provisions, year-end	0	13,736
Accumulated value adjustments, year-end	0	1,342
Collective bonus potential, year-end	0	1,866
Total provisions for insurance contracts, year-end	0	16,944
Profit margin, year-end	0	-382
Life insurance provisions, year-end	0	16,562

Alm. Brand Liv og Pension A/S writes average rate products with guaranteed benefits and option of surrender. The company's insurances are distributed on six portfolios. Four interest contribution groups are dependent on the guaranteed benefits provided in different periods. In addition, there is a closed portfolio of old life annuities without bonus entitlement (written on basis U74 and basis L66) and a portfolio of health and personal accident insurances.

# Notes

DKKm	2016	2017	2018	2019	2020	2021	Total
<i>Run-off triangle, gross</i>							
Estimated accumulated claims							
Year-end	3,389	3,474	3,547	3,637	3,544	3,891	
1 year later	3,295	3,474	3,519	3,604	3,375		
2 years later	3,259	3,528	3,564	3,604			
3 years later	3,311	3,577	3,692				
4 years later	3,286	3,565					
5 years later	3,290						
	3,290	3,565	3,692	3,604	3,375	3,891	21,417
Paid to date	-3,044	-3,184	-3,163	-3,039	-2,471	-1,839	-16,740
Provisions before discounting effect, year-end	246	381	529	565	904	2,052	4,677
Discounting effect	0	0	-1	-1	-1	-2	-5
	246	381	528	564	903	2,050	4,672
Provisions from 2015 and prior years							1,296
Gross outstanding claims provisions, year-end							5,968
<i>Run-off triangle, net of reinsurance</i>							
Estimated accumulated claims							
Year-end	3,332	3,396	3,545	3,634	3,503	3,597	
1 year later	3,240	3,396	3,517	3,600	3,328		
2 years later	3,200	3,448	3,561	3,600			
3 years later	3,252	3,498	3,689				
4 years later	3,227	3,484					
5 years later	3,232						
	3,232	3,484	3,689	3,600	3,328	3,597	20,930
Paid to date	-2,990	-3,106	-3,160	-3,034	-2,456	-1,838	-16,584
Provisions before discounting effect, year-end	242	378	529	566	872	1,759	4,346
Discounting effect	0	0	-1	-1	-1	-2	-5
	242	378	528	565	871	1,757	4,341
Provisions from 2015 and prior years							1,291
Outstanding claims provisions year-end, net of reinsurance							5,632

The table indicates the historical development of the assessed final liability (the sum of payments and provisions) for each claim year from 2016 to 2021. The stated liabilities were calculated excluding discounting, thus eliminating fluctuations due to changes in discount rates and discounting methods. Worker's compensation and health and personal accident insurance are, however, calculated including discounting. The development is presented gross as well as net of reinsurance.

DKKm	2020					
	Guaranteed benefits	Individual bonus- potential	Collective bonus- potential	Total	Return rate (%)	Bonus- rate (%)
<i>Life insurance provisions per basis</i>						
Interest rate group A	9,781	208	1,373	11,362	6.1	15.7
Interest rate group 0	1,508	3	147	1,658	6.3	10.8
Interest rate group 1	771	1	133	905	8.1	21.2
Interest rate group 2	846	2	77	925	3.6	11.4
Interest rate group 3	1,539	3	136	1,678	3.4	15.4
Interest rate group L66/U74	34	0	0	34	-	-
Risk groups	0	0	0	0	-	-
	14,479	217	1,866	16,562	5.8	15.2

No collective bonus potential was added to the expense groups.

DKKm	2020	2020
<i>Expense result</i>		<i>Riskmargin</i>
Cost contribution after addition of expense bonus	110	Interest rate group A
Insurance operating expenses for the year, net of reinsurance	-103	Interest rate group 0
Expense result, net of reinsurance	7	Interest rate group 1
		Interest rate group 2
Expense result as a percentage of technical provisions	0.0	Interest rate group 3
		Interest rate group L66/U74
<i>Risk result</i>		Total risk margin
Risk group death	53	
Risk group disability	3	<i>Profit margin</i>
Risk group surviv - L1	-8	Interest rate group A
Risk group surviv - L2	-2	Interest rate group 0
Risk result after addition of risk bonus, net of reinsurance	46	Interest rate group 1
		Interest rate group 2
Risk result as a percentage of technical provisions	0.3	Interest rate group 3
Return on policyholder's funds after costs before tax (%)	5.1	Total profit margin

DKK m	2021	2020
<i>Undiscounted expected cash flows</i>		
<u>Life insurance provisions</u>		
Cash flow 1 year or less		1,287
Cash flow 1-5 years		2,910
Cash flow 5 years or more		10,849
<u>Gross claims provisions</u>		
Cash flow 1 year or less	81	140
Cash flow 1-5 years	737	741
Cash flow 5 years or more	338	312
<u>Profit margin, gross</u>		
Cash flow 1 year or less	1,456	1,299
Cash flow 1-5 years	-670	-651
Cash flow 5 years or more	-328	-233
<u>Claims provisions, gross</u>		
Cash flow 1 year or less	2,253	2,060
Cash flow 1-5 years	1,941	1,828
Cash flow 5 years or more	1,935	1,892
<u>Risk margin, gross</u>		
Cash flow 1 year or less	72	58
Cash flow 1-5 years	86	118
Cash flow 5 years or more	89	131

## Calculation of claims provisions

For all lines except workers' compensation, the future inflation rate is estimated and recognised implicitly in the provision models. The future inflation rate forecast used in the calculation of provisions in relation to workers' compensation consists of an inflation element and a real wage element.

The cash flow regarding payment of provisions for the past ten claims years is estimated for all lines and discounted using the government bond-adjusted yield curve of the Danish Financial Supervisory Authority.

In workers' compensation, provisions relating to claims years more than ten years back are also discounted.

## Sensitivity of provisions

Social inflation may have a great impact on our results and the size of outstanding claims provisions. Social inflation can be a tendency for the courts to increase claims payments, changed case handling procedures with the public authorities which lead to higher claims and legislative changes that affect benefit levels, also with retroactive effect.

Social inflation has a particular impact on claims levels within workers' compensation, vehicle and liability insurance. When discounted provisions are made, expectations of the future inflation and discount rates on long-tail business are sensitive to changes.

## Adequacy of provisions

The outstanding claims provisions are calculated using actuarial methods and with due consideration to avoiding run-off losses and run-off gains. At the time they are calculated, the provisions represent the best estimate of future claims expenses in respect of the current and earlier claims years. The outstanding claims provisions are recalculated every month, which means that the level is considered adequate at all times.

DKK m	2021	2020
<b>Note 20 Pension obligations ect.</b>		
Provisions for jubilees, severance payments, bonus, etc.	13	16
<b>Other provisions, year-end</b>	<b>13</b>	<b>16</b>
Provisions for jubilees, severance payment, bonus, etc., beginning of year	16	22
New and adjusted provisions	1	3
Reversed provisions during the year	-1	-5
Disposals relating to the divestment of subsidiaries	-1	-4
Net provisions recognised during the year	-1	0
Discounting effect	-1	0
Provisions for jubilees, severance payment, bonus, etc., year-end	13	16

# Notes

DKKm	2021	2020
Provisions for losses on guarantees beginning of year		15
Disposals relating to the divestment of subsidiaries		-15
Provisions for losses on guarantees, year-end		0

The provision for anniversaries, severance of service, etc. has been calculated using an estimated likelihood of disbursement.

## Note 21 Deferred tax liabilities

Deferred tax assets, beginning of year	0	-55
Disposals relating to the divestment of Alm. Brand Bank A/S	32	61
Prior-year adjustment	0	6
Change for the year	-51	-12
<b>Deferred tax assets, year-end</b>	<b>-19</b>	<b>0</b>

Deferred tax on contingency funds	-40	-40
Deferred tax on tangible assets, etc.	16	21
Deferred tax on real estate	0	-7
Deferred tax on intangible assets	1	0
Deferred tax on lease assets	0	1
Deferred tax on provisions	4	25
Deferred tax assets, year-end	-19	0

Deferred tax assets, Non-life	20	25
Deferred tax assets, Life	0	-7
Deferred tax assets, Other	-39	-18
<b>Deferred tax assets, year-end</b>	<b>-19</b>	<b>0</b>

Deferred tax has been capitalised taking into account future earnings and the potential for utilisation. The group has a deferred tax asset of DKK 9 million, which has not been capitalised.

## Note 22 Payables related to direct insurance

Payables to policyholders	83	67
Payables related to direct insurance	0	36
<b>Payables related to direct insurance, year-end</b>	<b>83</b>	<b>103</b>

	2021	2020
<b>Note 23 Issued bonds</b>		
Credit institutions	150	152
Issued bonds, year-end	150	152

The issued bonds carry interest at a floating rate of 3M CIBOR plus 1.45 percentage points. The loan must be repaid in full on 4 February 2026.

## Note 24 Current tax liabilities/Current tax assets

Current tax assets, beginning of year	-5	45
Disposals relating to the divestment of Alm. Brand Bank A/S	-10	-3
Prior-year tax adjustment	0	-3
Tax paid/received in respect of prior years	4	-42
Tax paid during the year	197	197
Estimated tax on profit/loss for the year	-165	-199
<b>Current tax liabilities/Current tax assets year-end</b>	<b>21</b>	<b>-5</b>

Current tax assets, Non-life	-1	-19
Current tax assets, Life	0	0
Current tax assets, Other	22	14
<b>Current tax liabilities/Current tax assets year-end</b>	<b>21</b>	<b>-5</b>

## Note 25 Other payables

Payables to group enterprises	1	1
Repo/reverse transactions, negative values	101	0
Negative market value of derivatives	146	491
Individual pension return tax payable	0	60
Lease liability	134	127
Other payables	261	553
<b>Other payables, year-end</b>	<b>643</b>	<b>1,232</b>

For an overview of the net position in derivative financial instruments, see Note 33 Offsetting.



## Note 26 Technical result, Non-life Insurance

DKKm	Health and accident insurance	Workers' compensation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, commercial	Liability insurance	Other direct insurance	2021 Total
Gross premiums	574	525	448	1,028	1,150	1,280	148	289	5,442
Gross premium income	565	509	456	1,026	1,160	1,266	146	279	5,407
Gross claims expenses	-318	-446	-358	-631	-676	-1,108	-67	-156	-3,760
Gross operating expenses	-120	-66	-87	-195	-235	-206	-26	-48	-983
Profit/loss from business ceded	-1	-4	0	-5	-35	118	-1	-5	67
<b>Total technical result</b>	<b>126</b>	<b>-7</b>	<b>0</b>	<b>195</b>	<b>214</b>	<b>70</b>	<b>52</b>	<b>70</b>	<b>731</b>
No. of claims	15,209	5,850	14,877	96,623	52,844	15,944	2,267	19,242	222,856
Frequency of claims	0,044	0,198	0.041	0.288	0.141	0.139	0.047	0,092	0,122
Average damages paid for claims incurred, DKK '000	24	78	25	7	13	73	32	10	18

DKKm	Health and accident insurance	Workers' compensation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, commercial	Liability insurance	Other direct insurance	2020 Total
Gross premiums	534	448	479	1,036	1,174	1,253	139	280	5,343
Gross premium income	531	444	483	1,033	1,180	1,248	139	285	5,343
Gross claims expenses	-247	-452	-388	-617	-695	-777	-77	-211	-3,464
Gross operating expenses	-100	-57	-83	-177	-214	-195	-24	-52	-902
Profit/loss from business ceded	-1	-3	-2	-3	-46	-125	-2	-2	-184
<b>Total technical result</b>	<b>183</b>	<b>-68</b>	<b>0</b>	<b>236</b>	<b>225</b>	<b>151</b>	<b>36</b>	<b>20</b>	<b>793</b>
No. of claims	12,670	5,616	15,816	94,616	56,618	17,424	2,249	26,765	231,774
Frequency of claims	0.037	0.188	0.043	0.282	0.148	0.152	0.047	0.123	0.132
Average damages paid for claims incurred, DKK '000	25	67	26	7	13	48	31	8	14

Direct insurance is written only in Denmark

DKKm	2021			2020		
<b>Note 27 Segment reporting, Non-life Insurance</b>						
	Private	Commercial	Total	Private	Commercial	Total
Gross premium income	2,592	2,815	5,407	2,633	2,710	5,343
Gross claims expenses	-1,587	-2,173	-3,760	-1,619	-1,845	-3,464
Operating expenses relating to insurance activities	-537	-446	-983	-482	-420	-902
Reinsurance profit/loss	-41	108	67	-47	-137	-184
Technical result	427	304	731	485	308	793
Run-off result, claims						
Run-off result, risk margin	95	108	203	130	18	148
Gross claims ratio	61.2	77.2	69.5	61.5	68.1	64.8
Net reinsurance ratio	1.6	-3.9	-1.3	1.8	5.0	3.4
Claims experience	62.8	73.3	68.2	63.3	73.1	68.2
Gross expense ratio	20.7	15.8	18.2	18.3	15.5	16.9
Combined ratio	83.5	89.1	86.4	81.6	88.6	85.1

Non-life Insurance is divided into Private and Commercial. Private comprises the group's sales of insurances to private households through own sales channels and the group's health and personal accident activities, which for legal purposes are placed in Alm. Brand Liv og Pension. Commercial comprises the group's sales to agricultural and commercial customers through own sales channels and partnerships. The management reporting related to Private and Commercial consists exclusively of reporting of the technical result.

Transactions between the segments are settled on market terms. The recognition and measurement criteria are consistent with the group's accounting policies. The line items used are consistent with the financial highlights in the management's review and as described in Accounting policies.

Direct insurance is only written in Denmark.

See the management's review for a more detailed description of the segments and the organisational basis.

DKK m	2021	2020
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## Note 28 Contingent liabilities, guarantees and lease agreements

Guarantee commitments	244	1,310
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The group's continuing companies have made lease and service agreements concerning IT with total annual payments of DKK 44 million allocated over a five-year period.

The continuing companies of the group have undertaken to participate in investing in unlisted securities in the amount of DKK 169 million.

Alm. Brand A/S has provided a guarantee to ILU (Institute of London Underwriters) covering contracts written on behalf of the Copenhagen Reinsurance Company (U.K.) Ltd. (Cop. Re UK Ltd.), Copenhagen Re's UK subsidiary. The guarantee covers insurance contracts relating to Marine Aviation and Transport (MAT) written through ILU in the period from 3 April 1989 to 1 July 1997. In connection with the divestment of the Copenhagen Re Group in 2009, the buyer has undertaken to indemnify Alm. Brand A/S against the guarantee commitments.

Alm. Brand A/S has issued a guarantee commitment in respect of Pensionskassen under Alm. Brand af 1792 (Winding-up pension fund). Alm. Brand A/S has issued a commitment to pay any such ordinary and extraordinary contributions as may be determined in the pension scheme regulations or as agreed with the Danish Financial Supervisory Authority. Alm. Brand af 1792 fmba has undertaken to indemnify the Alm. Brand A/S for any and all costs the company may incur from time to time in respect of these obligations.

For Danish tax purposes, the company is taxed jointly with Alm. Brand A/S as an administration company. Alm. Brand A/S has unlimited, joint and several liability together with the other jointly taxed companies for corporate income tax payable from and including the 2013 financial year and for withholding taxes on dividends, interest and royalties from and including 1 July 2012. The net liability of the jointly taxed companies to SKAT is specified in segment reporting, balance sheet. Any subsequent adjustments of income subject to joint taxation and withholding tax, etc. could cause Alm. Brand A/S's

Being an active financial services group, the Group is a party to a number of lawsuits. The cases are reviewed on an ongoing basis, and the necessary provisions are made. Management believes that these cases will not inflict further losses on the Group.

On 11 June 2021, Alm. Brand announced (see company announcement no. 11/2021) that Alm. Brand had entered into a binding agreement with Intact Financial Corporation and Tryg A/S to acquire Codan at a price of about DKK 12.6 billion. The transaction is expected to be completed in H1 2022 subject to certain conditions, including receipt of approvals or clearance from the relevant regulatory and antitrust authorities as well as the completion of a rights issue and the spin-off of Codan Forsikring's Danish business. The rights issue is underwritten by J.P. Morgan AG, Nordea Danmark, Filial af Nordea Abp, Finland and Skandinaviska Enskilda Banken, filial af Skandinaviska Enskilda Banken AB Sverige.

