

ALM. BRAND GROUP

Interim report Q3 2022

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

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Company information

Alm. Brand Group

	DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021
GROUP	Non-life Insurance	307	177	362	650	904
	Other activities	-13	-3	-95	-60	-65
	Profit/loss before tax, continuing activities excluding special costs	294	174	267	590	839
	Special costs	-150	0	-516	-90	-141
	Profit/loss before tax, continuing activities	144	174	-249	500	698
	Tax, continuing activities	-25	-73	55	-153	-192
	Profit/loss after tax, continuing activities	119	101	-194	347	506
	Profit/loss after tax, discontinued activities	0	32	544	75	92
	Profit/loss after tax	119	133	350	422	598
	Total provisions for insurance contracts	18,144	7,820	18,144	7,820	7,828
	Consolidated shareholders' equity	13,615	3,271	13,615	3,271	13,706
	Total assets	37,162	30,124	37,162	30,124	42,235
	Average no. of employees	2,437	1,395	2,437	1,395	1,410
	Return on equity before tax, continuing activities (% p.a.) *)	2.9	34.2	2.6	18.6	19.1
	Return on equity before tax (% p.a.) **)	2.9	43.3	8.0	25.5	21.8
	Return on equity after tax (% p.a.) **)	2.3	27.0	7.4	19.1	16.9

	DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021
FINANCIAL RATIOS	Earnings per share	0.1	0.7	0.2	2.6	2.4
	Diluted earnings per share	0.1	0.7	0.2	2.6	2.4
	Net asset value per share	9	21	9	21	9
	Share price, end of period	9.3	45.0	9.3	45.0	12.7
	Price/NAV	1.02	2.13	1.02	2.13	1.43
	Average no. of shares (in millions)	1,540	154	1,540	154	253
	No. of shares, end of period, diluted (in millions)	1,541	154	1,541	154	1,541
	Average no. of shares, diluted (in millions)	1,540	154	1,540	154	253
	Dividend per share ***)	0.00	0.00	0.00	1.96	2.26

Alm. Brand's financial results for 9M 2022 include the acquired Danish business of Codan Forsikring ("Codan") for the period 1 May 2022 to 30 September 2022. Comparative figures for 2021 are based on reported figures for the period excluding Codan.

*) The calculation of return on equity 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.

**) The return on equity is calculated for the group's consolidated profit adjusted for special costs.

***) Dividend in respect of 9M 2021 has been translated into the new number of shares in Alm. Brand Group.

Alm. Brand Group

Technical result reflecting an overall satisfactory claims experience, realised synergies and a favourable effect on claims provisions from higher interest rates

The financial results of Alm. Brand Group (in this report referred to as “Alm. Brand Group” or “the group”) for Q3 2022 include the results of Alm. Brand Forsikring (“Alm. Brand”) and other activities as well as the results of the acquired Danish business of Codan Forsikring and Privatsikring (“Codan”). Comparative figures for Q3 2021 are based on reported figures excluding Codan, and organic growth thus only reflects developments in Alm. Brand Group’s continuing activities.

Q3 PERFORMANCE

Alm. Brand Group’s gross premium income grew to DKK 2,902 million in Q3 2022 from DKK 1,376 million in the same period of last year, driven by sustained highly satisfactory organic growth of 5.1% in Alm. Brand and the acquisition of Codan.

The technical result grew to a profit of DKK 370 million in Q3 2022 from DKK 170 million in Q3 2021, composed of a technical result of DKK 258 million for Alm. Brand Forsikring and DKK 112 million for Codan. The results are supported by lower operating costs, a higher interest rate level and an overall satisfactory claims experience. The rising inflation driven by high energy and raw materials prices led to higher average claims repair costs within building and motor insurance in particular. Alm. Brand Group has therefore initiated premium adjustments on selected insurance products to reflect the rising claims payout levels. The combination of announced premium increases and the expected indexation of the premium level is believed to compensate for the inflationary effect on claims payouts in 2023.

Overall negative financial market developments resulted in a loss on investments of DKK 63 million in Q3 2022, against a gain of DKK 7 million in Q3 2021.

Other activities reported a pre-tax loss of DKK 13 million, including group expenses and the result of the mortgage deed and debt collection portfolio.

