

ALM. BRAND

Interim report Q4 2020

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Company reg. (CVR) no. 77 33 35 17

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Company information

Group companies

Alm. Brand is a listed Danish financial services group focusing on the Danish market. The group carries on non-life insurance and life insurance activities.

Alm. Brand A/S

Alm. Brand Forsikring

Alm. Brand Liv og Pension

Denmark's *4th largest* insurer

Non-life Insurance is the group's core business, exclusively targeting the Danish market with a special focus on private customers, small and medium-sized enterprises, property owners and administrators, agricultural customers and the public sector.

Life insurance and pension based on *personal* advice

Life Insurance offers life insurance, pension savings and pension insurance with a particular focus on private individuals, owners and employees of small businesses, and farmers.

Financial highlights and key ratios

	DKKm	Q4 2020	Q4 2019	FY 2020	FY 2019
GROUP	Income				
	Non-life Insurance	1,378	1,358	5,471	5,365
	Life Insurance	396	453	1,504	1,850
	Investment etc.	117	147	377	554
	Total income	1,891	1,958	7,352	7,669
	Profit/loss				
	Non-life Insurance	311	151	880	607
	Life Insurance	20	25	112	96
	Other activities	-19	-46	-61	-86
	Profit/loss before tax, continuing activities excluding special costs	312	130	931	617
	Special costs	-98	-64	-98	-64
	Profit/loss before tax, continuing activities	214	66	833	553
	Tax, continuing activities	-50	-13	-190	-113
	Profit/loss after tax, continuing activities	164	53	643	440
	Profit/loss after tax, discontinued activities	-99	-25	-27	12
	Profit/loss after tax	65	28	616	452
	Total provisions for insurance contracts	24,698	23,593	24,698	23,593
	Consolidated shareholders' equity	5,167	4,576	5,167	4,576
	Total assets	32,780	41,798	32,780	41,798
	Average no. of employees	1,690	1,796	1,690	1,796
	No. of employees, end of period	1,369	1,904	1,369	1,904
	Return on equity before tax, continuing activities (%) **)	17.5	5.6	17.1	11.8
	Return on equity before tax (%) *)	17.5	13.0	18.8	14.8
	Return on equity after tax (%) *)	11.5	10.1	14.1	11.7

	DKKm	Q4 2020	Q4 2019	FY 2020	FY 2019
FINANCIAL RATIOS	Earnings per share	0.4	0.2	4.0	2.9
	Diluted earnings per share	0.4	0.2	4.0	2.9
	Net asset value per share	34	30	34	30
	Share price, end of period	73.4	59.2	73.4	59.2
	Price/NAV	2.20	2.00	2.20	2.00
	Average no. of shares (in thousands)	153,778	154,631	153,792	155,832
	No. of shares, end of period, diluted (in thousands)	153,887	154,588	153,887	154,588
	Average no. of shares, diluted (in thousands)	153,791	154,989	153,891	156,527
	Dividend per share (DKK)	4.00	3.00	4.00	3.00
	No. of shares bought back (in thousands)	-	1,212	809	3,891
	Avg. price of shares bought back, DKK	-	54.4	57.7	56.0

*) The key ratios for 2020 and 2019 have been calculated net of special costs totalling DKK 98 million and DKK 115 million before tax, respectively. In the financial highlights and key ratios, DKK 51 million of the DKK 115 million for 2019 is recognised under discontinued activities, while DKK 64 million can be attributed to the continuing activities as follows: Non-life Insurance DKK 44 million, Life Insurance DKK 5 million and Other activities DKK 15 million. The loss on discontinued activities is included in the results before and after tax for both years.

**) The calculation of financial ratios for 2020 and 2019 is based on the profit before tax on continuing activities and consequently does not include the loss on discontinued activities.

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 on pages 26 and 27.

Overview of 2020 results

FULL-YEAR CONSOLIDATED FINANCIAL RESULTS

Alm. Brand generated a consolidated pre-tax profit on continuing activities of DKK 833 million in 2020, against a pre-tax profit of DKK 553 million in 2019. The profit for 2020 included special corporate expenses for restructuring and divestment of the bank of DKK 98 million. The profit for 2019 included special costs of DKK 64 million related primarily to restructurings. The 2020 performance was highly satisfactory.

The realised profit on continuing activities equalled a return on equity of 17.1% before tax.

The past year saw major changes triggered by external events as well as changes implemented in the group, including not least the sale of Alm. Brand Bank A/S. Overall, the group achieved a strong business performance supported by adaptability and execution excellence, while also recording a direct, positive knock-on effect of COVID-19 in its 2020 financial performance. Based on a generally lower level of activity due to the partial lockdown of society, Alm. Brand recorded a positive effect on its results of about DKK 120 million driven by fewer reported claims. However, COVID-19 also put premium income under pressure, as sales to both commercial and private customers were affected by restrictions preventing insurance agents from holding face-to-face customer meetings.

The group posted a loss on discontinued activities of DKK 27 million after tax. Alm. Brand A/S incurred a loss of DKK 106 million on the sale of the bank as a result of divestment at 95% of the net asset value and transaction costs related to the sale. The loss on discontinued activities is inclusive of the bank's profit of DKK 79 million after tax.

Against this background, the Board of Directors recommends that a dividend of DKK 4.00 per share be distributed for 2020. The Board of Directors furthermore recommends that also the postponed dividend in respect of the 2019 financial year of DKK 3.00 per share be paid, resulting in a total dividend payout of DKK 7.00 per share following the annual general meeting scheduled to be held in April 2021. After the dividend payout, Alm. Brand will still be strongly capitalised with a total capital ratio of 317%. The capitalisation level is considered sufficient to resist very severe stresses.

Non-life Insurance

Non-life Insurance generated a pre-tax profit of DKK 880 million in 2020, against a pre-tax profit of DKK 607 million excluding special costs of DKK 44 million in 2019. The performance was highly satisfactory and better than expected.

Non-life Insurance reported a technical result of DKK 815 million in 2020, against DKK 570 million in 2019, reflecting a sustained positive trend in the underlying business and a better-than-expected claims experience on weather-related and major claims and a positive run-off result.

Gross premium income was up 2.0% to a total of DKK 5,471 million, against DKK 5,365 million in 2019, and the combined ratio including run-off gains was 85.1, against 89.4 in 2019.

For parts of the year, non-life insurance activities were affected by COVID-19 and the ensuing periods of partial lockdown of society. Towards the end of Q1 2020 and going into Q2 2020, society saw a lower-than-usual level

of activity with fewer claims being reported as a consequence. Over the summer months, the claims experience gradually returned to normal, but increased COVID-19 infection rates and the renewed lockdown of society in late autumn and in the winter months again drove activity lower, leading to fewer reported claims. This claims pattern was mainly characteristic of contents, motor and travel insurance lines.

Financial markets overall developed favourably in 2020, with Non-life Insurance reporting an investment return of DKK 65 million.

Life Insurance

Life Insurance generated a pre-tax profit of DKK 112 million in 2020, against a pre-tax profit of DKK 96 million excluding special costs of DKK 5 million in 2019.

Total pension contributions amounted to DKK 1,504 million, against DKK 1,850 million in 2019, covering growth in regular premium payments of 2.0% to DKK 819 million and a reduction in single payments to DKK 685 million from DKK 1,047 million in 2019. The performance was satisfactory and in line with expectations, although growth was weaker than expected.

The bonus rate was 15.2% at 31 December 2020, which was a decline of 0.9 of a percentage point relative to the year-earlier date. The bonus rate remained satisfactory in light of the very low interest rate environment. For 2021, the rate on policyholders' savings has been fixed at 3% for new customers.

Other activities

Other activities, consisting primarily of corporate expenses, performed in line with expectations, reporting a pre-tax loss of DKK 61 million excluding special costs of DKK 98 million. In 2019, other activities reported a pre-tax loss of DKK 86 million excluding special costs of DKK 15 million, but including expensed severance payments in connection with the departure of the former CEO.

Discontinued activities

Banking

The bank generated a pre-tax profit of DKK 97 million in the period until the sale on 30 November 2020, against a pre-tax profit of DKK 67 million excluding special costs of DKK 51 million in 2019. The performance was satisfactory and in line with expectations. Profit after tax was DKK 79 million.

The bank's core earnings amounted to DKK 136 million in 2020 (11 months), against DKK 84 million in 2019, supported by higher net interest and fee income and lower costs as a result of the income and cost initiatives implemented earlier in the year.

As a result of the divestment at 95% of the net asset value and transaction costs related to the sale, a loss of DKK 106 million was recognised in connection with the sale of the bank, resulting in a loss on discontinued activities of DKK 27 million.

Q4 PERFORMANCE

The group generated a consolidated pre-tax profit on continuing activities of DKK 214 million in Q4 2020, against a profit of DKK 66 million in Q4 2019. The Q4 2020 profit included the above-mentioned special costs of about DKK 98 million, while the Q4 2019 profit included special costs of DKK 64 million. The performance was in line with expectations and highly satisfactory.