## Note 29 Collateral security

Carrying amounts of assets provided as collateral security for technical provisions in Life

Government bonds	760
corporate bonds	11,666
Equity investments	2,252
Collective investment undertakings	2,934
Cash and deposits	0
Loans, including mortgage loans	4
Property plant and equipment	34
Collateral security, year-end	17,650

## Note 30 Related parties

The Alm. Brand A/S Group considers the following to be related parties:

- Alm. Brand af 1792 fmba (owns 47% of the group)
- The Management Board and Board of Directors of Alm. Brand Group
- Key employees

Related parties also include related family members of the Management Board, Board of Directors and key employees as well as companies in which these persons have significant interests.

The Alm. Brand Group handles administrative tasks for Alm. Brand af 1792 fmba.

An arm's length agreement has been signed on interest accruing on intra-group accounts between the group companies.

Alm. Brand af 1792 fmba has contributed subordinated loan capital of DKK 250 million to Alm. Brand A/S and of DKK 150 million to Alm. Brand Forsikring A/S. Both loans were repaid in full in connection with the acquisition of Codan.

An overview of subsidiaries is provided in the corporate overview.

Alm. Brand Forsikring A/S has an option agreement with Alm. Brand PIA A/S to sell back mortgage deeds to the bank if a debtor defaults on its payment obligations. Alm. Brand PIA thus assumes the underlying credit risk on the mortgage deeds, while the market risk is assumed by Alm. Brand Forsikring A/S, including the risk of interest rate changes and early redemption. Alm. Brand PIA A/S has taken over the obligation after the sale of Alm. Brand Bank.

DKK m

2021

	Alm. Brand af 1792 fmba	Key employees	Management Board and board of directors of A/S	Companies controlled by members of the Board of Directors	
					Reinsurance cover for the Alm. Brand Group is taken out on a group-wide basis.
Sale of services	8	2	4	1	See note 4 Administrative expenses, which sets out further details on remuneration paid to the group's Board of Directors, Management Board and other senior executives.
Purchase of services	0	0	0	0	
Interest and fee income	0	0	0	0	
Interest and fee expenses	4	0	1	0	In addition to the remuneration paid to members of the Board of Directors, Management Board, etc. in the financial year, the following transactions took place between the Alm. Brand Group and the related parties:
Receivables	0	0	0	0	
Debt	2	3	40	0	
Collateral	0	0	0	0	

2020

	Alm. Brand af 1792 fmba	Key employees	Management Board and board of directors of A/S	Companies controlled by members of the Board of Directors	
					The buying and selling of services comprising insurance services and the provision of bank products in the form of loans, guarantees, credits and buying/selling of mortgage deeds etc. is made on an arm's length basis. Board members elected by the employees, however, obtain the usual staff terms. Payables comprise deposits with the bank, pension deposits in banking and Pension etc. No losses or impairment charges were recognised on related party transactions in the financial year or the previous financial year.
Sale of services	3537	1	5	0	
Purchase of services	3145	0	2	2	
Interest and fee income	0	0	0	0	
Interest and fee expenses	16	0	1	0	
Receivables	0	0	0	0	
Debt	401	1	36	0	
Collateral	0	0	0	0	

DKKm

2021

2020

**Note 31 Fair value and classification of financial assets, liabilities and instruments**

	Fair value	Amortised cost	Total	Fair value	Amortised cost	Total
<i>Assets at fair value classified on initial recognition using the fair value option</i>						
Loans and advances	581	0	581	738	0	738
<i>Assets at fair value through income statement</i>						
Government bonds	1,479	0	1,479	1,464	0	1,464
Mortgage bonds	10,499	0	10,499	19,486	0	19,486
Other fixed-rate instruments	0	0	0	4	0	4
Other floating-rate instruments	0	0	0	1,952	0	1,952
Listed shares	606	0	606	4,204	0	4,204
Unlisted shares	9,017	0	9,017	496	0	496
Other investment assets	2	0	2	0	0	0
Positive market value of derivative financial instruments	298	0	298	1,383	0	1,383
<i>Loans and receivables at amortised cost</i>						
Receivables from policyholders	113	113	113	166	166	166
Receivables from insurance brokers	4	4	4	5	5	5
Receivables from insurance companies	28	28	28	23	23	23
Other receivables	46	46	46	118	118	118
Pensionskassen under Alm. Brand A/S	9	9	9	10	10	10
Interest receivable	74	0	74	148	0	148
Balances due from credit institutions and central banks	0	0	0	0	0	0
Assets temporarily acquired	0	0	0	0	0	0
Other assets	42	42	42	79	79	79
Cash in hand and demand deposits	110	110	110	524	524	524
Financial assets, year-end	22,908	352	22,908	30,800	925	30,800



DKKm	2021			2020		
	Fair value	Amortised cost	Total	Fair value	Amortised cost	Total
<i>Liabilities at fair value through income statement</i>						
Negative market value of derivative financial instruments	146	0	146	491	0	491
<i>Liabilities, amortised cost</i>						
Subordinated debt	1,295	1,295	1,295	400	400	400
Payables to policyholders	83	83	83	67	67	67
Payables related to direct insurance	83	83	83	36	36	36
Payables related to reinsurance	15	15	15	43	43	43
Payables to group enterprises	1	1	1	1	1	1
Payables to credit institutions and central banks	322	322	322	918	918	918
Repo/reverse transactions, negative values	101	101	101	0	0	0
Lease liability	0	134	134	0	127	127
Other payables	261	261	261	553	553	553
Financial liabilities, year-end	2,307	2,295	2,441	2,509	2,145	2,636

Loans, advances and receivables at fair value, bonds at fair value, shares etc. and derivatives are measured at fair value in the financial statements so that recognised values equal fair values.

Subordinated debt is measured at amortised cost. The difference relative to fair values is assumed to be the interest rate level-independent value adjustment calculated by comparing current market rates with the market rates prevailing when the issues were made. As regards the bank's subordinated debt, changes in fair values due to changes in the bank's own credit rating are not taken into account.

# Notes

In the accounting policies, the calculation of fair values is described further for items recognised at fair value.

DKKm	Level 1	Level 2	Level 3	It all	Level 1	Level 2	Level 3	Total
<i>Fair value measurement of financial instruments</i>								
<u>Financial assets</u>								
Loans and advances	0	0	583	583	0	0	738	738
Bonds	11,659	319	0	11,978	15,828	7,072	6	22,906
Shares	9,223	0	400	9,623	4,204	0	496	4,700
Investment properties	0	0	0	0	0	0	790	790
Other assets	0	372	0	372	0	1,531	0	1,531
Total financial assets	20,882	691	983	22,556	20,032	8,603	2,030	30,665
<u>Financial liabilities</u>								
Subordinated debt	0	0	1,295	1,295	0	0	400	400
Issued bonds			150	150			152	152
Other payables	0	262	0	262	0	537	0	537
Total financial liabilities	0	262	1,445	1,707	0	537	552	1,089

The fair value is the price obtained in a sale of an asset or paid for transferring a liability in an arm's length transaction at the time of measurement. The fair value may be identical to the net asset value if the net asset value is calculated on the basis of underlying assets and liabilities measured at fair value. There are three levels of fair value measurement:

Level 1 is based on quoted (unadjusted) prices in active markets.

Level 2 is used where no quoted price is available but where the use of another official price is deemed to best reflect the fair value. In the case of listed securities for which the closing price does not represent fair value, valuation techniques or other observable data are used to determine fair value. Depending on the nature of the asset or liability, these may be calculations based on underlying parameters such as yields, exchange rates and volatility or with reference to transaction prices for similar instruments.

Level 3 is used for financial assets and liabilities the valuation of which cannot be based on observable data due to such data not being available or not being deemed to be usable for the determination of fair value. Instead recognised techniques, including discounted cash flows, and internal models and assumptions are used for the determination of fair value. The bank's unlisted shares that are not measured at a redistribution price belong to this category.

The process for recognising fair values has been structured so that effective segregation of duties has been set up between the departments in the group that report, monitor and effect the transactions. Reconciliation procedures have been set up for the purpose of identifying material discrepancies across the various reports and source systems used.

Transfer between the categories of the fair value hierarchy is only effected in case of changes to available data for use in measurement. The portfolio is reviewed on an ongoing basis to identify any changes in available data and any other changes which may have prompted recategorisation. 'There were no transfers between categories in the fair value hierarchy in 2020 or 2021.

Loans at fair value comprises mortgage deeds measured using a model which is based on the present value of expected future cash flows. The model distinguishes between 'delinquent' and 'non-delinquent' mortgage deeds. For non-delinquent mortgage deeds, the calculation is based on the expected future cash flows over the term of the mortgage deed discounted using the sum of a risk-free interest rate and a return requirement plus a risk premium, taking into account the ranking of the mortgage deed on the property and the type of property. The return requirement including risk premium is determined in intervals between 2.75%-6.25%. If the return requirement is increased by 100 basis points, the market value will decline by approximately DKK 31 million. The sensitivity is calculated on values at 31 December 2021. See note 41, Accounting policies.

Bonds measured at quoted prices primarily comprise Danish mortgage bonds and, to a lesser extent, Danish government bonds and corporate bonds. These bonds are attributed to level 1 if a quoted price is identified within 1-3 trading days before the date of calculation (depending on the type of bond). Bonds which are not traded are attributed to level 2. Other bonds included in level 2 are those which, as a result of lack of market liquidity, are measured based on market rates and yield spreads to these as observed for similar issues.

Shares mainly comprise listed shares and share options measured at quoted prices. For unlisted shares in sector-owned companies where the shares are redistributed, such redistribution is considered to represent the primary market for the shares. The fair value is determined as the redistribution price, and the shares are recognised as level 2 assets. For other unlisted shares where no observable input is immediately available, the measurement is based on an estimate which builds on information from the companies' financial statements, experience from transactions involving shares in the companies in question as well as input from qualified third parties. The shares are included in level 3. A 10% drop in share prices would cause the value to decline by DKK 40 million in aggregate.

Other assets comprises interest receivable at DKK 148 million and positive values of derivative financial instruments at DKK 1,383 million. Interest rates are measured on the basis of normal principles of accrual. Derivative financial instruments mainly comprise interest rate swaps, which are measured by way of calculation of the net present value of expected future cash flows discounted on the basis of obtainable interest rate points, interpolation between interest rate points and exchange rates. Listed futures and options are measured on the basis of obtainable prices. Unlisted options are measured on the basis of obtainable volatilities, prices of underlying assets and exercise prices using Black-Scholes. Forward exchange transactions are measured on the basis of obtainable forward premiums and exchange rates. Inflation swaps are measured by way of calculation of the net present value of expected future cash flows discounted on the basis of obtainable index points og interest rate points, interpolation between these and exchange rates.

Other liabilities comprises interest payable at 46 million and negative values of derivative financial instruments at 491 million. Interest rates are measured on the basis of normal principles of accrual. Derivative financial instruments are valued on the basis of listed prices from an active market and using generally accepted valuation models with observable data, including yield curves, volatilities and equity indices.

In connection with the acquisition of Codan, an amount of DKK 11,811 million has been reserved in an escrow account.

Owner-occupied properties and investment properties are measured in the same way. See note 37 Discontinued Operations for additional information.

DKKm	2021	2020		2021	2020
<b>Development in level 3 financial instruments</b>					
<i>Loans and advances</i>					
Carrying amount, beginning of year	738	936			
Additions during the year	5	5			
Disposals during the year	-135	-182			
Disposals relating to the divestment of subsidiaries	0	0			
Realised value adjustments	4	0			
Unrealised value adjustments	-29	-21			
Carrying amount, year-end	583	738			
Value adjustments recognised in the income statement	-25	-21			
<i>Bonds</i>					
Carrying amount, beginning of year	6	8			
Additions during the year	0	0			
Disposals during the year	-6	-2			
Realised value adjustments	0	0			
Unrealised value adjustments	0	0			
Carrying amount, year-end	0	6			
Value adjustments recognised in the income statement	0	0			
See note 12 for a specification from 1 January to 31 December of the investment properties.					
Value adjustments are recognised in the income statement under value adjustments.					
			<i>Shares</i>		
			Carrying amount, beginning of year	496	334
			Additions during the year	646	240
			Disposals during the year	0	-26
			Disposals relating to the divestment of subsidiaries	-770	-49
			Realised value adjustments	0	13
			Unrealised value adjustments	28	-16
			Carrying amount, year-end	400	496
			Value adjustments recognised in the income statement	28	-3
			<i>Other liabilities</i>		
			Carrying amount, beginning of year	552	575
			Additions during the year	1,295	152
			Disposals during the year	-400	0
			Disposals relating to the divestment of subsidiaries	0	-175
			Realised value adjustments	0	0
			Unrealised value adjustments	-2	0
			Carrying amount, year-end	1,445	552
			Value adjustments recognised in the income statement	-2	0
			Rating of bonds		
			Rated AAA	11,978	7,265
			Rated AA- to AA+	0	3,696
			Rated A- to A+	0	10,877
			Others	0	1,068
			Bonds at fair value, year-end	11,978	22,906

DKKm 2021 2020

**Note 32 Return on financial instruments**

	On initial recognition fair value	Assets through income statement	Assets at amortised cost	Debt at amortised cost	Total	On initial recognition fair value	Assets through income statement	Assets at amortised cost	Debt at amortised cost	Total
Interest income, etc.	0	102	0	0	102	0	366	0	0	366
Other income		29	0	0	29		0	0	0	0
Total income	0	131	0	0	131	0	366	0	0	366
Interest expenses		-11	0	-4	-15		-6	0	-8	-14
Value adjustments excluding credit losses on mortgage deeds	0	-222	0	0	-222	0	639	0	0	639
Profit/loss before tax	0	-102	0	-4	-106	0	999	0	-8	991



DKKm	2021			2020		
	Derivatives	Repo agreements	Total	Derivatives	Repo agreements	Total
<b>Note 33 Offsetting</b>						
<i>Financial assets</i>						
Recognised assets, gross	902	0	902	1,383	0	1,383
Liabilities offset in the balance sheet	0	0	0	0	0	0
Financial assets stated at net amounts in the balance sheet	902	0	902	1,383	0	1,383
<i>Related amounts which have not been offset in the balance sheet</i>						
Financial instruments	0	0	0	-8	0	-8
Financial collateral	-577	0	-577	-917	0	-917
Net amounts	325	0	325	458	0	458
<i>Financial liabilities</i>						
Recognised liabilities, gross	441	101	542	491	0	491
Assets offset in the balance sheet	0	0	0	0	0	0
Financial liabilities stated at net amounts in the balance sheet						
<i>Related amounts which have not been offset in the balance sheet</i>						
Financial instruments	0	0	0	0	0	0
Financial collateral	-159	0	-159	-80	0	-80
Net amounts	282	101	383	411	0	411

Derivative financial instruments are recognised in the balance sheet at fair value. Negative fair values are included under Other payables, while positive fair values are included under Investments assets. Financial instruments in the balance sheet are comprised by framework agreements for netting or other agreements. Assets and liabilities are offset when Alm. Brand and the counterparty have a legally enforceable right to offset the recognised amounts and subsequently realise the assets and settle the liability simultaneously. Alm. Brand uses master netting agreements, which entitle the group to offset amounts when a counterparty is in default as the exposure to the counterparty in such a case would be reduced because of collateral security received. Collateral security reduces the exposure if a counterparty is in default, but it does not meet the criteria for offsetting in accordance with IFRS.

# Notes

DKKm	2021	2020
<b>Note 34 Financial instruments by term to maturity</b>		
<i>Bonds</i>		
Expiry within 1 year	11,978	2,711
Expiry between 1 year and 5 years	0	5,571
Expiry after more than 5 years	0	14,624
Bonds, year-end	11,978	22,906
<i>Cash in hand and balances at call</i>		
Expiry within 1 year	110	524
Expiry between 1 year and 5 years	0	0
Expiry after more than 5 years	0	0
Cash in hand and balances at call, year-end	110	524
<i>Loans, advances and receivables</i>		
Expiry within 1 year	196	241
Expiry between 1 year and 5 years	184	180
Expiry after more than 5 years	346	511
Loans, advances and receivables, year-end	726	932
<i>Payables to credit institutions and payables related to insurance</i>		
Due on demand	420	1,064
Expiry between 1 month and 3 months	0	0
Expiry between 3 months and 1 year	0	0
Expiry between 1 year and 5 years	0	0
Expiry after more than 5 years	0	0
Deposits and payables to credit institutions and central banks, year-end	420	1,064

	2021	2020
<i>Guarantees and rent commitments</i>		
Expiry within 3 months	5	5
Expiry between 3 months and 1 year	15	14
Expiry between 1 year and 5 years	25	35
Expiry after more than 5 years	0	0
Guarantees, year-end	45	54
<i>Financial liabilities</i>		
Expiry within 3 months	122	52
Expiry between 3 months and 1 year	0	7
Expiry between 1 year and 5 years	39	101
Expiry after more than 5 years	251	529
Financial liabilities, year-end	412	689

The actual expiry dates may deviate from the contractual expiry dates as the issuers of the specific instruments may be entitled to repurchase the instrument before it expires. See note 19 Provisions for insurance contracts, which includes the expected cash flow for the group's claims and life insurance provisions. Amounts in the table above do not comprise interest payments.