Alm. Brand Group thus generated a pre-tax profit on continuing activities of DKK 294 million before special costs in Q3 2022, against a pre-tax profit of DKK 174 million in Q3 2021.

The Q3 profit includes special costs of DKK 60 million related to the integration of Codan and realisation of synergies as well as amortisation of intangible assets in the amount of DKK 90 million, bringing the group’s consolidated profit for Q3 2022 to a pre-tax profit of DKK 144 million.

9M PERFORMANCE

Alm. Brand Group’s gross premium income rose to DKK 6,691 million in 9M 2022 from DKK 4,045 million in 9M 2021, driven partly by highly satisfactory organic growth of 5.2% in Alm. Brand throughout the reporting period, partly by acquisitive growth from the Codan transaction.

The technical result was a profit of DKK 752 million, against a profit of DKK 596 million in 9M 2021, reflecting satisfactory insurance operations for Alm. Brand and a positive profit contribution from Codan. The overall claims level for major claims and weather-related claims came out at the high end, but within the expected range in spite of a few major fire claims and the Malik wind storm at the beginning of the year.

The investment result including the result for Codan was a loss of DKK 390 million due to negative financial market developments in the wake of Russia’s invasion of Ukraine, resulting in extraordinary interest rate increases and credit spread widening.

Other activities reported a loss of DKK 95 million, resulting in a profit on continuing activities of DKK 267 million before special costs in 9M 2022, against a profit of DKK 590 million in the same period of last year.

The consolidated loss includes special costs in a total amount of DKK 367 million, consisting of costs of DKK 287 million in connection with the integration of Codan and realisation of synergies, provisions for the divestment of Alm. Brand Liv og Pension A/S of DKK 60 million and costs related to the bankruptcy of Gefion Insurance of DKK 20 million. In addition, the result includes total amortisation of intangible assets in the amount of DKK 149 million, bringing the consolidated loss after special costs to DKK 249 million before tax.

The sale of Alm. Brand Liv og Pension A/S triggered a gain of DKK 537 million after tax, which is included in the profit on discontinued activities together with Alm. Brand’s DKK 7 million share of the profit.

The group thus generated a consolidated profit of DKK 350 million after tax in 9M 2022, against DKK 422 million in 9M 2021.

CAPITALISATION

The solvency capital requirement for the group was DKK 2,998 million at 30 September 2022, calculated using a partial internal model for Alm. Brand Forsikring and the standardised model for Codan, against DKK 2,936 million at 30 June 2022.

The total capital for coverage of the solvency capital requirement was DKK 5,952 million at 30 June 2022, an excess cover of DKK 2,954 million relative to the solvency capital requirement. The group thus had an SCR ratio of 199%. Alm. Brand Group's target for total capital as a percentage of the solvency capital requirement is 170%.

The group's total capital is assessed to be sufficiently robust to manage the risks associated with its activities.

Alm. Brand Group has defined an ordinary dividend target corresponding to a payout ratio of at least 70% of the profit for the year after tax, as the group's dividend distribution is

Capitalisation

	Q3 2022	Q2 2022
DKKm		
Total capital for the group	5,952	5,797
Solvency capital requirement for the group	2,998	2,936
Solvency capital requirement excess	2,954	2,861
Total capital as a percentage of solvency capital requirement	199	197

aligned with planned activities, including investments, and special risks.

SYNERGIES

In connection with the acquisition of Codan, Alm. Brand Group announced that it expected to realise synergies of DKK 600 million with accounting effect in 2025. After the acquisition of Codan, various initiatives have been implemented, primarily to eliminate duplicate group functions and to realise scale economies in claims services, which will produce synergies of DKK 110 million with accounting effect in 2022, DKK 54 million of which had a favourable effect on results at 30 September 2022. The accounting effect of realised synergies will produce an annual gain of DKK 200 million as from 2023.

Alm. Brand Group will regularly release information about developments in the realisation of synergies in the period until 2025.

In addition, an organisational reduction affecting 110 positions has been implemented, the majority of which were effected by discontinuation of vacant positions. The reduction was implemented across the organisation with a significant contribution from bankassurance. This initiative is implemented first and foremost to address the cost level in Codan, which after the acquisition has proved higher than originally expected. The cost savings should thus be seen as a significant step towards ensuring a satisfactory level of financial results for the group.