Non-life Insurance reported a pre-tax profit of DKK 311 million in Q4 2020, against a pre-tax profit of DKK 151 million excluding special costs in Q4 2019. The performance was lifted by a favourable claims experience and a strong investment result. The technical result was a pre-tax profit of DKK 237 million in Q4 2019, against DKK 98 million in Q4 2019. This highly satisfactory result equalled a combined ratio of 82.8, against 92.9 a year earlier, reflecting a favourable underlying trend, a favourable claims experience for weather-related and major claims as well as a continued positive effect of COVID-19 on the group's financial results. The Q4 2020 expense ratio was 16.8. The performance was in line with expectations.

Life Insurance generated a pre-tax profit of DKK 20 million in Q4 2020, against a pre-tax profit of DKK 25 million excluding special costs in Q4 2019. Total pension contributions amounted to DKK 396 million, against DKK 453 million in Q4 2019, reflecting modest growth in regular premiums and a decline in single payments. The performance was in line with expectations and satisfactory.

CAPITALISATION

Alm. Brand has defined a target for ordinary dividend corresponding to a payout ratio of at least 70% of the profit for the year after tax. The group's dividend distribution is aligned with planned activities, including investments and special risks.

The total capital of the Alm. Brand A/S Group was DKK 3.8 billion at 31 December 2020, corresponding to an excess of DKK 2.6 billion relative to the solvency capital requirement. The Alm. Brand A/S Group has a total capital ratio of 317%, which means that the group stands well prepared to manage the risks associated with its activities.

Capitalisation

DKKm	FY 2020	Q3 2020*)	FY 2019*)
Total capital for the group	3,846	6,226	5,058
Solvency capital requirement for the group	1,214	2,499	2,620
Solvency capital requirement excess	2,632	3,727	2,771
Total capital ratio	317%	249%	206%

*) Including Alm. Brand Bank and the solvency capital requirement is inclusive of the MREL requirement.

The total capital at 31 December 2020 is stated after deduction of a dividend of DKK 8 per share paid on 8 January 2021 and after deduction of a proposed dividend of DKK 7 per share for 2019 and 2020, respectively. It should be noted that the change from Q3 2020 to Q4 2020 is due to the bank no longer forming part of the group.

Some of the bank's assets were not comprised by the transaction with Sydbank A/S. These assets are included in Alm. Brand's solvency capital requirement just below DKK 100 million before diversification in the solvency calculation.

After the sale of Alm. Brand Bank A/S to Sydbank A/S, the group is subject to the Solvency II legislation. As a majority shareholder, Alm. Brand af 1792 fmba is now the ultimate insurance holding company.

MAJOR EVENTS

Sale of Alm. Brand Bank A/S and formation of strategic partnership with Sydbank A/S

Alm. Brand has sold Alm. Brand Bank A/S to Sydbank A/S and formed a strategic partnership with Sydbank A/S as described in company announcement no. 40/2020 of 1 October 2020. The sale of the bank was completed at 95% of the net asset value and freed up capital in a net amount of approximately DKK 1.2 billion.

The agreement to form a strategic partnership with Sydbank among other things entails that Sydbank will distribute Alm. Brand's insurance products to its customers, that Alm. Brand will distribute Sydbank's banking products and that both companies will jointly invest in developing new and innovative products and creating a unique customer experience. The partnership is expected to strengthen Alm. Brand's market position.

Share buybacks

Since 2015, the Alm. Brand A/S has used share buyback programmes as part of the total distribution. The principal shareholder, Alm. Brand af 1792 fmba, participates proportionately in the buyback programmes, thereby maintaining its ownership interest at about 58%.

At 12 March 2020, Alm. Brand A/S completed the share buyback programme of DKK 200 million initiated in 2019. There was not initiated a new share buyback programme in 2020.

Share-based remuneration scheme

In December 2020, 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 2021, and the shares will be granted on a quarterly basis, the first grant taking place in May 2021. The scheme represents a total market value of DKK 28 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.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Extraordinary distribution

Alm. Brand A/S distributed DKK 1.2 billion in January 2021, corresponding to an extraordinary dividend of DKK 8.00 per share. The distribution was effected as a consequence of the sale of the bank and the capital freed up in that connection.

Financial outlook for 2021

Alm. Brand expects to report a pre-tax profit of DKK 600-650 million excluding run-off gains and losses in 2021.

Non-life Insurance is expected to post a pre-tax profit of DKK 575 million. This guidance is based on premiums growth of more than 3% and a related increase in acquisition costs as a result of investments and commissions derived from the partnership agreements with Sydbank A/S and VW Semler Finans Danmark A/S. To this should be added payment of corporate expenses related to the former banking operations of DKK 50-75 million. In the period until the end of 2022, these corporate expenses are expected to be aligned to reflect the tasks to be performed in the group going forward. In 2021, some of these corporate expenses will be offset by a payment from Sydbank. The expense ratio for 2021 is therefore expected to be at the level of 17-17.5.

The guidance also reflects that the continued lockdown of Danish society is expected to impact the claims experience favourably and that the claims experience for weather-related and major claims is expected to normalise. The combined ratio excluding run-offs is expected to be about 90.

Life Insurance is expected to generate a pre-tax profit of DKK 100 million and growth in regular premium payments of 3-4%.

Other activities are expected to report a pre-tax loss of DKK 50 million, including a small positive contribution from the remaining mortgage deed and debt collection portfolio and a small portfolio of unlisted shares.

The financial outlook is based on the assumption of continued low interest rates in 2021. The group has a substantial portfolio of investment assets, and a continued low interest rate level therefore affects all of the group's business areas.

Financial targets for the period until 2022

Alm. Brand has defined a number of financial targets for the period until 2022. For Non-life Insurance, the previously announced targets are maintained, but for Life Insurance the growth target is adjusted to 4-5% (previously 7%) to reflect the discontinuation of distribution through Alm. Brand Bank.

In addition to the financial targets, Alm. Brand has defined non-financial targets in respect of customer and employee satisfaction. The target for customer satisfaction of 70 as expressed by the net promotor score and the target for employee satisfaction of a score of 80 are maintained.

After the sale of the bank and the formation of several partnerships, Alm. Brand will revisit the overall strategy for the group. In 2021, a process to define the group's strategy and shape the course for the future after 2022 will therefore be initiated.

Targets for the group

DKKm	Realised 2020	Target 2022
Non-life Insurance, growth in gross premiums	2.0%	5%
Non-life Insurance, combined ratio excluding run-off result	87.2%	90%
Non-life Insurance, gross expense ratio	16.9%	16%
Life Insurance, growth in regular premiums	2.0%	4-5%
Customer satisfaction (NPS)	65	70
Employee satisfaction	77	80

Non-life Insurance

	DKKm	Q4 2020	Q4 2019	FY 2020	FY 2019
INCOME STATEMENT	Gross premium income	1,378	1,358	5,471	5,365
	Claims expenses	-853	-968	-3,537	-3,616
	Insurance operating expenses	-232	-231	-926	-933
	Profit/loss on reinsurance	-56	-61	-193	-246
	Technical result	237	98	815	570
	Interest and dividends, etc.	33	34	123	136
	Value adjustments	63	-97	70	44
	Administrative expenses related to investment activities	-8	-7	-28	-27
	Return on and value adjustment of technical provisions	-14	123	-100	-116
	Investment return after return on and value adjustment of provisions	74	53	65	37
	Profit/loss before tax excluding special costs	311	151	880	607
	Special costs	-	-44	-	-44
	Profit/loss before tax	311	107	880	563
	Tax	-69	-24	-198	-127
	Profit/loss after tax	242	83	682	436

	DKKm	Q4 2020	Q4 2019	FY 2020	FY 2019
BALANCE SHEET	Run-off result, claims	24	-41	113	77
	Run-off result, risk margin	6	13	46	65
	Technical provisions	7,754	7,375	7,754	7,375
	Insurance assets	195	148	195	148
	Shareholders' equity	3,108	2,426	3,108	2,426
	Total assets	11,810	10,721	11,810	10,721
FINANCIAL RATIOS	Gross claims ratio *)	61.9	71.4	64.6	67.4
	Net reinsurance ratio	4.1	4.5	3.6	4.6
	Claims experience	66.0	75.9	68.2	72.0
	Gross expense ratio *)	16.8	17.0	16.9	17.4
	Combined ratio *)	82.8	92.9	85.1	89.4
	Combined ratio excluding run-off result *)	84.5	90.0	87.2	90.8
	Combined ratio including special costs	82.8	96.1	85.1	90.2
	Return on equity before tax (%) *)	44.9	18.0	31.8	24.1
	Return on equity after tax (%) *)	34.9	13.9	24.6	18.6

*) The key ratios for 2019 have been calculated net of special costs totalling DKK 44 million before tax

Non-life Insurance

Improved underlying business in a year marked by COVID-19

FULL-YEAR FINANCIAL RESULTS

Non-life Insurance generated a pre-tax profit of DKK 880 million in 2020, against a pre-tax profit of DKK 607 million excluding special costs in 2019. The full-year performance was satisfactory and better than expected. The 2020 performance was lifted by an improved claims experience driven by a lower level of activity in society during the COVID-19 lockdown as well as by completed profitability-enhancing measures. The pre-tax profit for 2019 was DKK 563 million including special costs.