DKKkm	2021	2020	Total	% of share- holders' equity
<b>Note 35 Market risk</b>				
<i>Currency risk</i>				
Foreign currency positions:				
Long positions	9,856	26,382		
Short positions	-9,071	-19,142		
Net positions	785	7,240		
Foreign currency positions distributed on the five largest net positions:				
EUR	779	4,361		
SEK	6	154		
USD	0	1,091		
MXN	0	121		
IDR	0	121		
Other	0	1,392		
Total foreign currency positions	785	7,240		
<i>Interest rate risk</i>				
Total interest rate risk calculated according to the group's internal approach.				
	9	2,970		
The internal calculation approach is used for the management of day-to-day risk. The calculation approach applies modified option-adjusted durations for the calculation of interest rate risk in the event of a 1 percentage point increase in interest rates. Interest rate risk is measured as the expected loss on interest rate positions that would result from an immediate upwards or downwards change in all interest rates by 1 percentage point. The interest rate risk is calculated for each currency.				
<b>Note 36 Sensitivity information</b>				
<i>Sensitivity information, group</i>				
Risk on shareholders' equity in case of specific events:				
Interest rate increase of 1 percentage point			-116	-0.8
Interest rate fall of 1 percentage point			57	0.4
Share price fall of 15%			-62	-0.5
Fall in property prices of 15%			-43	-0.3
Currency risks excluding EUR, 25% decline			-51	-0.4
1 percentage point spread widening			-234	-1.7
Caststrophe events:				
- one "100-year event"			-101	-0.7
- two "100-year events"			-280	-2.0
The order of the risk factors is not an indication of the size or importance of each risk factor.				
Note 39 Capital and risk management contains a detailed description of the risks assumed by the group.				

DKKm	2021	2020		2021	2020
<b>Note 37 Discontinued Operations</b>					
Gross premiums written	1,562	1,632	Interest income and dividends, ect.	63	66
Premiums ceded to reinsurers	-93	-79	Value adjustments	180	235
Change in premium provision	7	-1	Interest expenses	-347	695
Change in profit margin and risk margin	5	1	Other income	-5	-4
Change in provision for unearned premiums, reinsurers' share	0	0	Administrative expenses related to investment activities	-22	-38
	1481	1553	Tax on pension investment returns	40	-134
<b>Earned premiums, net of reinsurance</b>	<b>1,481</b>	<b>1,553</b>	<b>Total investment return</b>	<b>-91</b>	<b>820</b>
			Return on and value adjustments of technical provisions	26	-16
Claims paid, gross	-1,539	-1,424	<b>Total investment return after return on and value adjustment on technical provisions</b>	<b>-65</b>	<b>804</b>
Claims paid, reinsurers' share	5	23	<b>Profit/loss before tax</b>	<b>116</b>	<b>135</b>
Change in the provision for claims	-9	-4	Tax, continuing activities	-24	-30
Change in risk margin	1	0	<b>Profit/loss after tax</b>	<b>92</b>	<b>105</b>
Change in provision for claims, reinsurers' share	33	19			
Change in life insurance provisions	309	-724			
<b>Claims incurred, net of reinsurance</b>	<b>-1,200</b>	<b>-2,110</b>	<b>Alm. Brand Bank A/S</b>		
			Alm. Brand Bank, Profit/loss after tax		81
Acquisition costs	-70	-72	Profit/loss after tax, discontinuing activities		-106
Administrative expenses	-64	-60	<b>Profit/loss after tax</b>	<b>92</b>	<b>80</b>
Reinsurance commissions and profit participation	34	20			
<b>Net operating expenses</b>	<b>-100</b>	<b>-112</b>	Earnings per share, DKK, discontinuing activities	0.4	0.5
			Diluted earnings per share, DKK, discontinuing activities	0.4	0.5
<b>Technical result</b>	<b>181</b>	<b>-669</b>			

The consolidated profit for 2020 included elimination between continuing and discontinued activities in the amount of DKK 23 million related to intra-group interest and fees, which made for a profit on discontinued activities of DKK 57 million in the 2020 financial statements.

Alm. Brand has signed a conditional agreement with Nordic I&P DK ApS to sell Alm. Brand Liv og Pension at a price of DKK 1.1 billion. On 3 February 2022, the Danish Financial Supervisory Authority announced that it had approved Nordic I&P as owners of Alm. Brand Liv og Pension. Closing of the transaction took place on 1 March 2022. The sale triggers an accounting gain of close to DKK 565 million before payment of transaction-related costs. The gain will be recognized in 2022.

# Notes

mio. kr.	2021	2020
Note 37 Discontinued Operations - continued		
<b>Assets, Alm. Brand Liv og Pension A/S</b>		
<b>Investment properties</b>	<b>1,562</b>	<b>1,533</b>
Equities	1,487	990
Unit trust units	13,794	2,941
Bonds	518	12,724
Loans	0	0
Other	604	1,086
<b>Investments assets</b>	<b>16,403</b>	<b>17,741</b>
Reinsurers' share of life insurance provision for claims	27	27
Reinsurers' share of provision for claims	171	138
<b>Reinsurers' share of insurance contract provisions</b>	<b>198</b>	<b>165</b>
Receivables related to direct insurance contracts	64	60
Other receivables	141	52
<b>Receivables</b>	<b>205</b>	<b>112</b>
Deferred tax assets	113	0
Current tax assets	10	0
Cash in hand and demand deposits	178	260
<b>Other assets</b>	<b>301</b>	<b>260</b>
Interest receivable	40	85
Other prepayments	16	16
<b>Prepayments</b>	<b>56</b>	<b>101</b>
<b>Total assets</b>	<b>18,725</b>	<b>19,912</b>

	2021	2020
<b>Liabilities, Alm. Brand Liv og Pension A/S</b>		
<b>Consolidated shareholders' equity</b>	<b>554</b>	<b>795</b>
<b>Subordinated debt</b>	<b>0</b>	<b>150</b>
Premium provisions	39	51
Life insurance provisions	16,292	16,562
Profit margin on general insurance contracts	3	8
Profit margin on life insurance and investment contracts	351	382
Provision for outstanding claims	536	547
Risk margin on general insurance contracts	7	9
<b>Provision for insurance contracts</b>	<b>17,228</b>	<b>17,559</b>
Pension obligations ect.	1	0
Deferred tax liabilities	32	7
<b>Provisions</b>	<b>33</b>	<b>7</b>
Payables related to direct insurance	46	36
Payables related to reinsurance	22	30
Payables to credit institutions and central banks	388	811
Current tax liabilities	0	5
Other payables	437	489
<b>Payables</b>	<b>893</b>	<b>1,371</b>
<b>Accruals and deferred income</b>	<b>17</b>	<b>30</b>
<b>Liabilities</b>	<b>18,725</b>	<b>19,912</b>

Comparative figures have been included in the note for comparative reasons.

**mio. kr.** **2021** **2020**

Note 37 Discontinued Operations - continued

DKKm	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>Fair value measurement of financial instruments</i>								
<u>Financial assets</u>								
Loans and advances	0	0	0	0	0	0	5	5
Bonds	518	0	0	518	9,057	3,667	0	12,724
Shares	14,512	0	769	15,281	3,523	0	408	3,931
Investment properties			1,562	1,562			1,533	1,533
Other assets	0	643	0	643	0	1,167	0	1,167
Total financial assets	15,030	643	2,331	18,004	12,580	4,834	1,946	19,360
<u>Financial liabilities</u>								
Subordinated debt	0	0	0	0	0	0	150	150
Other payables	0	311	0	311	0	305	0	305
Total financial liabilities	0	311	0	311	0	305	150	455

The fair value of investment properties is calculated according to the yield method on the basis of the operating return on the individual property and a return requirement linked to the individual property which reflects the transactions taking place in the property market in the period up to the date of valuation. The resulting fair value is adjusted for deposits, rent above/below market rent, rent on vacant premises and deferred maintenance works and necessary refurbishment expenses. An external appraiser may be engaged where necessary. The methods applied in the calculation of fair values in the current year are unchanged. The profit for the period includes an unrealised gain of DKK 59 million in value adjustments.

The most important non-observable inputs used in the fair value calculation are:

Required rate of return 4.22% (2020: 5.18%)

Rent per m<sup>2</sup> DKK 1,415 (2020: DKK 1,413)

An increase in the required rate of return would result in a decline in the fair value of the properties, while an increase in rent per square metre relative to the assumptions applied would result in an increase in the fair value of the properties. A general increase in rent per square metre in the areas in which the group's investment properties are located would, all other things being equal, result in a slight decline in the return requirement.

mio. kr.	2021	2020
Note 37 Discontinued Operations - continued		
<b>Development in level 3 financial instruments</b>		
<i>Loans and advances</i>		
Carrying amount, beginning of year	5	6
Additions during the year	0	0
Disposals during the year	-5	-1
Realised value adjustments	0	0
Unrealised value adjustments	0	0
Carrying amount, year-end	0	5
Value adjustments recognised in the income statement	0	0
<i>Shares</i>		
Bonds	408	174
Carrying amount, beginning of year	320	233
Additions during the year	0	0
Realised value adjustments	0	2
Unrealised value adjustments	41	-1
Carrying amount, year-end	769	408
Value adjustments recognised in the income statement	41	1

See note 11 and 12 for a specification from 1 January to 31 December of the investment properties.

Value adjustments is recognised in the income statement under profit/loss after tax, discontinuing activities.

For a description of valuation, see note 31.

	2021	2020
<i>Subordinated debt</i>		
Carrying amount, beginning of year	150	150
Additions during the year	0	0
Disposals during the year	-150	0
Realised value adjustments	0	0
Unrealised value adjustments	0	0
Carrying amount, year-end	0	150
Value adjustments recognised in the income statement	0	0
<i>Rating of bonds</i>		
Rated AAA	293	3,881
Rated AA- to AA+	0	1,976
Rated A- to A+	0	6,066
Others	225	801
Bonds at fair value, year-end	518	12,724

Alm. Brand Liv og Pension has undertaken to participate in investing in unlisted securities in the amount of DKK 330 million.

Alm. Brand Ejendomsinvest A/S, Copenhagen, has incurred a VAT adjustment liability of DKK 8.6 million relating to property. Forsikringsselskabet Alm. Brand Liv og Pension A/S, Copenhagen, has a VAT adjustment obligation in respect of properties totalling DKK 0.1 million.



# Notes

Change in premium provision	38
Change in profit margin and risk margin	-38
Change in provision for unearned premiums, reinsurers' share	-4
<b>Earned premiums, net of reinsurance</b>	<b>5,113</b>
Claims paid, gross	-3,177
Claims paid, reinsurers' share	13
Change in the provision for claims	-267
Change in risk margin	-20
Change in provision for claims, reinsurers' share	32
<b>Claims incurred, net of reinsurance</b>	<b>-3,419</b>
Acquisition costs	-694
Administrative expenses	-208
Reinsurance commissions and profit participation	1
<b>Net operating expenses</b>	<b>-901</b>
<b>Technical result</b>	<b>793</b>
Interest income and dividends, ect.	132
Value adjustments	53
Interest expenses	-16
Other income	0
Administrative expenses related to investment activities	-52
<b>Total investment return</b>	<b>117</b>
Return on and value adjustments of technical provisions	-84
<b>Total investment return after return on and value adjustment on technical provisions</b>	<b>33</b>
Other expenses	-98
<b>Profit/loss before tax, continuing activities</b>	<b>728</b>

Other income from investment activities	0
Other income	5
<b>Total income</b>	<b>5,480</b>

<b>Costs</b>	
Claims expenses	-3,464
Interest expenses	-10
Other expenses from investment activities	-155
Acquisition costs and administrative expenses	-901
<b>Total costs</b>	<b>-4,530</b>

Profit/loss from business ceded	-184
Value adjustments	-38
Tax on pension investment returns	0
<b>Profit/loss before tax, continuing activities</b>	<b>728</b>

In the new format, interest in the amount of DKK 6 million has been reclassified (Technical interest) and value adjustment of technical provisions in the amount of DKK 90 million has been reclassified to Return on and value adjustment of technical provisions.

After the sale of Alm. Brand Bank and Alm. Brand Liv & Pension A/S, the Alm. Brand Group has become a pure non-life insurance group, and the format of the financial statements has been changed accordingly.

## Objects

The objective of risk management in the Alm. Brand Group is to ensure that the risks assumed at any given time are calculated and reflect the companies' business strategy, risk profile and capital resources. This is achieved through identification, measurement via e.g. stress scenarios, active management and continuous monitoring of both actual and potential risks which the company is exposed to during the strategy period.

## Risk management system

The Alm. Brand Group's risk management is organised into three lines of defence. The first line of defence is defined as the operative management. The operative management is responsible for the ongoing assumption of risks as well as for the measurement and risk assessment of all material tasks subject to risk. The operative management is furthermore responsible for ensuring that processes and business procedures are available to ensure compliance with applicable law and internal guidelines.

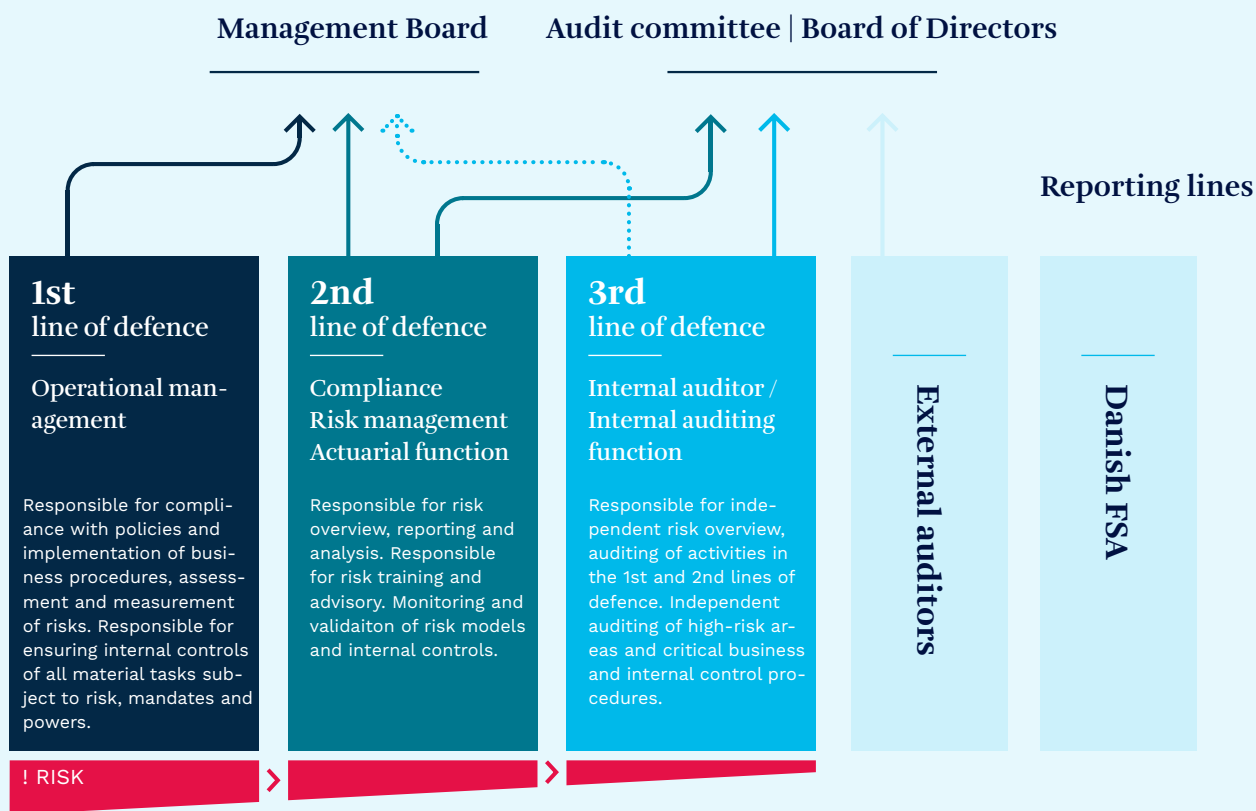
The second line of defence is defined as functions which are organised independently of the operative management and which monitor and report on risk, including validation of the applied risk management methods and models. The second line of defence advises the first line of defence with respect to the measurement and assessment of risk and the structuring of internal controls. In the Alm. Brand Group, the second line of defence consists of the risk management function, the compliance function, including the group's Data Protection Officer (DPO), and the actuarial function.