OUTLOOK FOR 2022

Alm. Brand Group's profit for 2022 will be the sum of the profit generated by Alm. Brand Forsikring and other activities for the full financial year and the profit generated by Codan for the period from 1 May 2022 to 31 December 2022, including realised synergies. Alm. Brand Group's profit guidance was most recently updated in connection with the release of company announcement no. 19/2022 of 13 October 2022.

Alm. Brand Group expects to report a technical result of DKK 1,050-1,100 million excluding run-off gains and losses in the final quarter of the year. The profit is expected to be distributed on approximately DKK 800 million from Alm. Brand and approximately DKK 275 million from Codan, including expected synergies of DKK 110 million in total for the two companies.

The guidance is based on gross premium income of DKK 9.5 billion for the group, against the previous guidance of DKK 9.3-9.4 billion, driven by organic growth of about 5% in Alm. Brand, against the 4-5% previously guided. Moreover, Codan is expected to report gross premium income of about DKK 3.8 billion, against the previous guidance of about DKK 3.7 billion.

The guidance is unchanged for the combined ratio at around 89 as well as for the expense ratio at around 18.

Alm. Brand Group expects to report a loss on investments of DKK 350 million due to adverse financial market developments and consequent capital losses on shares and bonds.

The guidance for other activities is unchanged at a loss of DKK 100 million.

Alm. Brand Group thus expects to report a consolidated profit on continuing activities of DKK 600-650 million before special costs.

In addition, Alm. Brand Group still expects to incur special costs of about DKK 430 million in 2022, comprising costs in connection with the integration of Codan and realisation of synergies of DKK 350 million, costs for the divestment of Alm. Brand Liv og Pension A/S of DKK 60 million and costs related to the bankruptcy of Gefion Insurance of DKK 20 million. Moreover, Alm. Brand Group will recognise amortisation of intangible assets in an amount of DKK 240 million.

FINANCIAL TARGETS

Alm. Brand Group will host a meeting for institutional investors and equity analysts (Capital Market Update) on 22 November 2022 and will in that connection release updated financial targets for 2025.

MAJOR EVENTS

Expansion of the Management Board

On 1 September 2022, Anne Mette Toftegaard was appointed Deputy CEO of Alm. Brand A/S and joined CEO Rasmus Werner Nielsen on the Management Board.

Non-life Insurance

	DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021
INCOME STATEMENT	Gross premium income	2,902	1,376	6,691	4,045	5,407
	Claims expenses *)	-1,913	-1,102	-4,432	-2,766	-3,738
	Insurance operating expenses *)	-478	-233	-1,191	-699	-933
	Profit/loss on reinsurance	-141	129	-316	16	67
	Technical result	370	170	752	596	803
	Interest and dividends, etc.	18	8	83	70	79
	Value adjustments	-517	-26	-1,380	-163	-125
	Administrative expenses related to investment activities	-11	-3	-23	-10	-13
	Return on and value adjustment of technical provisions	447	28	930	157	160
	Investment return after return on and value adjustment of provisions	-63	7	-390	54	101
	Profit/loss before tax excluding special costs, continuing activities	307	177	362	650	904
	Special costs	-50	-	-357	-	-34
	Profit/loss before tax, continuing activities	257	177	5	650	870
	Tax, continuing activities	-49	-40	0	-147	-194
	Profit/loss after tax, continuing activities	208	137	5	503	676
	Profit/loss after tax, discontinued activities	-	11	544	19	18
	Profit/loss after tax	208	148	549	522	694

	DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021
BALANCE SHEET	Run-off result, claims	62	34	129	71	109
	Technical provisions	18,144	7,820	18,144	7,820	7,828
	Insurance assets	697	212	697	212	337
	Total assets	25,584	10,048	25,584	10,048	10,910
FINANCIAL RATIOS	Gross claims ratio *)	66.0	80.1	66.3	68.4	69.1
	Net reinsurance ratio	4.8	-9.3	4.7	-0.4	-1.3
	Claims experience *)	70.8	70.8	71.0	68.0	67.8
	Gross expense ratio *)	16.5	16.9	17.8	17.3	17.3
	Combined ratio *)	87.3	87.7	88.8	85.3	85.1
	Combined ratio excluding run-off result *)	89.4	90.2	90.7	87.1	87.1
	Combined ratio	88.2	89.2	89.6	87.0	86.4