The technical result amounted to DKK 815 million in 2020, against DKK 570 million in 2019.

The combined ratio was 85.1 in 2020, being favourably affected by fewer expenses for both weather-related and

major claims as well as by a lower claims frequency level during the temporary lockdown of society. Net of run-off gains on claims provisions, the combined ratio was 87.2.

The underlying combined ratio was 79.1 in 2020, marking a 3.5 percentage point improvement relative to 2019, including an estimated positive effect of COVID-19 of 2.2 percentage points.

Premiums

Gross premiums rose by 2.0% to DKK 5,471 million in 2020, an improvement from the 2019 growth rate of 1.7%. However, growth in 2020 was below the expected level, partly due to a lower level of activity in society and partly to a generally more competitive market, which resulted in increased customer outflow. In addition, Alm. Brand

wants to retain its focus on profitability and has therefore implemented a number of profitability measures over the past couple of years.

The lockdown of society also had a negative effect on premium income, among other things because premiums on workers' compensation insurance policies were adjusted in connection with redundancies and also because the low level of activity naturally had a negative effect on both sales and total premium income.

For the commercial customer segment, customer loyalty remained at a stable level. For the private customer segment, customer loyalty traced downward, mainly due to profitability-enhancing measures. However, the retention rates for private and commercial customers remained at a high level.

Combined ratio

	2020	2019	2018	2017	2016
Combined ratio, underlying business *)	81.3	82.6	82.4	81.3	80.4
COVID-19 effect, estimated	-2.2	-	-	-	-
Combined ratio, underlying business *)	79.1	82.6	82.4	81.3	80.4
Weather-related claims, net of reinsurance	1.5	2.6	1.2	1.5	2.2
Major claims, net of reinsurance	6.2	5.7	7.3	6.6	7.4
Reinstatement premium	0.0	0.0	0.0	0.0	-0.1
Run-off result, claims	-2.1	-1.4	-3.7	-5.3	-7.9
Change in risk margin, run-off result and current year	0.4	-0.1	-0.2	0.3	0.2
Combined ratio *)	85.1	89.4	87.0	84.4	82.2

*) 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 on the combined ratio

Claims experience

The claims experience was 68.2%, against 72.0% in 2019. The positive trend in the claims experience should be seen against the backdrop of a general decline in activity during the lockdown of society, with COVID-19 affecting the claims experience favourably by 2.2 percentage points. The claims experience was also lifted by a lower level of expenses for weather-related claims and major claims as well as by the favourable effects of procurement and claims processing initiatives. Finally, the run-off result affected the claims experience favourably by 2.1 percentage points. Net of the run-off result, the claims experience was 70.3%.

Weather-related claims

No major weather-related events were reported in 2020. Expenses for weather-related claims net of reinsurance were DKK 80 million in 2020, against DKK 140 million in 2019, which was also a mild year in terms of weather-related claims. Weather-related claims affected the combined ratio by 1.5 percentage points in 2020.

Major claims

Both the number of major claims and total expenses for major claims came out slightly better than anticipated in 2020. One major fire claim was reported at a gross expense of DKK 68 million and a net expense of DKK 30 million after reinsurance. Net of reinsurance, major claims expenses totalled DKK 338 million, against DKK 308 million in 2019, with an aggregate effect on the combined ratio of 6.2 percentage points.

Underlying business

The underlying claims ratio was 62.2 in 2020, which was markedly better than the claims ratio of 65.2 reported for 2019 and significantly lower than expected at the beginning of the year. The claims ratio was favourably affected by the temporary lockdown of society, which had a favourable knock-on effect on most insurance products. A lower level of activity and more people working from home meant fewer motor claims and a lower burglary frequency, while travel restrictions had a favourable effect on expenses for travel insurance claims.

Run-off result

Run-off gains on claims net of reinsurance amounted to DKK 113 million, against DKK 77 million in 2019, including an additional provision for workers' compensation liabilities made during the year to counter changes in the processing of industrial injury cases by Labour Market Insurance (*Arbejdsmarkedets Erhvervssikring*).

Risk margin

The change in the overall risk margin reduced the full-year performance by DKK 20 million, equivalent to an increase in the combined ratio of 0.4 of a percentage point. By comparison, the risk margin lifted the 2019 performance by DKK 6 million, resulting in a drop in the combined ratio of 0.1 of a percentage point.

Costs

Total costs amounted to DKK 926 million in 2020, against DKK 933 million in 2019, equivalent to an expense ratio of 16.9. The reduction was driven in particular by the cost-saving measures taken at the beginning of 2020, which, however, were partly offset by general wage developments, investments in automation and the new partnerships as well as by compensation provided to insurance agents in the first months of the COVID-19 lockdown when the sales situation was under pressure.

Including special costs, total costs amounted to DKK 956 million in 2019.

Net reinsurance ratio

The net reinsurance ratio for the year was 3.6%. In 2020, Alm. Brand had one major claim of DKK 68 million that triggered coverage of DKK 38 million under the reinsurance programme, driving the net reinsurance ratio lower than the 4.6% reported in 2019.

Discounting

The discount rates used fell marginally from 31 December 2019 to 31 December 2020. Interest rates increased in early spring following the major interest rate declines in 2019, but dropped again after the COVID-19 pandemic set in. At the end of 2020, interest rates were marginally lower than at the beginning of the year, and both short-term and

long-term interest rates were in negative territory at 31 December 2020. Due to the composition of expected cash flows, the technical provisions are affected the most by movements in short-term interest rates. Overall, the effect of interest rate developments on the financial results in 2020 was on a par with 2019.

PRIVATE

The technical result amounted to a profit of DKK 507 million in 2020, against DKK 346 million in 2019.

The combined ratio was 81.6, which was satisfactory and significantly above expectations. The improvement was driven by lower expenses for both major claims and weather-related claims and a favourable claims experience on minor claims due to the lower level of activity in society caused by COVID-19. The run-off result also contributed favourably to the result.

Premium income was up by 2.5% to DKK 2,761 million, which was below the level expected for the year. The profitability-enhancing measures in the private customer segment continued in 2020 with price adjustments for a number of private customers whose risk was not correctly reflected in the price. As a result, customer retention fell slightly in 2020, although the retention rate remained at a high level. During some periods, sales fell short of the expected level, which to a certain extent was due to the lower level of activity in society caused by COVID-19. In addition, competition was fierce for some specific insurance products, for instance motor insurance, which in 2020 also had a negative knock-on effect on other insurance products, as customers typically prefer to have all their insurance policies with one insurance company. In response to this, Alm. Brand at the end of the year made a number of price adjustments across the motor insurance segments to ensure a continued competitive value proposition.

Private

DKK m	2020	2019
Gross premium income	2,761	2,695
Gross claims expenses	-1,692	-1,774
Insurance operating expenses	-506	-516
Profit/loss on reinsurance	-56	-59
Technical result	507	346
Run-off result, claims	118	91
Run-off result, risk margin	23	26
Gross claims ratio *)	61.3	65.8
Net reinsurance ratio	2.0	2.2
Claims experience *)	63.3	68.0
Gross expense ratio *)	18.3	19.2
Combined ratio *)	81.6	87.2
Combined ratio, underlying business *)	82.6	87.0
Weather-related claims, net of reinsurance	1.1	1.6
Major claims, net of reinsurance	2.1	2.1
Run-off result, claims	-4.3	-3.4
Change in risk margin, run-off result and current year	0.1	-0.1
Combined ratio *)	81.6	87.2

*) FY 2019 is net of special costs in a total amount of DKK 21 million, equivalent to an impact of 0.8 of a percentage point on the combined ratio

The claims experience excluding run-off gains on claims was 67.6%, marking an improvement from 71.4% in 2019.

Net of reinsurance, expenses for weather-related claims amounted to DKK 30 million in 2020, against DKK 43 million in 2019. In spite of heavy rainfall at the beginning of the year, four windstorms and a number of small cloud-bursts in summer, weather conditions were generally favourable, causing the expense level to come out below the level expected at the beginning of the year. Weather-related claims affected the combined ratio by 1.1 percentage points in 2020, against 1.6 percentage points in 2019.

Expenses for major claims totalled DKK 58 million net of reinsurance, which was also less than expected, affecting the combined ratio by 2.1 percentage points. Expenses were on a par with 2019, when major claims expenses also affected the combined ratio by 2.1 percentage points.

The underlying claims ratio was DKK 64.3 in 2020, which was less than anticipated. The claims ratio generally fell in several lines, largely as a result of the temporary lockdown of society due to COVID-19.

Contents, motor and travel insurance are the products that are the most affected by COVID-19, with comprehensive motor, travel and contents insurance seeing a drop in claims ratios. Moreover, a number of claims-preventing measures were initiated in 2020, which also had a favourable effect on claims ratios in the private customer segment.