The third line of defence is defined as functions which are organised independently of the Management Board and of the performance of the tasks in the first and second lines

of defence. In the Alm. Brand Group, the third line of defence consists of department of the internal auditor and the internal auditing function. The third line of defence makes an independent assessment of the operative processes, the risk management and the controls established.

At least once annually, the Board of Directors of each individual company in the group determines the com-

pany's overall policy for assuming risk and sets up the overall risk guidelines as well as the scope of the reporting requirements. The Board of Directors performs an ongoing assessment of the individual and aggregate risks in the relevant company and in that connection determines whether the risks are acceptable. On the basis of the Board of Directors' powers, the Management Board determines the day-to-day risk management.



## NOTE 39 CAPITAL AND RISK MANAGEMENT – CONTINUED

The group has several committees ensuring that material issues are addressed in a uniform manner across the group.

The group's central risk forum is a risk committee which serves to ensure advice, coordination and uniformity in the group companies with respect to accepting, calculating and reporting risk.

In addition, the investment committee has overall oversight with the management of the assets held in the individual Alm. Brand companies. This oversight is intended to ensure that the management is in compliance with legislation and with the decisions made by the boards of directors of the individual companies.

The IT security committee has overall responsibility for the group's IT security and for ensuring that the group maintains a balanced IT security level and has up-to-date IT security policies and guidelines. The IT security committee also makes cross-functional decisions and decides issues of a fundamental nature and sets up the contingency arrangements for the handling of any emergency situations.

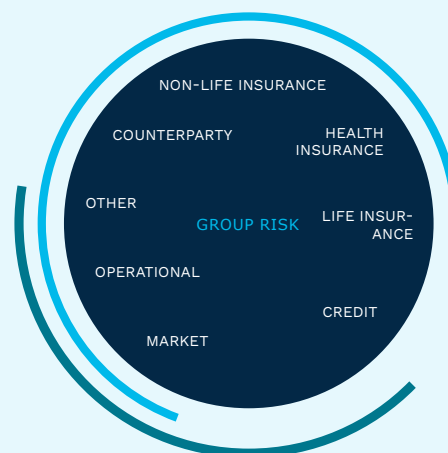
In addition, an operational risk forum collates information about operational events in the Alm. Brand Group. In addition to control environment departments, a wide range of business-oriented functions participate in the forum with a view to generating optimum value and learning from operational incidents. In addition, the group has established processes for the handling of new (and significantly changed) products to ensure that new risks are sufficiently hedged and that business procedures etc. are established before implementing new products or activities.

The objective of the investment function is to ensure that liquidity is at all times sufficient to support operations and comply with the statutory requirements for the group companies. Compliance with liquidity requirements is ensured through internally defined limits. The liquidity management is determined on the basis of a conservative risk profile. In addition, there are adequate liquidity resources to continually ensure that the group will at any given time have the liquidity required to cover day-to-day operations.

### RISK FACTORS

We take various types of calculated risk in support of the group's long-term business objectives. The content and size of risks encountered in the various business areas differ considerably, but generally risk parameters for the group can be illustrated as shown in the figure below.

## Risk parameters



The sections below provide details on the risk scenarios of Alm. Brand Forsikring A/S and Alm. Brand Liv og Pension A/S.

### INSURANCE RISKS

Insurance risk is the risk of incurring unforeseen expenses by entering into insurance contracts. The primary risks are premium risks (the risk of claims expenses and costs exceeding premium income), claims provision risks (the risk of provisions being too low relative to the ultimate cost of the loss) and catastrophe risks (the cost of extreme events).

#### Premium risks

Premium risk is the risk that costs and claims expenses exceed premium income. This risk is assessed for each individual type of business and, accordingly, there are multiple premium risks. If, in any one year, the company records a high number of major claims, or if the tariff is out of step with trends in the underlying risk, the premium may prove insufficient to cover the claims expenses and the company's costs.

Rules governing acceptance and writing of new business at customer and product level reduce premium risks. Written risks are assessed for the possibility that several policies can be affected by the same loss event (accumulation). Moreover, each customer adviser has been given instructions as to what risks can be accepted. In addition, premium risks are reduced through the use of reinsurance and by frequently monitoring trends in tariff parameters.

## Claims provision risks

Claims provision risk is the risk that the claims provisions made are too low to cover the ultimate cost of claims incurred. In connection with the preparation of the financial statements, the company reserves funds for payment of reported but not settled claims and incurred but not reported claims. Claims provisions are estimated by the company's actuaries. The payments and other liabilities to the policyholders may ultimately prove greater or smaller than estimated. If so, the company will incur a loss or recognise a gain. The most important reasons for this are calculation uncertainty and claims inflation. The amount of run-off gains and losses is evaluated in the annual actuarial report relative to the expectations from the company's partial internal model. This control contributes to providing a true and fair view of the risk of run-off losses.

## Catastrophe risks

Catastrophe risks are risks related to extreme events. The greatest single risks in Alm. Brand Forsikring are natural disasters, for which the company's risk is assessed using the partial internal model and a number of scenarios based on portfolio exposure and on a calculated probability. Both components show that the current reinsurance programme will provide cover at least for losses resulting from a 1:200-year loss event.

From 1 July 2019, the risk of a terrorist attack is covered under a state terrorism insurance scheme, comprising claims related to attacks involving nuclear, biological or chemical agents. Alm. Brand therefore no longer covers these risks, but still covers claims related to conventional terrorist attacks, which are also covered under the company's catastrophe reinsurance programme.

## Life insurance risks

Biometric risks consist of mortality, longevity, disability, catastrophe risk, costs and option risk (risk related to the scope of surrenders and re-writing to paid-up policies). The insurance risks; longevity, mortality and disability risks, cover the situation where member mortality or disability changes significantly for a period or permanently, resulting in underestimation of future developments in mortality and disability risks among policyholders.

Option risks arise when surrender and premium cessation assumptions in provisions at market value deviate from actual developments and have to be adjusted, or in situations where the company experiences many surrenders in a short period of time.

Expense risk is the risk that provisions related to future expenses deviate from actual expenses and have to be revised upwards. Expenses are related to variations in expenses related to honouring insurance or reinsurance contracts.

Revision risk is the risk that disablement benefits awarded are revised so as to result in a higher payout.

## Health insurance risks

Health insurance risk arises as a result of the insurance group's writing of workers' compensation and personal accident insurance. These policies all give rise to both premium, claims provision and catastrophe risks, as described in the sections above.

Workers' compensation insurance and health and accident insurance are affected by legislative amendments and changed legal practice as well as by social inflation.

Social inflation means that claims expenses increase due to developments in social and socio-economic factors. Such factors arise due to trends in society and will have a tendency to drive up the number of insurance-covered claims and average claims expenses.

## Concentration risks

Concentration risk is the risk arising when the company's exposures are concentrated, for instance, on few lines or on few large individual exposures. Alm. Brand has determined procedures for the monitoring and mitigation of concentration risks.

The insurance portfolio is distributed on a large number of insurance customers in Denmark. In terms of geography, the portfolio is evenly distributed across Denmark and is furthermore distributed on a range of different insurance products. Alm. Brand Forsikring is subject to insurance concentration risks in the sense that e.g. a major weather event may affect a large part of the portfolio at the same time. However, this risk is reduced through the reinsurance programme.

## Reinsurance

An insurance company can protect itself against losses by taking out reinsurance, often with major international reinsurers that have a high credit rating. Reinsurance cover can be designed in different ways, depending on which losses the insurance company wishes to manage.

## NOTE 39 CAPITAL AND RISK MANAGEMENT – CONTINUED

The purpose of Alm. Brand's reinsurance programme is to ensure that a single loss event or a random accumulation of large claims does not lead to unacceptable loss of capital and also to reduce fluctuations in technical results. The reinsurance programme provides extensive and broad coverage and reduces the group's risks overall.

### FINANCIAL RISKS

#### Market risks

Market risk is defined as the risk that the value of a portfolio of financial instruments is impaired due to fluctuations in exchange rates or prices in financial markets. The risks arise both for assets and liabilities and for derivative financial instruments (derivatives), for which only the positive or negative market value of the derivative appears in the balance sheet.

The management of market risk is intended to ensure achievement of an optimum return without putting the total capital of the individual group companies at risk of significant deterioration due to financial market developments or financial difficulties of individual issuers.

Market risks are divided into a number of sub-risks as described below.

#### Interest rate risks

Interest rate risk is the risk of incurring a loss on an interest rate exposure as a result of an interest rate increase or decline. The investment assets are predominantly placed in interest-bearing assets, most of which are Danish mortgage bonds with a high credit rating, while a small part is placed in credit bonds and emerging market government bonds. The interest rate risk on assets and

liabilities is monitored and adjusted on an ongoing basis, and derivatives are used to adjust the interest rate risk on assets.

#### Currency risks

Currency risk primarily arises as a result of investments in global equities and emerging market government bonds. In addition, the group is exposed to euro-denominated equities, European credit bonds, property funds and market values of derivative fixed-income instruments denominated in foreign currency. The Alm. Brand Group pursues a hedging strategy for currency positions in global equity mandates.

#### Liquidity risks

Liquidity risk arises due to differences in the timing of ingoing and outgoing payments. Such differences may arise as a result of unexpected events or may be a deliberate strategy. The objective of liquidity risk management is to ensure that liquidity is at all times sufficient to support operations and comply with the statutory requirements. Should Alm. Brand's liquidity come under substantial pressure, liquidity may be procured within a short period of time by selling assets.

#### Counterparty risks

Counterparty risk arises when a counterparty in a financial agreement, e.g. reinsurance contracts or financial contracts, fails to meet its obligations. Counterparty risk related to reinsurance is the uncertainty associated with the situation that one or more of Alm. Brand's reinsurers go into insolvent liquidation, resulting in a full or partial loss of receivables and in new coverage of the business having to be purchased. In order to minimise the risk related to

each reinsurer, reinsurers must be rated at least A- with Standard & Poor's or A.M. Best. Deviations from this rating must be approved by the Board of Directors. Counterparty risk against credit institutions arises in a bilateral derivative agreement or by depositing cash funds in a bank account. Placement limits contain restrictions as to the companies' maximum receivable from specific credit institutions. Alm. Brand limits counterparty risks in connection with derivative agreements by entering into margin agreements and netting with the counterparties.

Alm. Brand is exposed to the ability of its customers to pay. The risk is distributed on a large number of private and commercial customers and is limited by the fact that the customers' insurance covers will to a large extent lapse if the customers fail to pay their premiums. In addition, Alm. Brand has a small portfolio of mortgage deeds where the group is exposed to counterparty risk on the individual debtors.

### OPERATIONAL RISKS

Operational risk is the risk of incurring a financial loss due to inexpedient or faulty internal procedures, human or system errors or as a result of external events, including legal risks.

#### Procedures

The group has a number of control procedures in the form of work routines, business procedures and reconciliation processes, performed locally and centrally throughout the organisation. The scope of control measures is assessed against the expenses they involve. Security measures are assessed relative to potential threats and their assessed probability of occurrence as well as the potential business consequences, should such threats materialise.

## NOTE 39 CAPITAL AND RISK MANAGEMENT – CONTINUED

With a view to reducing risks relative to the GDPR rules, the group has a number of common procedures to accommodate requests for access to and erasure of data etc. and to handle and report personal data breaches to the Danish Data Protection Agency. The group has also appointed a common data protection adviser, providing advice to the group and overseeing GDPR compliance.

The group is continually making proactive efforts to reduce the number of potential events that could give rise to poor reputation. Moreover, the group is focused on reducing the number of complaints involving Alm. Brand Forsikring filed with the Insurance Complaints Board, and even though the insurance company has a track record of winning most of the complaints filed, every complaint is one too many because it means that the group has a dissatisfied customer. Alm. Brand Forsikring has a customer ambassador who reviews the complaints. The customer ambassador looks at a complaint from a customer point of view and is responsible for ensuring that the customers' views are heard. This is done to promote a good dialogue between Alm. Brand Forsikring and its customers. Often a disagreement arises because the customer has not been adequately informed about why his or her claim is not covered. The complaints are subsequently analysed, enabling the group to develop its insurance products and to become better at explaining its current insurance terms.

### Compliance

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, loss of customers or reputational damage to which the company is exposed due to non-compliance with applicable legislation, market standards or internal rules (policies, business procedures, etc.). Alm. Brand has determined methods and procedures to identify, assess and mitigate the group's compliance risks.

### OTHER RISKS

#### Strategic risks

Strategic risks arise due to inexpedient business decisions, insufficient implementation of business initiatives or slow response to the challenges facing the group.

Alm. Brand's strategy has been prepared by group management on the basis of a structured process and in co-operation with each group subsidiary's Board of Directors, Management Board and managerial groups. The group's strategic risks are monitored and assessed on an ongoing basis.

## NOTE 40 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

The preparation of the financial statements involves the use of accounting estimates. Such estimates are made by the company's management in accordance with the accounting policies and on the basis of historical experience and assumptions, which management considers prudent and realistic but which are inherently uncertain and unpredictable. The financial statements have been prepared using the going concern basis of accounting and in accordance with applicable rules.

The most significant estimates made by management are related to the calculation of fair values of properties, unlisted financial instruments and receivables. In addition, significant estimates are applied in the valuation of mortgage deeds and liabilities under insurance contracts.

This note should be read in conjunction with note 31, which contains information about the determination of fair value.

### Financial instruments

Significant estimates are not used for the valuation of financial instruments where the valuation is based on prices quoted in an active market or on generally accepted valuation models employing observable market data.

Valuations of financial instruments that are only to a limited extent based on observable market data are subject to estimates. This applies for example to unlisted shares and certain bonds for which an active market does not exist. For securities that are not listed on a stock exchange, or for which no price is quoted that reflects the fair value of the instrument, the fair value is determined using a model calculation.

The valuation models include the discounting of the instrument cash flow using an appropriate market rate.

The valuation of unlisted shares is based on information from the companies' financial statements, experience from transactions involving shares in the companies in question as well as input from qualified third parties.

### Valuation of mortgage deed portfolios

The mortgage deed portfolios are valued partly on the basis of non-observable input and are therefore to some extent subject to estimates.

Mortgage deeds are measured at fair value on initial and subsequent recognition. The fair value is measured using a valuation model in which the valuation is expressed by the present value of expected future cash flows. The model distinguishes between 'delinquent' and 'non-delinquent' mortgage deeds.

For non-delinquent mortgage deeds, the calculation is based on the expected future cash flows over the term of the mortgage deed discounted using the sum of a risk-free interest rate and a return requirement plus a risk premium, taking into account the ranking of the mortgage deed on the property and the type of property.

The return requirement including risk premium is determined in intervals between 2.75%-6.25%.

If the mortgage deed becomes delinquent, the market value will be calculated based on a probability of default, i.e. that the underlying property is subjected to a forced sale. The probability of default increases with the number of delinquent days. In case of more than 120 delinquent

days, the market value will be calculated based on a 50% probability that the mortgage deed will be repaid over the contractual term and a 50% probability of a forced sale of the mortgaged property.

### TECHNICAL PROVISIONS

Liabilities under insurance contracts are measured based on a number of actuarial calculations, applying, among other things, assumptions on a number of variables. The liabilities are furthermore affected by the discount rate.

The provisions for workers' compensation insurance are affected by several acts. The Danish Social Pensions Act was amended in December 2020, whereby the state retirement age was raised from 68 to 69 years for people born on or after 1 January 1967. The Act also imposes a duty on the Minister for Social Affairs in 2025 to reassess whether the retirement age should be raised further.

An expert committee has been set up, which has made proposals in connection with a revision of the Danish Act on Industrial Injuries. The most recent legislative amendment at 1 January 2020 concerning the accident concept is assessed to be the first step of this revision, but the process of revising the legislation is still ongoing with the involvement of e.g. the Danish Insurance Association (Forsikring & Pension). It is still uncertain which recommendations will be implemented in legislation – including how the senior pension proposed by the Danish government will affect the level of claims – and the amount of claims expenses arising as a result of a potential revision of the act is therefore subject to uncertainty.



## NOTE 40 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES – CONTINUED

Alm. Brand Forsikring reserves capital with due regard to all known and unknown factors which may impact the level of claims.

### PENSION OBLIGATIONS – ASSETS HELD FOR SALE

Liabilities under insurance contracts are measured based on a number of actuarial calculations, applying, among other things, assumptions about a number of variables. The liabilities are furthermore affected by the discount rate.