*) Claims expenses and insurance operating expenses for Q3 2022 include income from the Transitional Service Agreement (TSA) related to the divestment of Alm. Brand Liv og Pension A/S. In addition, income from the TSA related to the sale of Codan's activities to Tryg has been recognised. Claims expenses are stated less DKK 9 million, and insurance operating expenses are stated less DKK 18 million. Financial ratios for 2022 have been restated accordingly.

Claims expenses and insurance operating expenses for 2021 include income from the Transitional Service Agreement (TSA) related to the divestment of Alm. Brand Bank A/S. Claims expenses are stated less DKK 22 million, and insurance operating expenses are stated less DKK 50 million. For Q3 2021, this item covers claims expenses of DKK 6 million and insurance operating expenses of DKK 14 million, respectively. Financial ratios for 2021 have been restated accordingly.

Non-life Insurance

Q3 PERFORMANCE

The technical result for Q3 2022 was a profit of DKK 370 million, against a profit of DKK 170 million in Q3 2021, reflecting higher earnings in Alm. Brand and a positive profit contribution from Codan. The underlying combined ratio was 75.9, against 76.7, covering an improvement in Alm. Brand to 74.1 driven by cost savings as a result of realised synergies and a positive effect on claims provisions due to a higher interest rate level. On the other hand, inflationary developments have resulted in higher average claims repair costs across the group's insurance products.

Combined ratio

	Alm. Brand Group Alm. Brand Forsikring			
	Q3 2022	Q3 2022	Q3 2021	Change
Combined ratio, underlying business ex COVID-19 *)	75.9	74.1	76.7	-2.6
COVID-19 effects, estimated	-	-	-0.7	0.7
Combined ratio, underlying business *)	75.9	74.1	76.0	-1.9
Weather-related claims, net of reinsurance	1.3	2.5	3.6	-1.1
Major claims, net of reinsurance	12.6	7.8	9.0	-1.2
Run-off result, claims	-2.1	-1.7	-2.5	0.8
Change in risk margin	-0.4	-0.5	1.6	-2.1
Combined ratio *)	87.3	82.2	87.7	-5.5

*) The combined ratio for Q3 2022 was calculated taking into account an income of DKK 29 million from the TSA as per the overview of financial highlights and key ratios. The combined ratio for Q3 2021 was calculated taking into account an income of DKK 20 million from the TSA as per the overview of financial highlights and key ratios.

The combined ratio was 87.3 for Q3 2022. For Alm. Brand, the combined ratio was 82.2 in Q3 2022, against 87.7 in Q3 2021, with improvements in both the claims experience and the expense ratio.

Premiums

Gross premium income rose to DKK 2,902 million in Q3 2022, driven by sustained satisfactory organic growth of 5.1% to DKK 1,446 million in Alm. Brand Forsikring, against DKK 1,376 million in the year-earlier period, and by the acquisition of Codan, which contributed DKK 1,455 million. Alm. Brand's favourable organic growth performance was driven by higher additional sales to existing customers across Personal Lines and Commercial Lines, supported by sustained strong customer retention. In Codan, gross premium income increased by 3.3%, driven by a strong performance in Privatsikring.

Claims experience

The claims experience for Q3 2022 was 70.8% overall. In Alm. Brand, the claims experience dropped to 67.3%, from 70.8% in Q3 2021, driven by a number of favourable trends, including a higher interest rate level and lower claims net of reinsurance for major claims and weather-related claims. However, this effect was offset by higher average claims payouts for minor claims. In Codan, the claims experience was 74.2% in Q3 2022.

Underlying business

The underlying claims ratio was 59.4 overall in Q3 2022, against 59.8 excluding COVID-19 effects in Q3 2021, reflecting a higher number of minor claims and higher average claims repair costs driven by continuously rising inflation, but also a positive derivative effect from a higher interest rate level. The combination of announced premium increases and the expected indexation of the premium level is believed to fully compensate for the price increases in claims repair costs in 2023.