The run-off result on claims net of reinsurance was a gain of DKK 118 million, against DKK 91 million in 2019, mainly driven by a positive result on motor and personal accident insurance.

The change in the overall risk margin reduced the full-year performance by DKK 4 million, equivalent to an effect on the combined ratio of 0.1 of a percentage point.

COMMERCIAL

The technical result amounted to a profit of DKK 308 million in 2020, against a profit of DKK 224 million in 2019.

The combined ratio was 88.6, which was an improvement relative to expectations and 3.0 percentage points better than in 2019. The result was favourably affected by fewer minor claims due to the lower level of activity in society caused by COVID-19, but also by a favourable claims experience on both weather-related and major claims.

Premium income was up by 1.5% to DKK 2,710 million, which was below the level expected at the beginning of the year. Competition from Danish players in the commercial customer market was generally fierce. Moreover, premiums on workers' compensation insurance, among other things, were adjusted in connection with redundancies as a result of the lockdown of society, just as the lower level of activity in society had a direct effect on sales to new commercial customers in particular.

The customer retention rate remained at a stable, high level.

The claims experience excluding run-off gains on claims was 72.9%, against 75.4% in 2019.

Net of reinsurance, expenses for weather-related claims amounted to DKK 50 million, which was DKK 46 million less than in 2019 and less than expected at the beginning of the year. The expense level was lower because the summer cloudbursts and the windstorms in 2020 did not result in any major claims. Weather-related claims affected the

Commercial

DKKm	2020	2019
Gross premium income	2,710	2,670
Gross claims expenses	-1,845	-1,842
Insurance operating expenses	-420	-417
Profit/loss on reinsurance	-137	-187
Technical result	308	224
Run-off result, claims	-5	-14
Run-off result, risk margin	23	39
Gross claims ratio *)	68.1	69.0
Net reinsurance ratio	5.0	7.0
Claims experience *)	73.1	76.0
Gross expense ratio *)	15.5	15.6
Combined ratio *)	88.6	91.6
Combined ratio, underlying business *)	75.6	78.3
Weather-related claims, net of reinsurance	1.9	3.6
Major claims, net of reinsurance	10.3	9.4
Run-off result, claims	0.2	0.5
Change in risk margin, run-off result and current year	0.6	-0.2
Combined ratio *)	88.6	91.6

*) FY 2019 is net of special costs in a total amount of DKK 23 million, equivalent to an impact of 0.9 of a percentage point on the combined ratio

combined ratio by 1.9 percentage points in 2020, against 3.6 percentage points in 2019.

Expenses for major claims were DKK 280 million net of reinsurance, affecting the combined ratio by 10.3 percentage points, which was more than in 2019. In 2019, expenses for major claims were DKK 251 million net of reinsurance and affected the combined ratio by 9.4 percentage points.

The underlying claims ratio was 60.1 in 2020, which was an improvement from 62.1% in 2019. The lower level of activity in society due to the COVID-19-related lockdown was the main reason why the claims frequency was lower than expected.

In both 2019 and 2020, measures were taken that had a positive effect on the claims ratio, including measures to lift profitability on building insurances in the residential segment and on motor insurance and workers' compensation insurance. In 2020, the claims ratio was adversely affected by higher expenses for workers' compensation claims due to changes in the processing of cases by Labour Market Insurance (*Arbejdsmarkedets Erhvervssikring*).

The run-off result on claims net of reinsurance amounted to a loss of DKK 5 million, against a loss of DKK 14 million in 2019. During the year, additional provisions for workers' compensation liabilities were made.

The change in the overall risk margin reduced the results by DKK 17 million, equivalent to an effect of 0.6 of a percentage point on the combined ratio.

The net reinsurance ratio was 5.0 in 2020, against 7.0 in 2019. The net expense for reinsurance in 2020 was affected in particular by a single major fire claim that triggered reinsurance coverage of about DKK 38 million.

INVESTMENT RESULT

The investment result after interest on technical provisions was a gain of DKK 65 million in 2020, against a gain of DKK 37 million in 2019. The 2020 result was highly satisfactory in light of very low interest rate levels and the very volatile financial markets. Moreover, the result was favourably affected by a strategic increase of the exposure to shares and credit bonds from and including Q2 2020.

The company moved the management of its investments in regular bonds, credit bonds and shares to Nykredit Asset Management in Q4 2020. In connection with the change of asset manager, Alm. Brand chose to invest in a fund with sustainable high-yield credit bonds and in both passively and actively managed sustainable global equity funds.

The investment assets are distributed on Danish and international bonds, mortgage deeds and shares and a small portfolio of property investments. The goal is to achieve a satisfactory financial risk/return ratio. The financial risk is adjusted using derivative financial instruments.

The bond portfolio is placed in Danish government bonds and mortgage bonds, European corporate bonds and derivative fixed-income instruments. Investments in government and mortgage bonds are predominantly placed in issues carrying the highest rating, whereas investments in corporate bonds are mainly placed in the investment grade segment, i.e. investments carrying a rating of at least BBB-/Baa3.

The low interest rate levels and the large remortgaging rounds detracted from the return, whereas the bond portfolio investments were favourably affected by the interest rate declines in 2020.

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 the 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 2020, and the overall result of the hedging portfolio and value adjustment of provisions was positive.

The result of the mortgage deed portfolio fell short of expectations, as the low interest rate level drove up the volume of redemptions, thereby triggering capital losses.

Alm. Brand Forsikring has limited exposure to equities, consisting primarily of sustainable global equity funds and a small portfolio of strategic equities. The global equity markets developed favourably in 2020 and thus made a positive contribution to the performance.

Q4 PERFORMANCE

The group's non-life insurance activities generated a pre-tax profit of DKK 311 million in Q4 2020, against DKK 151 million in Q4 2019.

The performance was favourably affected by an improved claims experience, a strong investment result and a significantly improved run-off result as compared with the year-earlier period.

The technical result amounted to a profit of DKK 237 million in Q4 2020, against DKK 98 million in the year-earlier period, corresponding to a combined ratio of 82.8, against 92.9 in 2019. The performance was favourably affected by COVID-19 effects estimated at 3.3 percentage points and run-off gains of 1.7 percentage points.

Premium income rose by 1.5% to DKK 1,378 million in Q4 2020 from DKK 1,358 million in the same period of 2019.

Weather-related claims totalled DKK 6 million in Q4 2020, against DKK 21 million in Q4 2019, being favourably affected by mild weather conditions without any severe windstorms and with unusually few weather-related claims as a result. Weather-related claims affected the combined ratio by 0.4 of a percentage point in Q4 2020, against 1.5 percentage points in Q4 2019.

Major claims totalled DKK 83 million in Q4 2020, against DKK 88 million in the year-earlier period. The number of major claims was slightly lower than expected. Overall, expenses for major claims affected the combined ratio by 6.0 percentage points in Q4 2020, against 6.5 percentage points in 2019, which was at the low end of the expected range.

The underlying combined ratio was 77.6 in Q4 2020, against 82.4 in the same period of 2019. The favourable trend was driven partly by fewer reported claims due to a generally lower level of activity in society caused by COVID-19 and partly by continued positive effects of the completed profitability-enhancing measures.

Investment return

DKKm	2020			2019		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	9,075	103	1.2%	8,715	121	1.4%
Mortgage deeds etc.	641	-2	-0.3%	803	6	0.6%
Equities	381	87	22.8%	214	50	28%
Properties	44	5	12.8%	50	3	9.4%
Total return on investments	10,141	193	1.9%	9,782	180	1.8%
Administrative expenses related to investment activities		-28			-27	
Return on and value adjustment of technical provisions		-100			-116	
Net investment return		65			-33	

The run-off result on claims net of reinsurance amounted to a gain of DKK 24 million in Q4 2020, against a loss of DKK 41 million in Q4 2019. The run-off gain was mainly attributable to personal accident and motor insurance.

The expense ratio was 16.8 in Q4 2020, against 17.0 in Q4 2019. Including special costs, the expense ratio was 18.7 in 2019.

The investment result was a gain of DKK 74 million in Q4 2020, against a gain of DKK 53 million in the year-earlier period. The Q4 2020 investment return was favourably affected by positive equity markets and narrowing credit spreads. The hedging of provisions produced a satisfactory result and neutralised fluctuations in the fixed-income market. The volatility adjustment (the VA premium) fell by 4 basis points over the quarter, having an adverse effect on the investment result. However, this fall was more than offset by the narrower credit spreads on corporate bonds and mortgage bonds.