Alm. Brand Liv og Pension is focused on hedging the guaranteed benefits provided, applying derivative financial instruments to ensure that interest rate exposures on assets and liabilities are more or less aligned. Changes in the value of investment assets resulting from changes in interest rates are therefore partly offset by corresponding changes in the value of the technical provisions and the individual and collective bonus potentials. If, over time, the return generated is lower than the discount rate applied, the bonus potentials will be affected initially, and shareholders' equity may be affected subsequently.

### EJENDOMME

In connection with the valuation of properties, a fair value is calculated on the basis of market-based rental income and operating expenses relative to the required rate of return of the individual properties. The valuation takes into account the type, location, state of repair, vacancy rate, etc. of the property.

### SENSITIVITY INFORMATION

We take various types of calculated risk in support of the long-term business objectives. The most important business risks and financial risks are listed in the table below.

The individual risks are described in note 39 Capital and risk management on pages 90 to 94.

## Sensitivity information

DKKkm	Total	% of shareholders' equity
<b>Sensitivity information, group</b>		
Risk on shareholders' equity in case of specific events		
Interest rate increase of 1 percentage point	-116	-0.8
Interest rate fall of 1 percentage point	57	0.4
Equity price fall of 15%	-62	-0.5
Fall in property prices of 15%	-43	-0.3
Currency risk excl. EUR 25% decline	-51	-0.4
Spread widening of 1 percentage point	-234	-1.7
Catastrophe events:		
- one "100-year event"	-101	-0.7
- two "100-year events"	-280	-2.0

The table lists the most important risks to which the Alm. Brand Group is exposed. The order of the risk factors is not an indication of the size or importance of each risk factor.

## GENERAL

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU. The parent company financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the Executive Order on Financial Reporting for insurance companies and multi-employer occupational pension funds. In addition, the consolidated financial statements have been presented in accordance with additional Danish disclosure requirements for listed financial enterprises.

Additional Danish disclosure requirements for financial statements are for the group set out in the Danish Statutory Order on Adoption of IFRS for financial enterprises issued pursuant to the Danish Financial Business Act and by NASDAQ Copenhagen A/S. For the parent company, the disclosure requirements are defined in the Danish Financial Business Act and by NASDAQ Copenhagen A/S.

The annual financial statements are presented in Danish kroner (DKK), which is considered the primary currency of the group's activities and the functional currency of the parent company. All other currencies are deemed to be foreign currencies. Assets and liabilities denominated in foreign currency are recognised at the rates of exchange prevailing at the balance sheet date. Income and expenses denominated in foreign currency are recognised at the rates of exchange prevailing at the transaction date. Exchange gains and losses are recognised in the income statement.

The accounting policies applied in the consolidated financial statements are described in the following. The

accounting policies of the parent company are described as part of the parent company's financial statements.

## Group structure

On 1 October 2020, Alm. Brand A/S entered into an agreement to sell Alm. Brand Bank A/S to Sydbank A/S, which sale was completed on 30 November 2020. The sale was completed at 95% of the net asset value. In connection with the sale of Alm. Brand Bank A/S, the bank's debt collection and mortgage deed portfolio was sold to the newly established company Alm. Brand PIA A/S.

For accounting purposes, this meant that the financial results of Alm. Brand Bank A/S for 2020 were presented under discontinued activities in the financial statements for 2020 and that comparative figures in the income statement were restated. When the sale was completed on 30 November 2020, the assets and liabilities of Alm. Brand Bank were not fully reflected in the consolidated financial statements for 2020, and comparative figures in respect of the balance sheet for 2019 were not restated.

On 1 October 2021, Alm Brand A/S entered into an agreement to sell Alm. Brand Liv og Pension A/S to Nordic I&P at a price of DKK 1.1 billion. For accounting purposes, this means that the financial results of Alm. Brand Liv og Pension for 2021 will be presented under discontinued activities and that comparative figures for 2020 will be restated. As the sale had not yet been completed at 31 December 2021, the assets and liabilities of Alm. Brand Liv og Pension A/S were recognised as single line items in assets and liabilities without restatement of comparative figures for 2020.

The change in the group structure due to the sale of the bank and the life insurance company will also result in changes to the group's segment reporting. Previously, the segments were broken down on Non-life Insurance, Life Insurance, Banking and Other activities, but seeing as the group is now purely a non-life insurance company, the segment reporting is now broken down on the segments Private, Commercial and Other activities. Comparative figures for 2020 have been restated to reflect the new segment reporting.

## Future group structure

In the summer of 2021, Alm Brand A/S entered into a binding agreement with Tryg A/S and Intact Financial Corporation to acquire Codan's Danish business. In connection with the acquisition of Codan, Alm. Brand completed a capital increase, in which 1,387,026,000 new shares were sold at a subscription price of DKK 7.55 per share, generating total proceeds of DKK 10.5 billion. The two new companies in the group will be sister companies of Alm. Brand Forsikring A/S.

## Changed format

The format of Alm. Brand A/S's consolidated financial statements has been changed from a simplified income statement and balance sheet to an insurance format. The presentation of the consolidated financial statements was changed in order to provide the reader of the financial statements with a better overview of the group's financial results, assets and liabilities and financial position. After the sale of Alm. Brand Liv og Pension A/S, the Alm. Brand Group has become a pure non-life insurance group, and the format has been changed accordingly.

Comparative figures for 2020 have also been restated to reflect the new format.

## NOTE 41 ACCOUNTING POLICIES – CONTINUED

The changed presentation of the income statement and the balance sheet has no impact on assets and liabilities, profit or shareholders' equity, and it also has no impact on recognition and measurement. The changed format is further explained in note 38 to the financial statements, which contains an overview of the new and former formats.

Other than as set out above, the accounting policies are consistent with those applied in the annual report for 2020.

### STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

At the date of publication of these financial statements, a number of new or amended standards have not yet entered into force and/or been adopted for use in the EU and are therefore not included in these financial statements. Alm. Brand does not expect to implement the new accounting standards and interpretations until they become mandatory. Except for the ones set out below, none of the new standards or interpretations are expected to have a significant impact on the financial reporting of the group.

#### IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17, Insurance contracts. IFRS 17 replaces IFRS 4, Insurance contracts. The new IFRS standard will have a significant impact on the measurement, presentation and information concerning insurance contracts. The commencement date has now been finally scheduled for 1 January 2023. The effects of the new standard will be analysed and assessed over the coming year.

### IMPLEMENTATION OF NEW FINANCIAL REPORTING RULES

Alm. Brand has implemented amending executive order no. 1592 of 9 November 2020 related to claims prevention costs, among other things. The implementation has had no impact on recognition or measurement or otherwise affected the group's financial position. The amending executive order stipulates that amounts paid in respect of insurance claims during the financial year must be stated in the line item 'Claims paid'. The amount must include internal and external costs to combat and contain claims incurred and other direct and indirect costs associated with the processing of claims incurred as well as internal and external costs to combat and contain expected future claims reported on existing insurance contracts. If gross claims expenses comprise costs to combat and contain future claims reported on existing contracts, this must be disclosed in the notes broken down on relevant insurance classes.

### BASIS OF COMBINATION

The consolidated financial statements comprise the parent company and subsidiaries in which the parent company holds the majority of the voting rights or otherwise holds a controlling interest. Companies in which the group holds between 20% and 50% of the voting rights or otherwise exercises a significant but not a controlling influence are considered associates.

The consolidated financial statements have been prepared by consolidating items of a uniform nature in the income statements and balance sheets of each company. Inter-company income, expenses, intra-group accounts, shareholdings and gains and losses on transactions between the consolidated enterprises are eliminated.

Properties owned by subsidiaries and used by the group are reclassified from investment property to owner-occupied property.

The financial statements of subsidiary undertakings that present annual reports under other jurisdictions have been restated to the accounting policies applied by the group.

In the preparation of the consolidated financial statements, accounting items of subsidiaries are fully recognised, regardless of the percentage of ownership. The proportionate shares of the results and equity of subsidiary undertakings attributable to minority interests are recognised as separate items in the income statement and the balance sheet. Intra-group services are settled on market terms or on a cost recovery basis. Intra-group financial statements carry interest on market terms. Intra-group transactions in securities and other assets are settled at market prices.

### General recognition and measurement policies

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to the financial year. Value adjustments of financial assets and liabilities are recorded in the income statement unless otherwise described in the accounting policies. Amounts recognised in other comprehensive income are adjusted for the tax effect.

Assets are recognised in the balance sheet when, due to a previous event, it is probable that future economic benefits will flow to the group and the value of the asset can be reliably measured. Liabilities are recognised in the balance sheet when, due to a previous event, it is probable that future economic benefits will flow from the group and the value of the liability can be reliably measured.

## NOTE 41 ACCOUNTING POLICIES – CONTINUED

Otherwise, assets and liabilities are recognised and measured as described for each individual item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report and which confirm or invalidate conditions existing at the balance sheet date.

Financial instruments are measured at fair value on initial recognition at the settlement date. Changes to the value of the asset acquired or sold during the period from the transaction date to the settlement date are included as derivative financial instruments. If the acquired item is measured at cost or amortised cost after initial recognition, any value changes during the period from the transaction date to the settlement date are not recognised.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus the accumulated amortisation of any difference between cost and the nominal amount. This method allocates capital gains and losses over the term to maturity.

Financial assets and liabilities are classified on the basis of the business model and the contractual cash flows related to the financial assets and liabilities.

Financial assets are measured subsequent to initial recognition at amortised cost if they are held in order to collect the contractual cash flows and if the contractual cash flows are solely payments of interest and principal on the principal amount outstanding.

Financial assets are generally measured according to the time of initial recognition at fair value through other comprehensive income if the financial assets are held in a mixed business model in which some financial assets are held to collect the contractual cash flows and other financial assets are sold and if the contractual cash flows are solely payments of interest and principal on the principal amount outstanding. However, the relevant financial assets form part of a risk management system and an investment strategy based on fair values and on that basis form part of Alm. Brand's internal management reporting. Against this background, Alm. Brand assesses that the financial assets do not satisfy the criteria of a business model relating to the measurement categories amortised cost and fair value through other comprehensive income. The relevant financial assets are instead measured at fair value through profit or loss.

If financial assets do not satisfy the above-mentioned business model criteria or if the contractual cash flows are not solely payments of interest and principal on the principal amount outstanding, the financial assets will subsequent to initial recognition be measured at fair value through profit or loss.

Below is a description of the accounting policies applied to financial assets and liabilities as well as other items.

### Tax

All companies in the group are jointly taxed.

Tax includes tax for the year, comprising income tax payable for the year, movements in deferred tax and prior-year adjustments. Changes in deferred tax resulting from changes in tax rates are also recognised in this item.

Current tax assets and liabilities are recognised in the balance sheet at the amount that can be calculated on the basis of the expected taxable income for the year adjusted for prior years' tax losses carried forward.

Deferred tax is recognised according to the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax regulations and tax rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax.

Deferred tax assets, including the tax base of tax losses carried forward, are measured at the amount at which they are expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities. At each balance sheet date, it is reassessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

## INCOME STATEMENT

### General

In accordance with the accrual basis of accounting, income and expenses concerning the financial year are recognised in the income statement irrespective of the time of payment. The accrual basis of accounting also forms the basis of recognition of technical results. In accounts broken down by line of business and on claims processing costs, insurance operating expenses (acquisition costs and administrative expenses) and administrative expenses related to investment activities, the allocation of non-directly attributable expenses is based on estimated time spent or estimated cost charge.

## Premium income

Gross premiums comprise premiums due relating to insurance policies and contracts.

Premium income, net of reinsurance, is the gross premiums for the year adjusted for movements in unearned premium provisions, profit margin and the part of the risk margin attributable to unearned premium provisions, and less reinsurers' share.

The part of the change in unearned premium provisions, profit margin and risk margin which is attributable to unwinding and changes in the discount rate applied is transferred to the investment result under the line item 'Return on and value adjustment of technical provisions'.

Premiums relating to Life Insurance comprise premiums due during the year and single premiums less labour market contribution.

## Claims expenses

Claims expenses include claims paid during the insurance year adjusted for movements in claims provisions corresponding to known and anticipated claims relating to the year. Also included is any change in the part of the risk margin attributable to claims provisions.

Amounts to cover expenses for surveying and assessment and other direct or indirect staff administration costs, etc. associated with claims processing are included in the item. In addition, the item includes run-off results regarding previous years.

The group's indirect costs relating to the processing of claims are distributed between claims expenses and

administrative expenses using allocation keys based on estimated resource application.

The part of the change in outstanding claims provisions and risk margin which can be attributed to changes in the discount rate applied after inflation is transferred to the line item 'Return on and value adjustment of technical provisions'.

Alm. Brand Forsikring A/S has entered into swap agreements to partially hedge provisions for workers' compensation against changes in the future wage index, assuming continued stable growth in the real value of claims paid. The value adjustment of these swaps is included in claims incurred.

Claims and benefits relating to life insurance comprise benefits due during the year, amounts paid for repurchases and bonus amounts paid in cash.

## Profit/loss from business ceded

For reinsurance contracts containing a combination of financial terms and traditional terms with transfer of risk, the risk premium is recognised on an accruals basis under premium income. The accrual is based on the value of the contracts at the end of the year. Realised losses relating to these contracts are included in claims after adjustment for movements in financial deposits.

Reinsurance premiums ceded and reinsurers' share received are accrued and recognised in the income statement according to the same principles as those applied for the corresponding items under the gross business.

Changes in ceded business attributable to discounting are transferred to technical interest, while changes attributable to changes in the discount rate applied are transferred to value adjustments.

## Insurance operating expenses

The part of the insurance operation expenses that can be ascribed to acquisition and renewal of the insurance portfolio is recognised under acquisition costs. Acquisition costs are generally charged to the income statement when the insurance takes effect.

Administrative expenses comprise expenses related to managing the company's activities. Administrative expenses are accrued to match the financial year.

Operating expenses relating to owner-occupied properties are recognised in the consolidated income statement under administrative expenses. Rent concerning the company's owner-occupied properties is not recognised in the consolidated income statement, but the expense is included in the individual segment financial statements.

## Investment return

Interest income and dividends, etc. includes dividends received and interest earned during the financial year.

The item also includes interest-like fees and commissions that are an integral part of the effective rate of interest on financial assets measured at amortised cost.

Value adjustments comprise all realised and unrealised gains and losses on investment assets, including loans secured by mortgages, except for value adjustment of group enterprises. Brokerage and commission relating to

## NOTE 41 ACCOUNTING POLICIES – CONTINUED

the purchase and sale of securities are recognised under market value adjustments.

Interest expenses comprises interest and interest-like expenses concerning debt and liabilities.

Other income under investment return comprises income derived from activities that cannot be attributed to the group's principal activities.

In connection with investment activities, the item administrative expenses comprises amounts associated with the management of investment assets.

Return on and value adjustment of technical provisions comprises the part of the change in unearned premium provisions and outstanding claims provisions and profit margin and risk margin which is attributable to unwinding and changes in the discount rate applied.

### Tax on pension investment returns

Tax on pension investment returns includes the tax levied on returns relating to the group's life insurance activities, regardless of whether the tax is payable now or at a later date.

### Other income and expenses

Income related to activities which cannot be attributed to the group's insurance portfolio or investment assets is recognised under other income or other expenses.

### Presentation of discontinued activities and assets and liabilities held for sale

Discontinued activities form a substantial part of a business if activities and cash flows can be clearly distinguished, operationally and for financial reporting purposes,

from the rest of the entity and if the entity has either been divested or separated out as held for sale and such sale pursuant to a formal plan is expected to take place within 12 months. Discontinued activities comprises the profit of Alm. Brand Liv og Pension for both 2020 and 2021, while the sale of Alm. Brand Bank is included for 2020.

Profit on discontinued activities after tax is presented in a separate line item in the income statement with restatement of comparative figures. Information about income, expenses, value adjustments and tax on the discontinued activity is disclosed in the notes.

Assets held for sale comprise non-current assets and disposal groups held for sale. A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Liabilities regarding assets held for sale are liabilities directly associated with those assets that will be transferred in the transaction. Assets are classified as 'held for sale' if their carrying amount will be recovered principally through a sale transaction within 12 months in accordance with a formal plan rather than through continued use.

Assets held for sale are measured at the lower of the carrying amount at the date when the assets were classified as held for sale and fair value less costs to sell. Assets are not depreciated or amortised as from the date they are classified as 'held for sale'. Assets held for sale are recognised at the carrying amount as the lowest amount at the time of calculation.

Impairment losses from the initial classification of the non-current assets as 'held for sale' as well as gains and losses from subsequent measurement of the lower of the carrying amount and the fair value less costs to sell are

recognised in the income statement in the items to which they relate. Gains and losses are disclosed in the notes.