Weather-related claims

Expenses for weather-related claims net of reinsurance amounted to DKK 37 million in Q3 2022. The volume of claims expenses reflected weather conditions which, in spite of cloudbursts in August, may be characterised as mild and in line with an average claims experience for the season. Alm. Brand accounted for DKK 36 million of total claims expenses, against DKK 49 million in Q3 2021, while Codan, which is currently applying other criteria for claims classification than Alm. Brand, accounted for DKK 1 million of total claims expenses. Weather-related claims thus affected the combined ratio by 1.3 percentage points in total, against 3.6 percentage points in Q3 2021.

Major claims

Expenses for major claims net of reinsurance amounted to DKK 367 million in Q3 2022. Expenses for major claims reported in Alm. Brand totalled DKK 112 million, against DKK 123 million in Q3 2021, and were thus below the year-earlier level. Expenses for major claims reported in Codan totalled DKK 255 million, including expenses, net of reinsurance, related to single major fire claims. Major claims affected the combined ratio by 12.6 percentage points in total, against 9.0 percentage points in Q3 2021.

Run-off result

The run-off result on claims net of reinsurance amounted to a gain of DKK 62 million in Q3 2022, against a gain of DKK 34 million in Q3 2021, with positive contributions from motor and personal accident insurance. Run-off gains thus affected the combined ratio by 2.1 percentage points, against 2.5 percentage points in Q3 2021.

Risk margin

The change in the overall risk margin affected the Q3 performance by an income of DKK 12 million, equivalent to 0.4 of a percentage point, against an expense of 1.6 percentage

points in Q3 2021, as a result of a recalibration of the provisioning model.

Costs

Insurance operating expenses totalled DKK 478 million, bringing the expense ratio to 16.5, against 16.9 in Q3 2021, reflecting, on the one hand, the effect of the synergy initiatives implemented in the past quarter and sustained tight cost control in Alm. Brand, resulting in a decline in Alm. Brand's expense ratio of 2.1 percentage points to 14.8, the lowest level in eight years. On the other hand, Codan reported an expense ratio of 18.1 in Q3 2022, among other things due to Privatsikring, although Codan is also seeing a favourable effect of the realised cost synergies.

Reinsurance

The reinsurance result was a loss of DKK 141 million, equivalent to a reinsurance ratio of 4.8, against a gain of DKK 129 million in Q3 2021, which included significant coverage received under the reinsurance programme.

Discounting

The yield curve, which is used for discounting premium and claims provisions, increased by about 1.0 percentage point at the mid-part of the curve from the level reported at 30 June 2022. For FY 2022, the combined discounting effect on the combined ratio is expected to be about 2.0 percentage points, against the 1.5 percentage points previously guided.

PERSONAL LINES

The technical result amounted to a profit of DKK 222 million in Q3 2022, of which DKK 106 million was attributable to Alm. Brand, against DKK 112 million in Q3 2021, and DKK 116 million to Codan. The combined ratio was 82.7 in Q3 2022, against 82.8 in Q3 2021, reflecting partly a higher underlying claims ratio due to a higher number of minor claims combined with a higher average claims expense, partly a positive

effect of the acquired business.

Gross premium income was DKK 1,281 million in Q3 2022, supported by satisfactory organic growth of 5.1% to DKK 684 million in Alm. Brand, driven by a combination of increased sales to existing customers and sales to new customers. In addition, Codan contributed gross premium income of DKK 597 million, equivalent to year-on-year growth of 8.7%, predominantly due to a sustained positive trend in Privatsikring. All across Personal Lines, partnerships contributed significantly to the overall growth in premiums.

The sum of gross claims expenses and the reinsurance result was DKK 800 million in Q3 2022, equivalent to a claims experience of 62.5%. In Alm. Brand, the claims experience increased to 67.6%, from 62.9% in Q3 2021, primarily reflecting a slightly higher number of claims across home, contents and motor insurance lines compared with the same quarter of last year when society was partially locked down due to COVID-19. In addition, inflation is seen to have resulted in higher average claims expenses for building and motor claims, among other lines.