Combined ratio

	Q4 2020	Q4 2019
Combined ratio, underlying business *)	80.9	82.4
COVID-19 effect, estimated	-3.3	-
Combined ratio, underlying business *)	77.6	82.4
Weather-related claims, net of reinsurance	0.4	1.5
Major claims, net of reinsurance	6.0	6.5
Run-off result, claims	-1.7	2.9
Change in risk margin, run-off result and current year	0.5	-0.4
Combined ratio *)	82.8	92.9

*) FY 2019 is net of special costs in a total amount of DKK 44 million, equivalent to an impact of 3.2 percentage points on the combined ratio

Life Insurance

	DKKm	Q4 2020	Q4 2019	FY 2020	FY 2019
INCOME STATEMENT	Regular premiums	222	226	819	803
	Single payments	174	227	685	1,047
	Premiums	396	453	1,504	1,850
	Investment return after allocation of interest	367	-174	799	1,131
	Benefits paid	-364	-269	-1,354	-1,034
	Total insurance operating expenses	-26	-23	-107	-101
	Result of ceded business	-2	0	-3	-4
	Change in life insurance provisions	-341	-13	-702	-1,813
	Change in profit margin	-9	53	-26	70
	Technical result	21	27	111	99
	Return on investment allocated to equity	-1	-2	1	-3
	Profit/loss before tax excluding special costs	20	25	112	96
	Special costs	-	-5	-	-5
	Profit/loss before tax	20	20	112	91
	Tax	-5	-2	-25	-9
	Profit/loss after tax	15	18	87	82
Return requirement for shareholders' equity					
	Return on investment allocated to equity	-1	-2	1	-3
	Result of portfolios without bonus entitlement	-1	1	2	5
	Gruppeliv	-1	4	9	12
	Interest result	12	7	47	29
	Expense result	3	3	7	9
	Risk result	8	12	46	44
	Profit/loss before tax excluding special costs	20	25	112	96
	Special costs	-	-5	-	-5
	Profit/loss before tax	20	20	112	91

	DKKm	Q4 2020	Q4 2019	FY 2020	FY 2019
BALANCE SHEET	Total provisions for insurance contracts	16,944	16,218	16,944	16,218
	Total shareholders' equity	713	626	713	626
	Total assets	19,134	18,239	19,134	18,239
FINANCIAL RATIOS	Return on equity before tax (%) *)	11.7	16.0	16.7	15.6
	Return on equity after tax (%) *)	8.7	14.1	12.9	13.9
	Bonus rate (%)	15.2	16.1	15.2	16.1

*) The key ratios for 2019 have been calculated net of special costs totalling DKK 5 million before tax

Life Insurance

Very satisfactory performance

FULL-YEAR FINANCIAL RESULTS

Life Insurance generated a total pre-tax profit of DKK 112 million in 2020, against a pre-tax profit of DKK 96 million excluding special costs in 2019. The profit for the year was highly satisfactory, reflecting a positive expense result, an increase in the company's profit from pension savings under management and a positive return on assets allocated to equity. The pre-tax profit for 2019 was DKK 91 million including special costs. The profit for the year was in line with the most recent guidance.

The expense and risk result was DKK 53 million, which was unchanged relative to 2019 and still highly satisfactory.

The year was marked by the COVID-19 situation, manifested in a sharp decline in the financial markets at the end of February 2020 due to concerns related to the very rapid spread of the epidemic across Europe. From the end of March onwards, the financial markets recovered what they had lost and more, supported by relief packages and vaccination prospects. As a result, the bonus rate developed negatively in the first three months of the year, but subsequently recovered to stand at almost the same level at 31 December as at 1 January.

The bonus rate was still among the best in the market at 15.2%, enabling Alm. Brand Pension to continue to offer one of the highest rates on policyholders' savings in the market. Offering a rate on policyholders' savings of 3.0% in 2021, Alm. Brand Pension is the market leader for the eighth year running.

The company's total assets under management grew by 4.5% from DKK 16.2 billion to DKK 16.9 billion at 31 December 2020.

Pension contributions

Total premium income for the year was DKK 1,504 million, against DKK 1,850 million in 2019, due to modest growth in regular premiums of 2% and a decline in single payments.

The reason for the decline in single payments was among other things a combination of restraint due to uncertainty triggered by COVID-19 and a lower rate on policyholders' savings in 2020 than in 2019. The latter resulted in more customers opting for Alm. Brand's market rate product, which is now offered through Sydbank.

The commercial customer segment remained the company's primary growth driver for regular premium payments. Growth in the commercial customer segment was driven by several strategic initiatives that have supported developments, including adjusted pricing of selected products in order to strengthen competitiveness.

Benefits paid

Total benefits paid amounted to DKK 1,354 million, against DKK 1,034 million in 2019. The higher amount of benefits paid in 2020 was in line with expectations, in light of the lower rate on policyholders' savings in 2020 and because some of the employees made redundant as a result of the changes made in the Alm. Brand Group at the beginning of the year subsequently transferred their scheme and savings to their new employer.

The risk result, which expresses the difference between risk premiums and claims expenses, was DKK 46 million, against DKK 44 million in 2019. The result was satisfactory and was due to gains on both mortality and disability risks. The risk result is still considered to rank among the best in the industry.

Costs

Acquisition costs and administrative expenses totalled DKK 107 million in 2020, against DKK 101 million excluding special costs in 2019. The higher amount was attributable to an increase in acquisition costs, among other things due to a change in the allocation of group expenses between the individual business areas. In 2019, costs amounted to DKK 106 million, including special costs related to the organisational adjustments made at the beginning of 2020.

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was positive at DKK 7 million in 2020, against DKK 9 million in 2019. The expense result for the year was highly satisfactory in light of the fact that Alm. Brand Pension in 2020 lowered its direct costs to adapt to the current low interest rate environment and continued to have some of the industry's lowest costs for average rate products.

Reinsurance

Reinsurance expenses came to a net amount of DKK 3 million in 2020, which was unchanged from the 2019 level and marked a satisfactory performance considering the reduction in risk and, by extension, in fluctuations of the company's results from reinsurance.

Investment return on assets allocated to equity

The return on investment assets allocated to equity was a gain of DKK 1 million. This was better than expected, given the challenging investment environment with negative short-term interest rates, price volatility caused by COVID-19 fears and the fact that the return on assets allocated to equity included interest expenses for subordinated loans with a principal of DKK 150 million.

Investment return on policyholders' funds

Total investment assets belonging to policyholders amounted to DKK 17.5 billion at 31 December 2019. The investment assets were placed in bonds, equities and property. The return on investment assets belonging to policyholders was just under DKK 1.0 billion before pension return tax, corresponding to a return of 5.8%, against a return of 9.3% in 2019.

Investment return

DKKkm	Investment assets	Return 2020	Return 2019
Bonds	13,149	4.1%	6.8%
Equities	2,301	14.1%	26.1%
Properties	2,046	7.0%	9.2%
Total	17,496	5.8%	9.3%

From an overall perspective, the return for the year was satisfactory. The investment return was impacted by substantial equity market fluctuations, sustained interest rate declines and major spread fluctuations on credit bonds and emerging market bonds. Equities, properties and bonds produced positive returns.

The property exposure was increased in 2020 through European property funds, ensuring a better risk balance in the portfolio.

Life insurance provisions are calculated using a market value principle that applies an expected cash flow discounted by the yield curve for discounting provisions published by EIOPA. The 10-year point on the yield curve was at minus 0.02% at 31 December 2020, against 0.27% at 1 January 2020. The underlying risk-free rate of interest dropped in 2020, while the VA premium only increased by 3 basis points, making for a fall in the aggregate EIOPA yield curve. The interest rate decline had an adverse impact on life insurance provisions, which was partly offset by positive returns on the investment assets, however.

	Interest rate group A	Interest rate group 0	Interest rate group 1	Interest rate group 2	Interest rate group 3	Total
Technical rate of interest (% p.a.)	-0.5-0.5	0.5-1.5	1.5-2.5	2.5-3.5	3.5-4.5	
Investment assets (DKKbn)	11.8	1.9	0.9	1.0	1.9	17.5
Rate on policyholders' savings 2020 (% p.a.)	2.50	2.50	5.50	5.50	6.00	
Rate on policyholders' savings 2021 (% p.a.)	3.00	3.00	5.50	5.50	6.00	
Bonus rate (%)	15.7	10.8	21.2	11.4	15.4	15.2
Return (% p.a.)	6.0	6.8	9.1	3.7	3.5	5.8

Distribution of investment assets (%):

Bonds	72	82	72	84	85	75
Equities	15	10	15	6	6	13
Properties	13	8	13	10	9	12

Life insurance provisions

Total life insurance provisions grew by DKK 0.7 billion to DKK 16.6 billion in 2020, primarily as a result of the investment return achieved for 2020.

Profit margin

The profit margin increased by DKK 26 million over the year, from DKK 357 million at 1 January 2020 to DKK 382 million at 31 December 2020, driven by increased allocations to life insurance provisions.

Bonus rate

The total bonus rate was 15.2% at 31 December 2020, against 16.1% at 1 January 2020, marking a slight decline of 0.9 of a percentage point. The dip was due to the interest rate declines in 2020, as a result of which the expected level of return will be lower going forward. The bonus rate remained satisfactory in light of the very low interest rate environment.

New policyholders were placed in interest rate group A, which had a bonus rate of 15.7% at 31 December 2020.