Assets and related liabilities are recognised separately in the balance sheet, and the main items are specified in the notes. Comparative figures in the balance sheet are not restated.

Cash flows from operating, investing and financing activities of discontinued activities are presented in a separate line item in the cash flow statement.

## BALANCE SHEET

### ASSETS

#### Intangible assets

Intangible assets are measured at the lower of cost less accumulated amortisation and impairment and the recoverable amount. Intangible assets are amortised on a straight-line basis over an expected useful life not exceeding five years.

In determining cost, all costs that are directly attributable to development and that will probably generate economic benefits for the group are recognised. All other costs are expensed as incurred. Amortisation and impairment are recognised as administrative expenses.

#### Furniture and equipment, computers, cars, etc.

Operating equipment is measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the estimated useful life of the assets taking into account the expected residual value. The expected useful lives are assessed to be:

Furniture and equipment 3-5 years  
IT equipment 3-5 years

## NOTE 41 ACCOUNTING POLICIES – CONTINUED

Cost comprises acquisition cost and directly attributable costs.

Leasehold improvements are capitalised and amortised over their estimated useful lives, taking into account the expected residual value.

### Leases

A lease asset and a lease liability are recognised in the balance sheet when, under a lease, a specifically identifiable asset is made available for Alm. Brand's use for the lease term and when Alm. Brand obtains substantially all of the economic benefits from use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of future lease payments. Lease payments are discounted at the interest rate implicit in the lease. If such interest rate is not available, the payments are discounted using Alm. Brand's alternative borrowing rate.

Alm. Brand recognises a right of use or similar liability for all leases. If the group is the lessee, however, short-term leases (12 months or less) or leases of low-value assets are not included. Alm. Brand has chosen not to recognise leases relating to intangible assets, including licences, etc.

The lease liability is remeasured when there is a change in the underlying contractual cash flows or if Alm. Brand changes its assessment of whether it is reasonably certain that a purchase option, an extension option or a termination option will be exercised.

Upon commencement or reassessment of a contract containing lease components, a right of use (ROU asset) and

a lease liability are recognised. ROU assets are measured at initial cost, comprising the initial amount of the lease liability adjusted for:

- lease payments made at or prior to commencement;
- any direct costs;
- lease incentives received;
- estimated term of the contract.

On subsequent recognition, the asset is measured at cost less any accumulated depreciation and impairment. The lease asset is depreciated over the shorter of the lease term and the useful life of the lease asset. Depreciation is recognised in the income statement on a straight-line basis.

The lease asset is adjusted for changes in the lease liability resulting from changes in the lease terms or changes in the contractual cash flows.

ROU assets are tested for impairment in the event of changes to the contractual basis etc. ROU assets are presented in the notes under 'leased cars' and 'leased properties'.

Leased cars only consists of car leases with a term of 3-4 years. Monthly payments are fixed, and there is no option to purchase the assets after expiry of the term.

Leased properties consist of leases for office premises used by the Alm. Brand Group. The term of these leases is 1-15 years with annual rent adjustment. Alm. Brand has no leases with variable payments based on achieved sales or the like.

Other leases are recognised in the income statement as and when payments fall due.

### Land and buildings

Land and buildings owned by the group are classified as either investment properties or owner-occupied properties. Owner-occupied properties comprise properties which Alm. Brand generally uses for administrative purposes. Other properties are classified as investment properties.

The fair value of land and buildings is assessed on an annual basis. An external appraiser may be engaged where necessary.

### Owner-occupied properties

Owner-occupied properties are measured at a revalued amount corresponding to the fair value at the revaluation date less accumulated depreciation and value adjustments. The fair value is calculated on the basis of the Danish Financial Supervisory Authority's guidelines on the yield method, which involves the measurement of each individual property on the basis of an expected normal operating budget and a rate of return. The calculated value is adjusted for short-term circumstances which change the earnings of the property. The adjusted calculated value corresponds to the fair value.

Owner-occupied properties are depreciated on a straight-line basis over the expected useful life of the properties, which is estimated to be 60 years. Depreciation is calculated with due consideration to the expected residual value and is recognised in the income statement under administrative expenses.

Revaluations adjusted for deferred tax, including properties classified as owner-occupied properties, are made through



## NOTE 41 ACCOUNTING POLICIES – CONTINUED

other comprehensive income and tied in revaluation reserves. If a revaluation can no longer be maintained, it is reversed. Writedowns that do not offset previous revaluations are made in the income statement.

The part of the revaluations that can be attributed to insurance contracts with bonus entitlement is subsequently transferred to collective bonus potential in accordance with the contribution rules filed.

### *Investment properties*

Investment properties are measured at a fair value calculated in accordance with the guidelines issued by the Danish Financial Supervisory Authority. The fair value is calculated on the basis of the yield method, which involves a valuation of each individual property on the basis of an expected normal operating budget and a rate of return. The calculated value is adjusted for short-term circumstances which change the earnings of the property. The adjusted calculated value corresponds to the fair value.

Adjustments of the value of investment properties are recognised in the income statement in the financial year when the change occurred.

### *Yield method*

The operating budget recognises rental income from full letting, as any rent for vacant premises or other lack of rental income is offset against the estimated value. Accordingly, the operating budget recognises normal maintenance of the property. Any major anticipated renovation work, restoration work or repair is offset against the estimated value.

The rate of return is determined based on current market conditions for the type of property taking into account the state of repair, location, use, leases, etc.

### **Investment assets**

Investment assets comprise financial assets measured at fair value. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this at every reporting date.

Investment assets are measured at fair value on initial and subsequent recognition. The determination of fair value and the classification of value adjustments of financial instruments in the financial statements depend on whether the fair value can be reliably measured. Generally, the group's financial instruments form part of the trading book, however, not unlisted shares and parts of the portfolio of mortgage deeds designated at fair value.

Listed financial assets are measured at fair value based on the closing price at the balance sheet date, or, in the absence of a closing price, another public price deemed to be most similar thereto.

Bonds at amortised cost comprise listed bonds intended to be held to maturity and to generate the contractual payments over the period. Bonds at amortised cost are measured at fair value plus transaction costs on initial recognition. The bonds are subsequently measured at amortised cost.

For the majority of the unlisted shares, it is assessed that the fair values can be measured sufficiently reliably using recognised valuation methods. These assets are on this basis measured at fair value, and value adjustments are taken to the income statement. For unlisted assets that are managed by external fund managers, these calculate an estimated market value based on the estimated present value of expected future cash flows.

The measurement of financial instruments at fair value is consistent with the group's internal risk management, which is based on market exposure of assets and liabilities subject to risk.

Financial assets are recognised or derecognised at the settlement date.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through income are included in the income statement in the period in which they arise.

Securities sold under agreements to repurchase at a later date (repo transactions) remain in the balance sheet. Amounts received are included as amounts owed to the purchaser and are subject to interest at the agreed rate. Measurement of securities is unchanged, and both value adjustments and interest etc. are recognised in the income statement. Securities purchased under agreements to resell at a later date (reverse transactions) are not recognised in the balance sheet. Amounts paid are recognised as a receivable and are subject to interest at the agreed rate.

### *Derivative financial instruments*

Derivatives are measured at fair value on initial recognition. Subsequently, derivatives are measured at fair value at the balance sheet date. Changes in fair value are recognised in the income statement as financial income or expenses.

### **Reinsurers' share from insurance contracts**

The reinsurers' share of the technical provisions is calculated as the amounts expected to be received from reinsurance companies under the applicable reinsurance contracts.

## NOTE 41 ACCOUNTING POLICIES – CONTINUED

The group regularly assesses its reinsurance assets for impairment. If there is a clear indication of impairment, the carrying amount of the asset is written down.

### Other loans, advances and receivables

Other loans and advances and other receivables are measured at amortised cost. On initial recognition, the portfolio is measured at fair value plus transaction costs less fees and commissions received that are directly related to the acquisition or issue of the financial instrument. On subsequent recognition, such loans, advances and other receivables will be adjusted to amortised cost on a current basis.

An ongoing evaluation takes place to detect any objective evidence of impairment of the company's loans, advances and other receivables determined at amortised cost. If there is any objective evidence of impairment, the need to write down the loan, advance or receivable is assessed.

### Other receivables

Other receivables include assets comprised by IFRS 16 Leases. The item also comprises positive fair value of spot transactions and derivative financial instruments.

Forward transactions, futures, swaps, options and unsettled spot transactions are measured at fair value on initial and subsequent recognition. Positive and negative fair values of derivatives are recognised as 'Other assets' or 'Other liabilities', respectively. Changes in the fair value of derivatives are recognised in the income statement.

The loss option issued to cover credit losses on mortgage deeds in Alm. Brand Forsikring A/S is measured using the credit model, which is also used for the measurement of the group's other delinquent mortgage deeds.

### Cash in hand and balances at call

Cash in hand and balances at call are measured at fair value on initial recognition and subsequently at amortised cost, which largely corresponds to nominal value.

### Prepayments

Interest and rent receivable comprises interest and rent accrued during the year which become payable in the following financial year. Prepayments comprises expenses incurred prior to the balance sheet date but which relate to a subsequent accounting period.

## LIABILITIES AND EQUITY

### Contingency funds

The contingency funds can only be used for the benefit of policyholders. Contingency fund 2 is moreover subject to the restriction that it can only be used when permission has been obtained from the Danish Financial Supervisory Authority.

Deferred tax has been provided on the group's contingency funds.

### Dividend

Dividends are recognised as a liability in the financial statements at the time of adoption by the shareholders at the annual general meeting. Proposed dividends in respect of the financial year are stated as a separate line item in the notes relating to shareholders' equity.

### Treasury shares

Purchases and sales of treasury shares are recognised as a change in shareholders' equity under Other reserves.

### Employee shares

Alm. Brand has established an employee share scheme,

under which an employee may receive shares in Alm. Brand against a salary reduction. The value of the shares is recognised on an ongoing basis as staff costs in the income statement. The shares are granted on a quarterly basis.

### Subordinated debt

Subordinated debt comprises liabilities which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be settled until any other creditor claims have been honoured. Subordinated debt is recognised at fair value, equalling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortised cost using the effective interest method.

### Provisions for insurance contracts

All provisions are measured at their discounted value using a maturity-dependent discount rate including volatility adjustment for the duration in question. Alm. Brand uses a yield curve developed in-house according to the same principles and on the basis of data identical to the ones on which EIOPA's published discount rates is based.

### Unearned premium provisions

Unearned premium provisions comprises the amounts provided at the end of the year against claims not yet incurred in respect of insurance contracts entered into. The provisions are measured as the present value of the best estimate of future claims at the balance sheet date for the part of the risk period not yet run off, including all direct and indirect administrative and claims processing expenses. The premium provisions comprise all insurance contracts entered into and take into account all agreed premium rates, irrespective of whether they have fallen due for payment before the time of calculation. New-

## NOTE 41 ACCOUNTING POLICIES – CONTINUED

ly written insurance contracts are recognised when an agreement has been concluded, whereas renewed insurance contracts are recognised when there is one month or less until the renewed contract enters into force.

Unearned premium provisions relating to health and personal accident insurance are made up according to market value principles. They are calculated as the difference between the present value of the company's liabilities in respect of health and personal accident policies and the present value of the premiums to be paid by policyholders in the future using a best estimate of insurance risk and costs incurred in managing insurance and claims processing. The market value expectations include a risk margin in accordance with the Solvency II principles. The insurance period for health and personal accident insurances is calculated until the next renewal date of the insurance. Unearned premium provisions will, however, as a minimum correspond to an accrual of the premiums collected.

The provisions are calculated based on an assumption of a lower mortality and disability than in the company's calculation basis for new contracts. The reduction is estimated based on the company's historical claims ratios on mortality and disability, respectively, and costs relative to the assumptions in the calculation basis for new contracts. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

### *Profit margin*

Profit margin is the expected future earnings for the insurance contracts which the company has entered into at the end of the year. The profit margin is measured as the present value of the accrued profit on profit-making contracts.

Measurement of the profit margin comprises all insurance contracts entered into. Newly written insurance contracts in Alm. Brand Forsikring's portfolio will be recognised when an agreement has been concluded, whereas renewed insurance contracts are recognised when there is one month or less until the renewed contract enters into force. Both newly written insurance contracts and renewed insurance contracts in the Health and Personal Accident Insurance portfolio of Alm. Brand Liv og Pension are recognised as from the beginning of the risk period.

### *Risk margin*

The risk margin comprises the amount which the company is expected to have to pay to a third party to take over the risk that the realised future costs deviate from the estimated level stated under unearned premium and claims provisions at the end of the accounting period.

The risk margin is measured as the present value of the future cost of capital related to maintaining the solvency capital required for settlement of the company's current liabilities and risks.

The measurement is based on the company's solvency capital requirement and is consistent with the Solvency II principles, as the future solvency capital requirements are approximated by the current solvency capital requirement written down proportionally by the remaining share of the expected cash flow for the unearned premium and claims provisions. The calculation of the cost of capital is based on the Cost-of-Capital rate of 6% under Solvency II. The risk margin development tracks the development in the company's solvency capital requirement.

### *Life insurance provisions*

Life insurance provisions are measured at market value based on an expected cash flow discounted using Alm. Brand's approximation of the maturity-dependent yield curve including volatility adjustment published by EIOPA. The market value expectations include a risk margin in accordance with the Solvency II principles. The risk margin comprises the amount which the company is expected to have to pay to a third party to take over the risk. A profit margin is also calculated, which represents the value of the future profit which the company is expected to be able to recognise as income from its life insurance and pension business. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

The expected future insurance benefits are estimated based on projections of mortality, surrender of insurance policies and cessation of premiums (paid-up policies). These are estimated based on the company's historical claims ratios on mortality and disability, respectively, and actual costs relative to the assumptions in the calculation basis for new contracts and actual surrenders and premium cessations.

Life insurance provisions are divided into provisions for guaranteed benefits, individual bonus potential and collective bonus potential. Life insurance provisions are calculated at market value, based on individual calculations for each policy. Also, bonuses earned but not yet added to the individual policies are added to the provisions. For amounts exempt from tax on pension returns, a discount rate without deduction of tax on pension returns is used.

## NOTE 41 ACCOUNTING POLICIES – CONTINUED

The provisions are generally calculated based on an assumption of a lower mortality and disability than in the company's calculation basis for new contracts. The reduction is estimated on the basis of an empirical analysis of the company's insurance portfolio.

Provisions for the guaranteed benefits comprise obligations to pay benefits guaranteed to the policyholder. Provisions for guaranteed benefits are calculated as the difference between the present value of the benefits guaranteed by the insurance policy and the present value of the expected future insurance administration costs less the present value of the agreed future premiums. The provision includes an estimated amount in cover of future benefits resulting from already incurred claims and an estimated amount for claims incurred but not reported.

The individual bonus potential comprises obligations to pay a bonus in relation to both expected not yet due premiums and premiums already due. The bonus potential is calculated as the value of policyholders' savings less provisions for guaranteed benefits, including expectations in relation to surrenders and paid-up policies. Whether the bonus potential is to be strengthened is determined individually for each policy.

### *Outstanding claims provisions*

Outstanding claims provisions comprises the amounts provided at the end of the year against claims reported but not settled and against payment of claims incurred but not reported. The provisions are measured as the present value of the best estimate of these claims expenses at the balance sheet date. They are generally determined using statistical methods based on the aggregate historical development in payments and case reserves.

The statistical methods are supplemented by best estimates of claims processors and claims assessors in the event of major claims. For workers' compensation, a separate model has been introduced which is mainly based on rulings and case officer assessments of individual claims. Moreover, provisions are made to cover expected delayed reporting of claims incurred and expected future reopening of claims. In addition to the statistical methods, an assessment is included of other factors affecting the necessary level of outstanding claims provisions, such as changes in legal practice, internal processes, inflation and singular, extreme claims.

The outstanding claims provisions also include amounts to cover direct and indirect costs which are reasonably considered to be adequate in relation to settling the claims obligations. The estimate of the provision is based on the direct and indirect costs incurred during a normal claims year on the establishment of new claims and the processing and settlement of old claims. Included in the calculations is the ratio of claims paid and the outstanding claims provisions at year end, including claims incurred but not reported.

The cash flow regarding payment of provisions is estimated for all lines and discounted using Alm. Brand's approximation of the maturity-dependent yield curve including volatility adjustment published by EIOPA.

For all lines except workers' compensation, the future inflation rate is estimated and recognised implicitly in the provisioning models. The future inflation rate forecast used in the calculation of provisions in relation to workers' compensation is calculated explicitly and consists of an inflation element and a real wage element.