Supported by mild weather conditions, expenses for weather-related claims amounted to DKK 19 million net of reinsurance in Q3 2022, against DKK 18 million in the year-earlier period. The effect on the combined ratio was thus 1.5 percentage points, against 2.8 percentage points in Q3 2021.

Net of reinsurance, major claims amounted to DKK 28 million in Q3 2022, of which DKK 26 million was attributable to Alm. Brand, against DKK 11 million in Q3 2021, and DKK 2 million to Codan. The Q3 reporting period was thus characterised by relatively low expenses for major claims, affecting the combined ratio by 2.2 percentage points, against 1.7 percentage points in Q3 2021.

Personal Lines

	Alm. Brand Group Alm. Brand Forsikring			
DKK m	Q3 2022	Q3 2022	Q3 2021	Change
Gross premium income	1,281	684	651	33
Gross claims expenses *)	-776	-450	-397	-53
Insurance operating expenses *)	-259	-117	-130	13
Profit/loss on reinsurance	-24	-11	-12	1
Technical result	222	106	112	-6
Run-off result, claims	41	19	8	11
Gross claims ratio *)	60.7	65.9	60.9	5.0
Net reinsurance ratio	1.8	1.7	2.0	-0.3
Claims experience *)	62.5	67.6	62.9	4.7
Gross expense ratio *)	20.2	17.0	19.9	-2.9
Combined ratio *)	82.7	84.6	82.8	1.8
Combined ratio, underlying business *)	82.3	80.9	78.5	2.3
Weather-related claims, net of reinsurance	1.5	2.8	2.8	0.0
Major claims, net of reinsurance	2.2	3.7	1.7	2.0
Run-off result, claims	-3.2	-2.8	-1.1	-1.6
Change in risk margin	-0.1	0.0	0.9	-0.8
Combined ratio *)	82.7	84.6	82.8	1.8

*) Claims expenses are stated less DKK 5 million and insurance operating expenses are stated less DKK 5 million from the TSA. Financial ratios have been restated accordingly. For Q3 2021, this item covers claims expenses of DKK 3 million and insurance operating expenses of DKK 7 million, respectively. Financial ratios have been restated accordingly.

Insurance operating expenses came to a total of DKK 259 million. In Alm. Brand, expenses were reduced to DKK 117 million, against DKK 130 million in Q3 2021, as a result of general operational efficiencies and cost savings from realised synergies. In Codan, expenses amounted to DKK 142 million, including continued costs in particular for establishing the Privatsikring organisation. The overall expense ratio was 20.2 in Q3 2022, against 19.9 in Q3 2021.

The run-off result net of reinsurance amounted to a gain of DKK 41 million in Q3 2022, against a gain of DKK 8 million in Q3 2021, with positive contributions from motor and personal accident insurance in particular.

COMMERCIAL LINES

The technical result amounted to a profit of DKK 148 million in Q3 2022, of which a profit of DKK 152 million was attributable to Alm. Brand, against a profit of DKK 58 million in Q3 2021, and a loss of DKK 4 million was attributable to Codan. The strong organic growth in Alm. Brand was due to a more favourable experience supported by a higher interest level and lower claims expenses net of reinsurance for both major claims and weather-related claims. The combined ratio was 90.8 in Q3 2022, against 92.1 in Q3 2021.

Gross premium income was DKK 1,621 million in Q3 2022, supported by a satisfactory trend of strong organic premium growth of 5.0% to DKK 761 million in Alm. Brand, driven by a continued inflow of new customers, additional sales to existing customers, indexation of workers' compensation insurance and high customer retention. In addition, Codan contributed gross premium income of DKK 860 million.

The sum of gross claims expenses and the reinsurance result was DKK 1,254 million in Q3 2022, equivalent to a claims experience of 77.3%. In Alm. Brand, the claims experience dropped to 67.2%, from 77.9% in Q3 2021, reflecting a very favourable trend with significant positive contributions from

the higher interest rate level, which especially served to reduce the need to make provisions for long-term claims obligations in Commercial Lines. In Codan, the claims experience was 86.3%.

Supported by mild weather conditions, expenses for weather-related claims dropped to a low of DKK 19 million net of reinsurance, meaning that the combined ratio was affected by 1.1 percentage points, against 4.2 percentage points in Q3 2021.