In aggregate, 12% of the portfolio was placed in high interest rate groups (interest rate groups 2 and 3), pursuing an investment strategy based on a substantial proportion of bonds and financial instruments with a view to striking a healthy balance between the groups' investments and liabilities.

FINANCIAL RESULTS FOR Q4

Life Insurance generated a pre-tax profit of DKK 20 million in Q4 2020, against a pre-tax profit of DKK 25 million excluding special costs in Q4 2019. The Q4 2020 performance was overall in line with expectations.

As a result of favourable financial market developments and an adjustment of the value of property investments, the bonus rate increased by 1.7 percentage points from 13.5% to 15.2%. The bonus rate is expected to remain one of the highest in the market, enabling Alm. Brand Pension to offer a market-leading rate on policyholders' savings again in 2021.

Total pension contributions fell by 13% to DKK 396 million in Q4 2020 from DKK 453 million in Q4 2019, which was primarily due to a lower level of single payments. The

decline in single payments was the result of a lower rate on policyholders' savings than in 2019 and a generally challenged sales environment in 2020.

The risk result, which expresses the difference between risk premiums and claims expenses, was DKK 8 million, against DKK 12 million in Q4 2019.

Acquisition costs and administrative expenses totalled DKK 27 million in Q4 2020, against DKK 28 million in Q4 2019.

The expense result was a profit of DKK 3 million in Q4 2020, which was on a par with the year-earlier period.

The return on investment assets belonging to policyholders was a gain of DKK 437 million before tax on pension returns in Q4 2020, corresponding to a return of 2.6%.

The return on customer investment assets was favourably affected by developments in the equity, property and fixed-income markets.

Major events

Rate on policyholders' savings for 2021

In December 2020, Alm. Brand Pension announced that the company will continue to offer one of the market's highest rates on policyholders' savings in the coming year. For 2021, the rate on policyholders' savings has been fixed at 3% for new customers.

New basis for writing business

The Danish Financial Supervisory Authority has announced that it is considering the size of the maximum technical rate of interest. Already at the end of 2019, Alm. Brand Pension lowered the technical rate of interest for new

customers to 0%, but because of the continued low interest rate level, the Danish Financial Supervisory Authority is considering whether the maximum technical rate of interest should be lowered even further. Alm. Brand is prepared for this situation, should it arise, and will continue to be able to offer customers the average rate product at an attractive rate on policyholders' savings.

The sale of Alm. Brand Bank A/S

Alm. Brand Bank A/S was sold with effect from 30 November 2020. An agreement has been made with Sydbank, ensuring that the market rate product is offered through Sydbank going forward.

Investment return

DKK m	Investment assets	Return Q4 2020	Return Q4 2019
Bonds	13,149	0.8%	-3.1%
Equities	2,301	12.1%	7.2%
Properties	2,046	3.9%	4.8%
Total	17,496	2.6%	-1.2%

Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board have today considered and approved the interim report of Alm. Brand A/S for the period 1 January to 31 December 2020.

The consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU. The interim report of the parent company has been prepared in accordance with the Danish Financial Business Act. In addition, the interim report has been prepared in accordance with additional Danish disclosure requirements for listed financial enterprises. The management’s review has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the interim report gives a true and fair view of the group’s and the parent company’s assets, liabilities and financial position at 31 December 2020 and of the group’s cash flows for the period 1 January to 31 December 2020.

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 fairly describes principal risks and uncertainties that may affect the group.

Management Board

Copenhagen, 11 February 2021

Rasmus Werner Nielsen
Chief Executive Officer

Board of Directors

Copenhagen, 11 February 2021

Jørgen Hesselbjerg Mikkelsen
Chairman

Jan Skytte Pedersen
Deputy Chairman

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Flemming Fuglede Jørgensen

Boris Nørgaard Kjeldsen

Pia Laub

Brian Egested

Claus Nexø Jensen

Lotte Kathrine Sørensen

Income statement

DKK m	Group			
	Q4 2020	Q4 2019	FY 2020	FY 2019
Income				
Premium income	1,774	1,811	6,975	7,215
Interest income etc.	76	109	366	448
Fee income etc.	0	0	0	0
Other income from investment activities	2	2	6	6
Other income	3	0	5	0
Total income	1,855	1,922	7,352	7,669
Costs				
Claims incurred	-1,217	-1,258	-4,891	-4,671
Interest expenses	12	-6	-14	-29
Other cost from investment activities	-121	-74	-194	-141
Acquisition and administrative costs	-244	-266	-973	-998
Total costs	-1,570	-1,604	-6,072	-5,839
Profit from business ceded	-58	-61	-196	-250
Change in life insurance provisions	-339	28	-700	-1,772
Change in profit margin, Life Insurance	-9	53	-26	70
Exchange rate adjustments	404	-306	639	895
Tax on pension investment returns	-61	46	-134	-186
Profit/loss before tax, continuing activities	222	78	863	587
Tax, continuing activities	-51	-16	-197	-120
Profit/loss after tax, continuing activities	171	62	666	467
Profit/loss after tax, discontinuing activities	-106	-34	-50	-15
Profit/loss after tax	65	28	616	452
Earnings per share, DKK	0.4	0.2	4.0	2.9
Diluted earnings per share, DKK	0.4	0.2	4.0	2.9

Statement of comprehensive income

DKK m	Group			
	Q4 2020	Q4 2019	FY 2020	FY 2019
Comprehensive income				
Profit for the period	65	28	616	452
<i>Items that may be recycled to profit or loss</i>	0	0	0	0
<i>Items that may not be recycled to profit or loss:</i>	0	0	0	0
Revaluation of owner-occupied properties	2	0	4	41
Transferred to collective bonus potential	-2	0	-2	-41
Tax on other comprehensive income	0	0	0	0
Total other comprehensive income	0	0	2	0
Comprehensive income	65	28	618	452
Proposed allocation of profit/loss:				
Share attributable to Alm. Brand	65	28	618	452
Comprehensive income	65	28	618	452

Balance sheet

DKKm	Group	
	31 December 2020	31 December 2019
Assets		
Intangible assets	9	187
Owner-occupied properties	743	752
Reinsurers' share of insurance contracts	222	170
Current tax assets	0	45
Other assets	861	1,777
Loans	738	5,514
Investment properties	790	750
Investment assets	28,893	31,567
Amounts due from credit institutions and central banks	0	792
Cash in hand and demand deposits	524	244
Total assets	32,780	41,798
Liabilities and equity		
Share capital	1,541	1,577
Reserves, retained profit etc.	2,547	2,539
Proposed dividend	1,079	460
Consolidated shareholders' equity	5,167	4,576
Subordinated debt	400	575
Provisions for insurance contracts	24,698	23,593
Other provisions	16	41
Deferred tax liabilities	0	55
Issued bonds	152	0
Current tax liabilities	5	0
Other liabilities	1,424	1,628
Deposits	0	10,492
Payables to credit institutions and central banks	918	838
Total liabilities and equity	32,780	41,798
Note 1	Own shares	
Note 2	Contingent liabilities and leasing	
Note 3	Fair value measurement of financial instruments	
Note 4	Accounting policies - Group	
Note 5	Financial highlights and key ratios	

Statement of changes in equity

DKKmn	Share capital	Contingency funds	Other provisions etc.	Retained profit	Proposed dividend	Consolidated equity
Shareholders' equity at 1 January 2019	1,610	182	1,215	1,271	470	4,748
Changes in equity 2019:						
Profit/loss for the year				452	0	452
Revaluation of owner-occupied properties				41		41
Transferred to collective bonus potential				-41		-41
Total income	0	0	0	452	0	452
Cancellation of treasury shares	-33			33		0
Proposed dividend				-460	460	0
Dividend distributed				3	-470	-467
Share option scheme, exercise				33		33
Purchase and sale of treasury shares				-190		-190
Changes in equity	-33	0	0	-129	-10	-172
Shareholders' equity, 31 December 2019	1,577	182	1,215	1,142	460	4,576
Shareholders' equity, 1 January 2020	1,577	182	1,215	1,142	460	4,576
Changes in equity FY 2020:						
Profit/loss for the year				616		616
Revaluation of owner-occupied properties				4		4
Transferred to collective bonus potential				-2		-2
Total income	0	0	0	618	0	618
Cancellation of proposed dividend				460	-460	0
Dividend distributed				-1,079	1,079	0
Cancellation of treasury shares	-36			36		0
Capital movements in subsidiaries				3		3
Share option scheme, exercise				11		11
Purchase and sale of treasury shares				-41		-41
Changes in equity	-36	0	0	8	619	591
Shareholders' equity, 31 December 2020	1,541	182	1,215	1,150	1,079	5,167