Several assumptions and estimates underlying the calculation of the provisions for claims are mutually dependent. However, the most important interdependence is that between the assumption regarding inflation and interest rates, although the effect of changes in the inflation rate assumption will not affect the calculation of the outstanding claims provisions as effectively as changes to the discount rate.

Provisions for claims relating to health and personal accident insurance are calculated at the present value of expected future payments. The outstanding claims provisions regarding health and personal accident insurance also include amounts to cover direct and indirect costs which are reasonably considered to be adequate in relation to settling the claims obligations. For reported claims, an individual assessment is made of the date of payment. The costs are estimated on the basis of the average duration of established claims payments and an assessment of the annual costs incurred in processing claims. The provisions for current disablement benefits are determined individually, and an assessment of the duration of the benefits is made for each policy. The provision calculated is increased by a risk margin in accordance with the Solvency II principles.

### *Liability adequacy test*

The outstanding claims provisions are calculated according to actuarial methods and with a view to avoiding run-off losses as well as run-off gains. At the calculation date, the provisions thus represent the best estimate of future claims for the current and previous claims years. The outstanding claims provisions are calculated on a monthly basis, and the level is therefore assessed to be adequate at all times.

## NOTE 41 ACCOUNTING POLICIES – CONTINUED

The provision will be discounted if such discounting has a material impact on the size of the liability.

### Provisions

Provisions for pensions and similar obligations comprise jubilee benefits etc. to employees, notwithstanding that the future benefit is subject to the individual being employed by the company at the time of payment of the benefit. The value of the future benefits is recognised as the present value of the benefits expected to be paid based on a best estimate.

Current costs in respect of pensions etc. for the group's employees are treated as defined contribution plans. For defined contribution plans, the group pays fixed contributions and has no obligation to pay any further contributions. The obligations are fully funded.

### Other creditors

On initial recognition, other financial liabilities are measured at fair value less transaction costs. The liabilities are subsequently measured at amortised cost.

Deposits with ceding companies comprise amounts received which are kept to cover the insurance liabilities of other insurance companies towards the group's reinsurance companies.

Deposits for financial reinsurance comprise premiums received less deductions for claims paid equivalent to the company's liabilities pursuant to contracts made.

### Leases

On initial recognition, lease liabilities are measured at the present value of the lease payments. For discounting, the rate implicit in the lease is used, if such rate can be

readily determined. Alternatively, the borrowing rate on the company's overdraft facility at the time of conclusion of the contract is used.

Subsequently, the liability is measured at amortised cost applying the effective interest method and recognised in 'Other creditors'. Remeasurement is effected in the event of a change in the lease payments.

### Payables to credit institutions and central banks

Payables to credit institutions and central banks are measured at amortised cost and comprise, among other things, obligations in connection with genuine sale and repurchase transactions with counterparties which are credit institutions or central banks and receivable margins in connection with futures and option transactions if the customer is a credit institution.

### SEGMENT INFORMATION

After the sale of both Alm. Brand Bank A/S and Alm. Brand Liv og Pension A/S, the presentation of the business segments has been changed. Previously, the business segments were defined as Non-life Insurance, Life Insurance, Banking and Other activities. In connection with the sale of Alm. Brand Liv og Pension, the group's primary segments are defined based on its non-life insurance activities.

The group's segments are thus presented as Private, Commercial and Other activities. No geographical segment information is provided as the group's activities are predominantly focused on the Danish market. The comparative figures for 2020 have been restated to reflect the new segment breakdown.

Private comprises the group's sales of insurances to private households through its own sales channels. Commercial comprises the group's sales to agricultural and commercial customers through own sales channels and partnerships. The management reporting related to Private and Commercial consists exclusively of reporting of the technical result.

Other activities comprise corporate functions consolidated in Alm. Brand A/S and the operation of a debt collection and mortgage deed portfolio taken over from Alm. Brand Bank. Other activities also comprise the company Præmieservice.

### CASH FLOW STATEMENT

The cash flow statement is presented using the direct method and shows cash flows from operating, investing and financing activities as well as the group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities include the items of the income statement adjusted for operating items of a non-cash nature. Realised gains and losses on the sale of tangible assets or investment assets are included in cash flows from investing activities.

Cash flows from investing activities include changes in intra-group accounts and net additions of investment assets, including realised gains and losses on the sale of such assets.

Cash flows from financing activities include financing from shareholders as well as by raising of short-term and long-term loans.

## NOTE 41 ACCOUNTING POLICIES – CONTINUED

Cash flows from Alm. Brand Liv og Pension A/S are presented as discontinued activities in the main items operating activities, investment activities and changes in financing.

Cash and cash equivalents comprise cash and demand deposits.

### DISCLAIMER AND ESEF DATA

The forecast is based on the interest rate and price levels prevailing at the beginning of February 2022. All other forward-looking statements are based exclusively on the information available when this report was released. This announcement contains forward-looking statements regarding the company's expectations for future financial developments and results and other statements which are not historical facts.

Such forward-looking statements are based on various assumptions and expectations which reflect the company's current views and assumptions, but which are inherently subject to significant risks and uncertainties, including matters beyond the company's control.

Actual and future results and developments may differ materially from those contained or assumed in such statements. Matters which may affect the future development and results of the group as well as of the individual business areas include changes in economic conditions in the financial markets, legislative changes, changes in the competitive environment, in the reinsurance market and in the property market, unforeseen events, such as extreme weather conditions or terrorist attacks, bad debts, major changes in the claims experience, unexpected outcomes of legal proceedings, etc.

The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information contained in this report should independently consider any uncertainties of significance to their decision.

This annual report has been translated from Danish into English. In the event of any discrepancy between the Danish-language version and the English-language version, the Danish-language version shall prevail.

### ESEF DATA

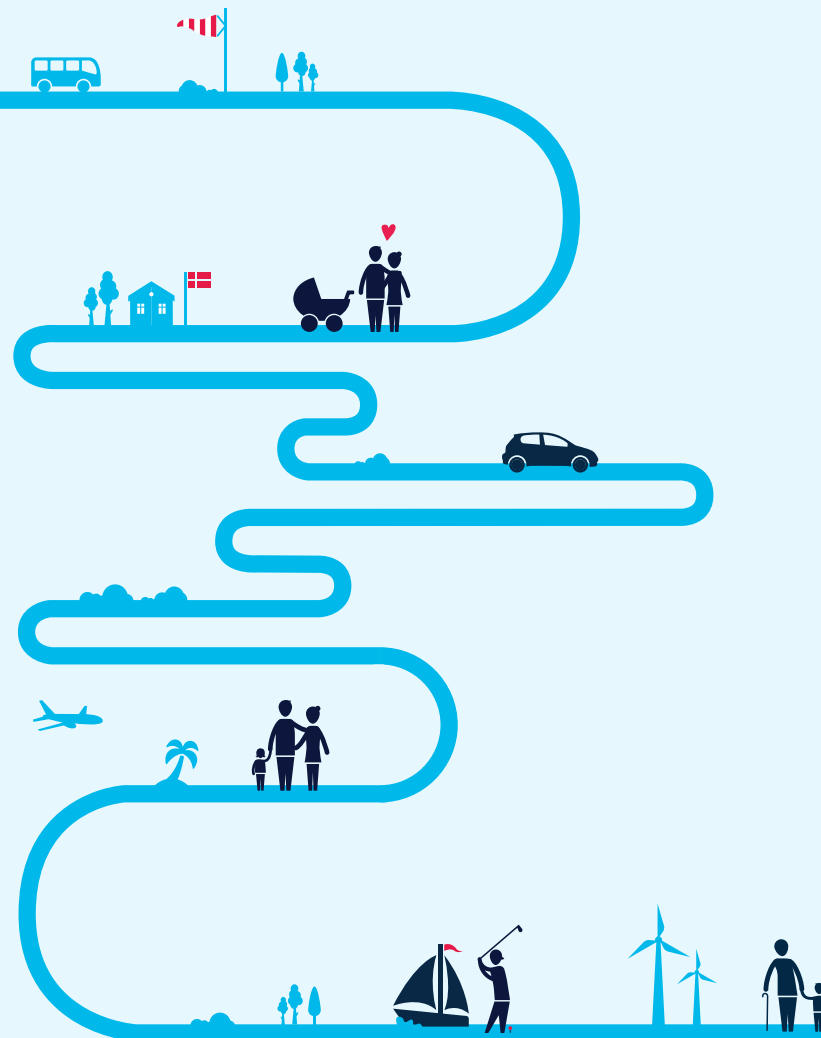
<b>Country of incorporation</b>	Denmark
<b>Description of the nature of the company's operations and main activity</b>	The Company's objects are to hold – directly or indirectly – participating interests in insurance companies and financial companies and other companies.
<b>Country of domicile</b>	Denmark
<b>Geographical location of business areas</b>	Denmark
<b>Corporate form</b>	Public limited company (aktieselskab)
<b>Company name</b>	Alm. Brand A/S
<b>Address of registered office</b>	Midtermolen 7, 2100 Copenhagen Ø, Denmark

# Financial statements

## *Parent company*

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# Income and comprehensive income statement

DKK <b>m</b>	Note	Parent company	
		2021	2020
<b>Income statement</b>			
Income from group enterprises	1	719	666
Interest income and dividends, etc.	2	6	7
Interest expenses	3	-9	-8
Value adjustments	4	-47	-13
Administrative expenses related to investment activities	5	-177	-148
<b>Total return on investments</b>		<b>492</b>	<b>504</b>
<b>Profit/loss before tax, continuing activities</b>			
Tax, continuing activities	6	14	34
<b>Profit/loss after tax, continuing activities</b>		<b>506</b>	<b>538</b>
Profit/loss after tax, discontinuing activities		92	80
<b>Profit/loss after tax</b>		<b>598</b>	<b>618</b>
<b>Proposed allocation of profit/loss for the year:</b>			
Proposed dividend		462	1,079
Retained earnings		136	-461
<b>Profit/loss for the year</b>		<b>598</b>	<b>618</b>
<b>Comprehensive income</b>			
Profit/loss for the year		598	618
<b>Total comprehensive income</b>		<b>598</b>	<b>618</b>
<b>Proposed allocation:</b>			
Proposed dividend		462	1,079
Retained earnings		136	-461
<b>Total comprehensive income</b>		<b>598</b>	<b>618</b>

# Balance sheet as at 31 December

				Parent company			
DKKm	Note	2021	2020		Note	2021	2020
<b>Assets</b>				<b>Liabilities and equity</b>			
<b>Tangible assets</b>	<b>7</b>	<b>791</b>	<b>550</b>	Share capital		1,541	1,541
Investment in group enterprises	8	1,506	3,964	Other provisions		0	1,215
Loans to group enterprises		400	0	Proposed dividend		462	2,310
<b>Total investments in group enterprises</b>		<b>1,906</b>	<b>3,964</b>	Retained earnings		11,703	101
Equity investments		978	30	<b>Total shareholders' equity</b>	12	<b>13,706</b>	<b>5,167</b>
Bonds		11,798	1,600	Subordinated debt		1,295	250
Other loans and advances		2	2	<b>Total subordinated debt</b>	13	<b>1,295</b>	<b>250</b>
Cash in hand and balances at call	9	27	38	Deferred tax liabilities	14	38	18
<b>Total other financial investment assets</b>		<b>12,805</b>	<b>1,670</b>	<b>Total provisions</b>		<b>38</b>	<b>18</b>
<b>Total investment assets</b>		<b>14,711</b>	<b>5,634</b>	Payables to group enterprises		38	1
Assets held for sale		554	0	Issued bonds		150	152
Receiveables from group enterprises		0	3	Other payables		945	669
Other receivables	10	47	49	<b>Total payables</b>		<b>1,133</b>	<b>822</b>
<b>Total receivables</b>		<b>601</b>	<b>52</b>	<b>Accruals and deferred income</b>		<b>4</b>	<b>0</b>
Current tax assets	11	35	15	<b>Total liabilities and equity</b>		<b>16,176</b>	<b>6,257</b>
<b>Total other assets</b>		<b>35</b>	<b>15</b>	Contingent liabilities,			
Interest receivable		34	6	guarantees and lease agreements	15		
Miscellaneous prepayments		4	0	Staff costs	16		
<b>Total prepayments and accrued income</b>		<b>38</b>	<b>6</b>	Auditors' fees	17		
<b>Total assets</b>		<b>16,176</b>	<b>6,257</b>	Related parties	18		
				Accounting policies	19		

# Statement of changes in equity

DKK m	Share capital	Other provisions	Retained earnings	Proposed dividend	Shareholders' equity
<b>Shareholders' equity at 1 January 2020</b>	<b>1,577</b>	<b>1,215</b>	<b>1,324</b>	<b>460</b>	<b>4,576</b>
<b>Changes in shareholders' equity 2020:</b>					
Profit/loss for the year			618		618
Comprehensive income			618		618
Cancellation of treasury shares	-36		36		0
Proposed dividend			-1,079	1,079	0
Cancellation of proposed dividend			460	-460	0
Capital movements in subsidiaries			3		3
Share option scheme, exercise			11		11
Purchase and sale of treasury shares			-41		-41
<b>Changes in shareholders' equity</b>	<b>-36</b>	<b>0</b>	<b>8</b>	<b>619</b>	<b>591</b>
<b>Shareholders' equity at 31 December 2020</b>	<b>1,541</b>	<b>1,215</b>	<b>1,332</b>	<b>1,079</b>	<b>5,167</b>
<b>Shareholders' equity at 1 January 2021</b>	<b>1,541</b>	<b>1,215</b>	<b>1,332</b>	<b>1,079</b>	<b>5,167</b>
<b>Changes in shareholders' equity 2021:</b>					
Profit/loss for the year			598		598
Comprehensive income			598		598
Reduction of capital	-1,387	-1,215	2,602		0
Issue of new shares pr. 2. december 2021	1,387		9,085		10,472
Cost related to the issue of new shares			-231		-231
Proposed dividend			-462	462	0
Dividende distributed			-1,229	-1,079	-2,308
Purchase and sale of treasury shares			8		8
<b>Changes in shareholders' equity</b>	<b>0</b>	<b>-1,215</b>	<b>10,371</b>	<b>-617</b>	<b>8,539</b>
<b>Shareholders' equity at 31 December 2021</b>	<b>1,541</b>	<b>0</b>	<b>11,703</b>	<b>462</b>	<b>13,706</b>

Issue of 1.387.026.000 new shares of nominal DKK 1 at a price of DKK 7,55. The net proceeds were DKK 10.241m.

# Notes

DKKm	2021	2020
<b>Note 1 Income from group enterprises</b>		
Alm. Brand PIA A/S	43	3
Alm. Brand Forsikring A/S	676	663
<b>Total income from group enterprises</b>	<b>719</b>	<b>666</b>
<i>The results are recognised in the following items:</i>		
Income from group enterprises	719	666
Total income from group enterprises	719	666
<b>Note 2 Interest income and dividends, etc.</b>		
Bonds	5	1
Other interest income	1	6
<b>Total interest income and dividends, etc.</b>	<b>6</b>	<b>7</b>
<b>Note 3 Interest expenses</b>		
Interest expenses, group enterprises	-3	-6
Other interest expenses	-6	-2
<b>Total interest expenses</b>	<b>-9</b>	<b>-8</b>
<b>Note 4 Value adjustments</b>		
Bonds	-14	-4
Equity investments	-27	-9
Other investments	-6	0
<b>Total value adjustments</b>	<b>-47</b>	<b>-13</b>
<b>Note 5 Administrative expenses related to investment activities</b>		
Cost, group enterprises	0	-1
Other costs	-177	-147
<b>Total administrative expenses related to investment activities</b>	<b>-177</b>	<b>-148</b>

	2021	2020
<b>Note 6 Tax, continuing activities</b>		
Estimated tax on profit/loss for the year	35	15
Adjustment of deferred tax	-21	19
<b>Total tax</b>	<b>14</b>	<b>34</b>
<i>Tax for the year consists of:</i>		
Tax on accounting profit	49	36
Non-deductible expenses and non-taxable income	-35	-2
Total tax	14	34
Effective tax rate	2.8%	6.7%
<b>Note 7 Tangible assets</b>		
Cost, beginning of year	692	0
Additions during the year	711	714
Disposals during the year	-464	-22
Cost, year-end	939	692
Accumulated depreciation and impairment, beginning of year	-142	0
Depreciation for the year	-108	-145
Depreciation on disposals	102	3
Accumulated depreciation and impairment, year-end	-148	-142
<b>Tangible assets, year-end</b>	<b>791</b>	<b>550</b>

# Notes

DKKm	2021	2020
<b>Note 8 Investment in group enterprises</b>		
Cost, beginning of year	3,439	8,941
Additions during the year	0	140
Disposals	0	-5,642
Assets held for sale	-989	0
Cost, year-end	2,450	3,439
Revaluation and impairment, beginning of year	525	-3,993
Dividend received	-2,715	0
Profit/loss for the year	811	851
Reversal of impairment, cessation	0	3,663
Assets held for sale	435	0
Revaluation and impairment of treasury shares in subsidiaries	0	4
Revaluation and impairment, year-end	-944	525
<b>Investment in group enterprises, year-end</b>	<b>1,506</b>	<b>3,964</b>
Specification of carrying amount:		
Alm. Brand PIA A/S		
(DKK 400 thousand nominal value wholly owned )	186	143
Alm. Brand Forsikring A/S		
(DKK 1,032 million nominal value wholly owned )	1,874	3,821
Of which assets held for sale	-554	0
Investment in group enterprises, year-end	1,506	3,964

<b>Note 9 Cash in hand and balances at call</b>		
Deposits held at call, Alm. Brand Bank	27	38
Custody accounts, eksternal banks	0	0
<b>Cash in hand and balances at call, year-end</b>	<b>27</b>	<b>38</b>

	2021	2020
<b>Note 10 Other receivables</b>		
Miscellaneous debtors	4	4
Rent deposit	34	36
Pensionskassen under Alm. Brand A/S	9	9
<b>Other receivables, year-end</b>	<b>47</b>	<b>49</b>

<b>Note 11 Current tax assets</b>		
Current tax assets, beginning of year	15	22
Tax paid in respect of prior years	-15	-22
Tax on profit/loss for the year	35	15
<b>Current tax assets, year-end</b>	<b>35</b>	<b>15</b>

<b>Note 12 Shareholders' equity</b>		
Share capital, beginning of year	1,541	1,577
Reduction of capital	-1,387	0
Issue of new shares pr. 2. december 2021	1,387	0
Cancellation of treasury shares	0	-36
<b>Share capital, year-end</b>	<b>1,541</b>	<b>1,541</b>

The share capital consists of 1,541,140,000 shares of DKK 1 each and has been fully paid up.