Cash flow statement

DKKm			Group	
	FY 2020	FY 2019	FY 2020	FY 2019
Cash flows from operating activities				
Premiums received	6,818	7,080		
Claims paid	-4,511	-4,404		
Dividends received	42	42		
Interest receivable, dividends, etc.	316	381		
Interest payable	3	3		
Payments concerning reinsurance	-252	-269		
Fee income received	-20	-53		
Fee income paid	0	0		
Expences paid	-1,218	-1,049		
Tax on pension investment returns paid	-89	-82		
Other ordinary income received	0	-1		
Taxes paid/received	-162	-205		
Cash flows from operating activities, continuing activities	927	1,443		
Cash flows from operating activities, discontinuing activities	297	-12		
Cash flows from operating activities	1,224	1,431		
Change in investment placement				
Acquisition of intangible assets, furniture, equipment, etc.	-1	0		
Properties acquired or converted	4	-38		
Sale/aquisition of equity investments	-552	289		
Sale/repayment of mortgage deeds and loans	-47	105		
Sale/aquisition of bonds	-517	-1,530		
Change in investment placement, continuing activities	-1,113	-1,174		
Change in investment placement, discontinuing activities	2,353	-282		
Change in investment placement	1,240	-1,456		
Change in financing				
Sale/purchase of treasury shares			-29	-157
Dividend distributed			0	-368
Change in deposits			332	-150
Change in payables to credit institutions			398	414
Change in other liabilities			-2	-8
Change in financing, continuing activities *)			699	-269
Change in financing, discontinuing activities *)			-652	237
Change in financing			47	-32
Net change in cash and cash equivalents, continuing activities			513	0
Net change in cash and cash equivalents, discontinuing activities			1,998	-57
Disposals relating to divestment			-3,023	0
Cash and cash equivalents, beginning of period			1,036	1,093
Cash and cash equivalents, end of period			524	1,036

*) The amount of DKK 878 million consists only of cash inflows og outflows.

Segment reporting

DKKmn	FY 2020				
	Non-life	Life	Other	Elimi- nation	Group
Premium income	5,471	1,504	0		6,975
Interest income etc.	136	228	7	-5	366
Other investment income	0	66	0	-60	6
Other income	0	0	5		5
Total income	5,607	1,798	12	-65	7,352
Claims incurred	-3,537	-1,354	0		-4,891
Interest expenses	-7	-4	-8	5	-14
Other investment expenses	-28	-38	-149	21	-194
Acquisition and administrative expenses	-926	-107	0	60	-973
Total expenses	-4,498	-1,503	-157	86	-6,072
Result of business ceded	-193	-3	0		-196
Change in life insurance provisions	0	-702	0	2	-700
Change in profit margin, Life Insurance	0	-26	0		-26
Exchange rate adjustments	-36	682	-14	7	639
Tax on pension investment returns	0	-134	0		-134
Profit/loss before tax, continuing activities	880	112	-159	30	863
Tax, continuing activities	-198	-25	33	-7	-197
Profit/loss after tax, continuing activities	682	87	-126	23	666
Profit/loss after tax, discontinuing activities			-27	-23	-50
Profit/loss after tax	682	87	-153	0	616

Segment reporting

DKKmn	FY 2019				
	Non-life	Life	Other	Elimi- nation	Group
Premium income	5,365	1,850	0		7,215
Interest income etc.	202	248	3	-5	448
Other investment income	0	70	0	-64	6
Total income	5,567	2,168	3	-69	7,669
Claims incurred	-3,637	-1,034	0		-4,671
Interest expenses	-19	-6	-8	4	-29
Other investment expenses	-27	-41	-96	23	-141
Acquisition and administrative expenses	-956	-106	0	64	-998
Total expenses	-4,639	-1,187	-104	91	-5,839
Result of business ceded	-246	-4	0		-250
Change in life insurance provisions	0	-1,813	0	41	-1,772
Change in profit margin, Life Insurance	0	70	0		70
Exchange rate adjustments	-119	1,043	0	-29	895
Tax on pension investment returns	0	-186	0		-186
Profit/loss before tax, continuing activities	563	91	-101	34	587
Tax, continuing activities	-127	-9	23	-7	-120
Profit/loss after tax, continuing activities	436	82	-78	27	467
Profit/loss after tax, discontinuing activities	0	0	12	-27	-15
Profit/loss after tax	436	82	-66	0	452

Notes

DKKmn	Group	
	31 December 2020	31 December 2019
Note 1 Own shares		
Nominal value, beginning of year	34	43
Acquired during the year	12	39
Sold during the year	-8	-15
Cancellation of treasury shares	-35	-33
Nominal value, end of year	3	34
Holding number of shares ('000), beginning of period	3,349	4,310
Additions, number of shares	1,229	3,891
Disposals, number of shares	-805	-1,512
Cancellation of treasury shares	-3,546	-3,340
Holding number of shares ('000), end of year	227	3,349
Percentage of share capital, end of year	0.1%	2.1%

Note 2 Contingent liabilities and leasing

Contingent liabilities and leasing	1,310	4,993
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The Alm. Brand Group is contractually obliged to pay rent of DKK 43 million over the next five years. The obligation is recognised in Other liabilities as a lease obligation.

The companies of the group have undertaken to participate in investing in unlisted securities at an amount of DKK 1.074 million.

DKKmn	31 December 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Note 4 Fair value measurement of financial instruments								
<u>Financial assets</u>								
Loans and advances	0	0	738	738	0	4,578	936	5,514
Bonds	15,828	7,072	6	22,906	20,019	7,655	8	27,682
Shares	4,204	0	496	4,700	1,721	143	334	2,198
Investment properties	0	0	790	790	0	0	750	750
Other assets	0	1,531	0	1,531	0	1,328	0	1,328
Total financial assets	20,032	8,603	2,030	30,665	21,740	13,704	2,028	37,472
<u>Financial liabilities</u>								
Subordinated debt	0	0	400	400	0	0	575	575
Issued bonds	0	0	152	152	0	0	0	0
Deposits	0	0	0	0	0	10,491	0	10,491
Other payables	0	537	0	537	0	604	0	604
Total financial liabilities	0	537	552	1,089	0	11,095	575	11,670

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 2019 or 2020.

DKKm	31 December 2020					
	Loans and advances	Bonds	Shares	Investment properties	Issued bonds (liability)	Subordinated debt (liability)
Development in level 3 financial instruments						
Carrying amount, beginning of period	936	8	334	750	0	575
Additions during the year	5	0	240	9	150	0
Disposals during the year	-182	-1	-39	-8	0	0
Disposals relating to the divestment of Alm. Brand Bank A/S	0	0	-37	-16	0	-175
Realised value adjustments	0	0	12	0	0	0
Unrealised value adjustments	-21	-1	-14	55	2	0
Carrying amount, end of period	738	6	496	790	152	400
Value adjustments recognised in the income statement	-21	-1	-2	55	2	0
DKKm	31 December 2019					
	Loans and advances	Bonds	Shares	Investment properties	Issued bonds (liability)	Subordinated debt (liability)
Development in level 3 financial instruments						
Carrying amount, beginning of year	1,096	7	92	724	0	575
Additions during the year	4	2	213	11	0	250
Disposals during the year	-151	-1	0	-6	0	-250
Realised value adjustments	-3	0	1	0	0	0
Unrealised value adjustments	-10	0	28	21	0	0
Carrying amount, year-end	936	8	334	750	0	575
Value adjustments recognised in the income statement	-13	0	29	21	0	0

NOTE 5 ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and with the requirements of the Danish Financial Business Act and NASDAQ Copenhagen A/S for interim reports of listed financial enterprises. The application of IAS 34 means that the report is limited relative to the presentation of a full annual report.

The interim report is unaudited.

The accounting policies are unchanged from the policies applied in the Annual Report 2019, to which reference is made.

The accounting policies of the parent company are described in connection with the parent company’s interim report. See separate section in this report.

Profit margin of Alm. Brand Liv og Pension

The sector has been in discussions with the Danish Financial Supervisory Authority about the accounting concept “profit margin”. The outcome is an understanding that the Danish Financial Supervisory Authority requires a theoretically more sophisticated methodology for calculating the profit margin. As a result, Alm. Brand has initiated a process to ensure that the company adapts to these requirements well in advance of the implementation of the Danish Financial Supervisory Authority’s new approach. The new calculation principles are not expected to change the company’s capital robustness.

Change in accounting policies

A number of amendments and interpretations have been issued to the International Financial Reporting Standards that entered into force on 1 January 2020. However, none

of these have had any significant effect on the accounting policies of the group.

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 is currently 1 January 2023. The effects of the new standard will be analysed and assessed over the coming years.

Segment information

The business segments Non-life Insurance, Life Insurance and Other are the group’s primary segments and they have been determined on the basis of the regulatory differences. No geographical segment information is provided as the group’s activities are predominantly focused on the Danish market.

Non-life Insurance is divided into Private and Commercial. Private comprises the group’s insurance sales 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 A/S. 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.

More detailed information about the individual segments is provided in the management’s review.

NOTE 6 FINANCIAL HIGHLIGHTS AND KEY RATIOS

See the management’s review.

DISCLAIMER

The forecast is based on the interest rate and price levels prevailing at the beginning of February 2021. 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 interim 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.

Income and comprehensive income statement

DKK m	Note	Parent company			
		Q4 2020	Q4 2019	FY 2020	FY 2019
Income statement					
Income from group enterprises	2	258	101	771	518
Value adjustments		-13	0	-13	0
Interest income and dividends etc.		3	1	7	3
Interest expenses		-2	-1	-8	-8
Administrative expenses related to investment activities		-108	-61	-148	-96
Profit/loss before tax, continuing activities		138	40	609	417
Tax, continuing activities		26	13	34	23
Profit/loss after tax, continuing activities		164	53	643	440
Profit/loss after tax, discontinuing activities		-99	-25	-27	12
Profit/loss after tax		65	28	616	452
Proposed allocation of loss:					
Proposed dividend		1,079	460	1,079	460
Retained earnings		-1,014	-432	-463	-8
Profit/loss after tax		65	28	616	452
Comprehensive income					
Profit/loss for the period		65	28	616	452
Opskrivning domicilejendomme		2	0	2	0
Comprehensive income		67	28	618	452
Proposed allocation of loss:					
Proposed dividend		1,079	460	1,079	460
Retained earnings		-1,012	-432	-463	-8
Comprehensive income		67	28	616	452
Accounting policies	3				

Balance sheet

DKK m	Note	Parent company	
		31 December 2020	31 December 2019
Assets			
Investment in group enterprises	1	3,964	4,948
Total investments in group enterprises and associates		3,964	4,948
Equity investments		30	1
Other loans and advances		2	2
Cash in hand and balances at call		38	1
Total other financial investment assets		1,670	4
Total investment assets		5,634	4,952
Receivables from group enterprises		3	0
Other receivables		49	53
Total receivables		52	53
Current tax assets		15	22
Deferred tax assets		0	0
Other assets		550	175
Total other assets		565	197
Total prepayments		6	6
Total assets		6,257	5,208

Balance sheet

DKKm	Parent company	
	31 December 2020	31 December 2019
Liabilities and equity		
Share capital	1,541	1,577
Other provisions	1,215	1,215
Proposed dividend	1,079	460
Retained earnings	1,332	1,324
Total shareholders' equity	5,167	4,576
Subordinated debt	250	250
Subordinated debt	250	250
Deferred tax liabilities	18	37
Total provisions	18	37
Payables to group enterprises	1	149
Issued bonds	152	0
Other payables	669	196
Total payables	822	345
Total liabilities and equity	6,257	5,208

Statement of changes in equity

DKK m	Share capital	Other provisions	Retained earnings	Proposed dividend	Shareholders' equity
Shareholders' equity at 1 January 2019	1,610	1,215	1,453	470	4,748
Changes in equity 2019:					
Profit/loss for the year			452	0	452
Comprehensive income			452	0	452
Cancellation of treasury shares	-33		33		0
Proposed dividend			-460	460	0
Dividende distributed			3	-470	-467
Share option scheme, exercise			33		33
Purchase and sale of treasury shares			-190		-190
Changes in equity	-33	0	-129	-10	-172
Shareholders' equity at 31 December 2019	1,577	1,215	1,324	460	4,576
Shareholders' equity at 1 January 2020	1,577	1,215	1,324	460	4,576
Changes in equity FY 2020:					
Profit/loss for the period			616	0	616
Revaluation of owner-occupied properties in subsidiaries			2		2
Comprehensive income	0		618		618
Cancellation of treasury shares	-36		36		0
Cancellation of proposed dividend			460	-460	0
Proposed dividend			-1,079	1,079	0
Capital movements in subsidiaries			3		3
Share option scheme, exercise			11		11
Purchase and sale of treasury shares			-41		-41
Changes in equity	-36	0	8	619	591
Shareholders' equity at 31 December 2020	1,541	1,215	1,332	1,079	5,167

Notes

DKKkm	31 December 2020	31 December 2019
Note 1 Investment in group enterprises		
Cost, beginning of period	8,941	8,941
Additions	140	0
Disposals	-5,642	0
Cost, end of period	3,439	8,941
Revaluation and impairment, beginning of period	-3,993	-3,924
Dividend received	0	-600
Profit/loss for the period	851	530
Revaluation	5	0
Reversal of impairment on disposals	3,663	0
Revaluation and impairment of treasury shares in subsidiaries	-1	1
Revaluation and impairment, end of period	525	-3,993
Investment in group enterprises, end of period	3,964	4,948
Specification of carrying amount:		
Alm. Brand Bank A/S (DKK 1,021 million nominal value wholly owned)	0	1,895
Alm. Brand PIA A/S (DKK 400 thousand nominal value wholly owned)	143	0
Alm. Brand Forsikring A/S (DKK 1,032 million nominal value wholly owned)	3,821	3,053
Investment in group enterprises, end of period	3,964	4,948
	FY 2020	FY 2019
DKKkm		
Note Income from group enterprises		
Alm. Brand PIA A/S	3	0
Alm. Brand Forsikring A/S	768	518
Total income from group enterprises	771	518
<i>The results are recognised in the following items:</i>		
Income from group enterprises	771	518
Total income from group enterprises	771	518

NOTE 3 ACCOUNTING POLICIES PARENT COMPANY

The interim report has been prepared in accordance with the Danish Financial Business Act, including the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

With respect to recognition and measurement, the accounting policies of the parent company are identical to those described for the group, with the exception that:

Investments in group enterprises are recognised and measured at the parent company's share of the group enterprises' net asset value on the balance sheet date.

The interim report is unaudited.

Definitions of financial ratios and Alternative Performance Measures (APM)

Alm. Brand's management believes that the use of financial highlights 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.

The information provided in the financial highlights and key ratios and the management's review has been supplemented by individual pieces of information in addition to what is specified in legislation. The most significant information is the following:

Payout ratio (Alm. Brand A/S Group):

The total payout ratio for the financial year expresses the total distribution for the year as a percentage of the profit for the year after tax.

Underlying combined ratio (Non-life Insurance):

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 (Non-life Insurance):

The underlying combined ratio less the expense ratio.

Claims experience (Non-life Insurance):

This figure is calculated as the sum of the claims ratio and the reinsurance ratio.

Run-off result, claims (Non-life Insurance):

The run-off result on claims reflects the gains and/or losses relating to prior-year technical provisions which affect the result for the current year.

Run-off result, risk margin (Non-life Insurance):

The run-off result on the risk margin is to a significant extent offset by developments in the risk margin for the current year and is hence more or less neutral for the profit for the year.

Return requirement for shareholders' equity (Life Insurance):

Profit before tax broken down according to the guidelines for return on equity which the company has reported to the Danish Financial Supervisory Authority.

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.

Return on equity before tax

$$= \frac{\text{Profit before tax} \times 100}{\text{Average shareholders' equity}}$$

Return on equity after tax

$$= \frac{\text{Profit for the year} \times 100}{\text{Average shareholders' equity}}$$

FINANCIAL RATIOS, ALM. BRAND A/S – PARENT COMPANY

In the determination of the average number of shares, any stock options and warrants are taken into consideration.

Net asset value per share

$$= \frac{\text{Shareholders' equity} \times 100}{\text{No. of shares at year-end}}$$

Earnings per share

$$= \frac{\text{Profit for the year after tax} \times 100}{\text{Average no. of shares}}$$

Diluted earnings per share

$$= \frac{\text{Profit for the year after tax} \times 100}{\text{Average no. of shares}}$$

Price/NAV

$$= \frac{\text{Share price}}{\text{Net asset value per share}}$$

FINANCIAL RATIOS, NON-LIFE INSURANCE

Financial ratios have been calculated in accordance with the Executive Order on financial reporting for insurance companies and multi-employer occupational pension funds.

Gross claims ratio

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

Gross expense ratio

$$= \frac{\text{Insurance operating expenses} \times 100}{\text{Gross premium income}}$$

Gross premium income is regulated for bonus and premium discounts.

Net reinsurance ratio

$$= \frac{\text{Profit/loss on reinsurance} \times 100}{\text{Gross premium income}}$$

Combined ratio

$$= \frac{(\text{Gross claims expenses} + \text{Insurance operating expenses} + \text{Profit/loss on reinsurance}) \times 100}{\text{Gross premium income}}$$

Operating ratio

$$= \frac{(\text{Gross claims expenses} + \text{Insurance operating expenses} + \text{Profit/loss on reinsurance}) \times 100}{\text{Gross premium income} + \text{Technical interest}}$$

FINANCIAL RATIOS, LIFE INSURANCE

Financial ratios relating to Life Insurance have been calculated in accordance with the Executive Order on financial reporting for insurance companies and multi-employer occupational pension funds.

Company information

Board of Directors

Jørgen Hesselbjerg Mikkelsen
Chairman

Jan Skytte Pedersen
Deputy Chairman

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Flemming Fuglede Jørgensen

Boris Nørgaard Kjeldsen

Pia Laub

Brian Egested
Employee representative

Claus Nexø Jensen
Employee representative

Lotte Kathrine Sørensen
Employee representative

Management Board

Rasmus Werner Nielsen
Chief Executive Officer

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab

Internal auditor

Morten Bendtsen
Group Chief Auditor

Registration

Alm. Brand A/S
Company reg. (CVR) no. 77 33 35 17

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