DKKm	2021	2020	2019	2018	2017
Share capital,					
beginning of year	1,541	1,577	1,610	1,655	1,735
Reduction of capital	-1,387	0	0	0	0
Issue of new shares	1,387	0	0	0	0
Cancellation of					
treasury shares	0	-36	-33	-45	-80
Share capital, year end	1,541	1,541	1,577	1,610	1,655

Reference is made to the statement of changes in equity.

# Notes

DKKm	2021	2020
<b>Note 12 Shareholders' equity- continued</b>		
<i>No. of shares</i>		
Reconciliation of the no. of shares (1,000)		
Issued shares, beginning of year	154,114	157,660
Treasury shares, beginning of year	-227	-3,338
No. of shares, beginning of year	153,887	154,322
Shares acquired/sold during the year	178	-435
Cancellation of treasury shares	0	3,546
Issued shares, year end	1,541,140	154,114
Treasury shares, year end	-49	-227
No. of shares at year-end	1,541,091	153,887
<i>Treasury shares</i>		
Nominal value, beginning of year	3	34
Acquired during the year, net	-1	4
Cancellation of treasury shares	0	-35
Nominal value, year-end	2	3
Holding (1,000), beginning of year	227	3,338
Acquired during the year	460	1,229
Sold during the year	-638	-794
Cancellation of treasury shares	0	-3,546
Holding (1,0000), year-end	49	227
Percentage of share capital	0.0%	0.1%

	2021	2020
<b>Note 13 Total subordinated debt</b>		
Floating rate bullet loans maturing 1 April 2029	0	250
Floating rate bullet loans maturing 7 October 2031		
<b>Subordinated debt, year-end</b>	<b>1,295</b>	<b>250</b>
Interest on subordinated debt	3	6
Costs incurred in connection with the raising of the subordinated debt	5	0
The subordinate loan capital carries a floating rate of interest of 3M CIBOR plus 1.5 percentage points. The capital securities are issued with a maturity of ten years with optional early redemption five years after the date of issue. The capital securities are expected to be listed within six months of the date of issue. The subordinate loan capital is included in the calculation of total capital under the current rules.		
<b>Note 14 Deferred tax liabilities</b>		
Deferred tax liabilities, beginning of year	18	37
Change for the year	20	-19
<b>Deferred tax liabilities, year-end</b>	<b>38</b>	<b>18</b>
Deferred tax on contingency funds in group enterprises	40	40
Deferred tax on equipment	-2	-1
Deferred tax on provisions	0	-21
Deferred tax liabilities, year-end	38	18

DKK m	2021	2020
<b>Note 15 Contingent liabilities,</b>		
Guarantee commitments	31	168

Alm. Brand A/S has provided a guarantee to ILU (Institute of London Underwriters) covering contracts written on behalf of the Copenhagen Reinsurance Company (U.K.) Ltd. (Cop. Re UK Ltd.), Copenhagen Re's UK subsidiary. The guarantee covers insurance contracts relating to Marine Aviation and Transport (MAT) written through ILU in the period from 3 April 1989 to 1 July 1997. In connection with the divestment of the Copenhagen Re Group in 2009, the buyer has undertaken to indemnify Alm. Brand A/S against the guarantee commitments.

Alm. Brand A/S has issued a guarantee commitment in respect of Pensionskassen under Alm. Brand af 1792 (Winding-up pension fund). Alm. Brand A/S has issued a commitment to pay any such ordinary and extraordinary contributions as may be determined in the pension scheme regulations or as agreed with the Danish Financial Supervisory Authority. Alm. Brand af 1792 fmba has undertaken to indemnify the Alm. Brand A/S for any and all costs the company may incur from time to time in respect of these obligations.

On behalf of the subsidiary Alm. Brand Pia A/S, Alm. Brand A/S has undertaken to the Danish Registration Court and the police that it will fulfill the applicant guarantee required to carry on debt collection activities.

For Danish tax purposes, the company is taxed jointly with Alm. Brand A/S as an administration company. Alm. Brand A/S has unlimited, joint and several liability together with the other jointly taxed companies for corporate income tax payable from and including the 2013 financial year and for withholding taxes on dividends, interest and royalties from and including 1 July 2012. The net liability of the jointly taxed companies to SKAT is specified in segment reporting, balance sheet. Any subsequent adjustments of income subject to joint taxation and withholding tax, etc. could cause Alm. Brand A/S's liability to increase.

	2021	2020
<b>Note 16 Staff costs</b>		
Salaries and wages	29	13
Pension	5	2
Share-based payment	3	1
<b>Total salaries and wages, pension, etc.</b>	<b>37</b>	<b>16</b>

Average number of employees	9	2
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Payroll costs in Alm. Brand A/S are allocated to the group's other companies based on time spent in the individual group companies.

	2021	2021	2020	2020
	Parent company	Alm. Brand Group	Parent company	Alm. Brand Group
<i>Remuneration to the Management Board and Board of Directors (DKK '000)</i>				
Salaries and wages	8,047	8,047	6,987	6,987
Pension plans	1,710	1,710	1,405	1,405
Share-based payment	777	777	545	545
Total remuneration to the Management Board	10,534	10,534	8,937	8,937
Directors' fees	5,331	5,331	4,249	5,465
Total remuneration to the Management Board and Board of Directors	15,865	15,865	13,186	14,402

*Alm. Brand Group remuneration to the Board of Directors (DKK '000)*

Jørgen Hesselbjerg				
Mikkelsen (Chairman)	1,120	1,120	805	1,140
Jan Skytte Pedersen (Deputy Chairman)	760	760	557	865
Anette Eberhard	490	490	390	640
Karen Sofie Hansen-Hoeck	400	400	300	300
Pia Laub (joined in 2020)	400	400	103	119

*Continued on the next page*



	2021	2021	2020	2020
	Parent company	Alm. Brand Group	Parent company	Alm. Brand Group
Boris Nørgaard Kjeldsen	360	360	270	470
Per Viggo Hasling Frandsen	360	360	270	380
Flemming Fuglede Jørgensen	192	192	270	380
Tina Schmidt Madsen (joined in 2021)	169	169	0	0
Ebbe Castella (retired in 2020)	0	0	198	319
Brian Egested (employee representative)	360	360	270	300
Claus Nexø Jensen (employee representative)	360	360	270	300
Susanne Larsen (employee representative, retired in 2020)	0	0	275	275
Helle Låsby Frederiksen (employee representative, retired in 2020)	0	0	209	232
Lotte Kathrine Sørensen (employee representative, joined in 2020)	360	360	62	69
<b>Total remuneration to the Board of Directors</b>	<b>5,331</b>	<b>5,331</b>	<b>4,249</b>	<b>5,789</b>
No. of members of the Management Board	1		1	
No. of members of the Board of Directors	11		11	

Remuneration to the Management Board comprises remuneration to Chief Executive Officer Rasmus Werner Nielsen.

Alm. Brand has decided to provide all employees of the group, including the Management Board, with defined contribution pension plans. The group's expenses in relation to the Management Board's pension plans are shown in the above note.

The total remuneration including any severance payments accruing to the chief executive officer in the event of termination of employment cannot constitute more than up to the equivalent of two years' remuneration.

The remuneration of the Board of Directors includes remuneration for audit committee participation. As chair of the remuneration committee, Anette Eberhard receives DKK 90 thousand annually. Jørgen Hesselbjerg Mikkelsen and Jan Skytte Pedersen each receive DKK 40 thousand annually.

	2021	2020
<i>Remuneration to risk takers (DKK '000)</i>		
Fixed salary	48,854	39,759
Pension	8,451	6,889
Variable salary	365	447
Share-based payment	3,668	2,262
<b>Total remuneration to risk takers</b>	<b>61,338</b>	<b>49,357</b>
<b>Number of risk takers</b>	<b>22</b>	<b>20</b>

Risk takers are those persons who, in accordance with the Danish Executive Order on remuneration policy and remuneration in insurance companies, insurance holding companies and company pension funds, have a material influence on the company's risk profile.

Remuneration to risk takers is included in the allocated costs.

Remuneration to risk takers includes salary etc. in connection with severance.

In 2021 a one-off fee has been paid to risk takers, but no bonus has been disbursed.

DKKm	2021	2020
<b>Note 17    Audit fees</b>		
<i>Audit fees (DKK '000)</i>		
EY - Audit	584	0
EY - Non-audit services	1,849	0
Deloitte - Audit	0	1,015
Deloitte - Other assurance engagements	0	252
Deloitte - Tax consultancy	581	582
Deloitte - Non-audit services	41,120	0
<b>Total audit fees</b>	<b>44,134</b>	<b>1,849</b>

Fees to Deloitte for non-audit services comprise assistance in connection with the acquisition of Codan and drafting of prospectus in 2021. Fees to EY for non-audit services comprise assistance in connection with the implementation of IFRS 17, prospectus-related assistance and miscellaneous financial reporting assistance.

## Note 18    Related parties

Related parties comprise:

- Members of the company's Management Board and Board of Directors and their related family members
- Companies controlled by members of the Management Board of Board of Directors
- Other companies in the Alm. Brand Group
- Alm. Brand af 1792 fmba (owns 47% of the group)

Related party transactions:

Alm. Brand af 1792 fmba has contributed subordinated loan capital of DKK 250 million to Alm. Brand A/S. The loan was repaid in full in connection with the acquisition of Codan.

Alm. Brand A/S har indskudt ansvarlig lånekapital på 400 mio. kr. i Alm. Brand Forsikring A/S.

The Alm. Brand Group has intra-group functions that solve joint administrative tasks for group companies.

In 2021, Alm. Brand A/S reported administrative income of DKK 75 million and administrative expenses of DKK 45 million in connection with intra-group trading.

All agreements and transactions are made on an arm's length basis or, where there is no specific market, on a costrecovery basis.

Reinsurance cover for the Alm. Brand Group is taken out on a group-wide basis.

An arm's length agreement has been signed on interest accruing on intra-group accounts between the group companies.

## Note 19    Accounting policies

### Generally

The annual report is presented in compliance with the Danish Financial Business Act, including the Executive Order on financial reports presented by insurance companies and lateral pension funds. In addition, the annual report has been presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

With respect to recognition and measurement, the accounting policies of the parent company Alm. Brand A/S are identical to those described for the group, with the exception that:

Investments in subsidiaries are recognised and measured at the parent company's share of the subsidiaries' net asset value on the balance sheet date.

Apart from the description provided in the group's accounting policies on pages 97 to 108, the accounting policies are consistent with those applied in the 2020 Annual Report.

# Definitions of financial ratios and Alternative Performance Measures (APM)

Alm. Brand's management believes that the use of financial highlight and key ratios in the management's review in respect of each business area provides the reader with a good basis for comparing results over time. The financial highlights and key ratios have been prepared on the basis of the statutory requirements for content and are supplemented by individual pieces of relevant information. The information provided in the financial highlights and key ratios contain data regularly provided to management. The management's review describes developments in the individual business areas based on the financial highlights and key ratios. There are only presentation differences between these financial highlights and key ratios and "Segment reporting, income statement" in the IFRS financial statements.

## Run-off gains/losses, net of reinsurance

The run-off result net of reinsurance reflects the gains and/or losses relating to prior-year technical provisions which affect the result for the current year.

## Gross premium income

Gross premium income is calculated as gross premiums adjusted for changes in premium provisions, profit margin and risk margin. Gross premium income is regulated for bonus and premium discounts.

## Gross claims ratio

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

## Gross expense ratio (%)

$$\frac{\text{Insurance operating expenses} \times 100}{\text{Gross premium income}}$$

## Price/NAV

$$\frac{\text{Share price}}{\text{Net asset value per share}}$$

## Combined ratio

$$\frac{(\text{Gross claims expenses} + \text{Insurance operating expenses} + \text{Profit/loss on reinsurance}) \times 100}{\text{Gross premium income}}$$

## Return on equity after tax\*

$$\frac{\text{Profit for the year} \times 100}{\text{Average shareholders' equity}}$$

## Return on equity before tax\*

$$\frac{\text{Profit before tax} \times 100}{\text{Average shareholders' equity}}$$

## Net asset value per share\*\*

$$\frac{\text{Shareholders' equity} \times 100}{\text{No. of shares at year-end}}$$

## Net reinsurance ratio

$$\frac{\text{Profit/loss on reinsurance} \times 100}{\text{Gross premium income}}$$

## Earnings per share\*\*

$$\frac{\text{Profit for the year after tax} \times 100}{\text{Average no. of shares}}$$

## Claims experience

$$\frac{\text{Sum of claims ratio and reinsurance ratio}}{\text{Reinsurance ratio}}$$

## Dividend per share

$$\frac{\text{Total amount distributed for the financial year}}{100}$$

No. of shares at year-end

## ALTERNATIVE PERFORMANCE MEASURES (APM)

### Underlying combined ratio

This ratio is calculated as the combined ratio less factors which may vary considerably from year to year (major claims net of reinsurance, weather-related claims net of reinsurance and run-off result on claims net of reinsurance). Accordingly, the underlying combined ratio reflects the trend in small claims, costs and reinsurance ceded.

### Underlying claims ratio

Underlying combined ratio less expense ratio

### Major claims, net of reinsurance

$$\frac{\text{Major claims, net of reinsurance}}{\text{Gross premium income}}$$

### Weather-related claims, net of reinsurance

$$\frac{\text{Weather-related claims, net of reinsurance}}{\text{Gross premium income}}$$

### Change in risk margin

$$\frac{\text{Change in risk margin}}{\text{Gross premium income}}$$

### COVID-19 effect

$$\frac{\text{Estimated effect of COVID-19 on claims expenses}}{\text{Gross premium income}}$$

\*) In the calculation of return on equity, consideration is made for capital increases in the year and any other equity entries to the effect that such changes are included on a pro rata basis.

\*\*) In the determination of the average number of shares, any stock options and warrants are taken into consideration.

# Group companies

DKKkm		Profit/loss for the year	Shareholders' equity at year-end	Ownership interest
<b>Holding</b>				
Alm. Brand A/S, Copenhagen	Holding	598	13,706	
<b>Non-life Insurance</b>				
Alm. Brand Forsikring A/S, Copenhagen	Non-life Insurance	768	1,874	100%
<b>Life Insurance</b>				
Forsikringsselskabet Alm. Brand Liv og Pension A/S, København	Non-life Insurance	92	554	100%
Alm. Brand Ejendomsinvest A/S, København	Property	126	1,431	100%
<b>Other companies</b>				
Alm. Brand Præmieservice A/S, Copenhagen	Financing	0	1	100%
Alm. Brand PIA A/S, Copenhagen	Administration	43	186	100%

"Ownership interest" indicates Alm. Brand A/S's direct or indirect ownership interests.