Expenses for major claims came to DKK 339 million net of reinsurance in Q3 2022, against DKK 112 million in the same period of 2021, reflecting a reporting period with relatively high claims expenses in Alm. Brand and a Codan claims experience characterised, as expected, by higher claims expenses, including the Greater Copenhagen fire incident mentioned in the Q2 interim report amounting to a claims expense of DKK 75 million net of reinsurance. Major claims affected the combined ratio by 20.9 percentage points in total, against 15.5 percentage points in Q3 2021.

Insurance operating expenses amounted to DKK 219 million in Q3 2022, against DKK 103 million in Q3 2021. Organic growth in Alm. Brand declined by close to 6% to DKK 97 million, including the effects of implemented cost savings related to the synergy programme. Codan's operating expenses amounted to DKK 125 million. The overall expense ratio was 13.5 in Q3 2022, against 14.2 in Q3 2021.

The run-off result net of reinsurance amounted to a gain of DKK 21 million, against a gain of DKK 26 million in Q3 2021, including a positive result from Codan.

Commercial Lines

	Alm. Brand Group	Alm. Brand	Forsikring	
	Q3 2022	Q3 2022	Q3 2021	Change
DKK m				
Gross premium income	1,621	761	725	36
Gross claims expenses *)	-1,137	-477	-705	228
Insurance operating expenses *)	-219	-97	-103	6
Profit/loss on reinsurance	-117	-35	141	-176
Technical result	148	152	58	94
Run-off result, claims	21	5	26	-21
Gross claims ratio *)	70.1	62.6	97.3	-34.7
Net reinsurance ratio	7.2	4.6	-19.4	24.0
Claims experience *)	77.3	67.2	77.9	-10.7
Gross expense ratio *)	13.5	12.8	14.2	-1.4
Combined ratio *)	90.8	80.0	92.1	-12.1
Combined ratio, underlying business *)	70.8	68.0	73.7	-5.7
Weather-related claims, net of reinsurance	1.1	2.2	4.2	-2.0
Major claims, net of reinsurance	20.9	11.4	15.5	-4.1
Run-off result	-1.3	-0.7	-3.6	2.9
Change in risk margin	-0.7	-0.9	2.3	-3.2
Combined ratio *)	90.8	80.0	92.1	12.1

*) Claims expenses for 2022 are stated less DKK 6 million and insurance operating expenses are stated less DKK 11 million from the TSA. Financial ratios have been restated accordingly. For Q3 2021, this item covers claims expenses of DKK 3 million and insurance operating expenses of DKK 7 million, respectively. Financial ratios have been restated accordingly.

INVESTMENT RESULT

The investment result was a loss of DKK 63 million in Q3 2022, against a gain of DKK 7 million in the year-earlier period. The result comprises the group's combined investment portfolio after the acquisition of Codan and should be seen in light of a quarter which overall, in spite of a positive start, ended with negative financial market developments, including continuously increasing interest rates and widening credit spreads.

The Q3 investment return was adversely impacted by rising interest rates, falling share prices and widening credit spreads for Danish mortgage bonds and European credit bonds.

Total investment assets amounted to DKK 21.8 billion after the acquisition of Codan, against DKK 9.1 billion at 31 December 2021, distributed on Danish and international bonds, mortgage deeds and illiquid credit, equities and property investments. The overall goal is to achieve a satisfactory risk-return balance. The financial risk is adjusted using derivative financial instruments.

The return on technical provisions is calculated using the EIOPA (European Insurance and Occupational Pensions Authority) discount curve plus 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 discount curve.

Alm. Brand Group generally manages its investments on the basis of a conservative investment strategy with relatively limited exposure to equities. Normally, the group's investment result will track the return on the portfolio which is not allocated to the free portfolio and only to a lesser extent developments in the result of interest hedging in the hedging portfolio.

The total result of Codan's and Privatsikring's investments after technical interest in Q3 2022 was a loss of DKK 42 million, equivalent to a negative return on the overall portfolio of 0.3%.

The total result of Alm. Brand Forsikring's investments after technical interest in Q3 2022 was a loss of DKK 21 million, equivalent to a negative return on the overall portfolio of 0.2%.

Investment return

DKKm	Q3 2022			Q3 2021		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	19,446	-461	-2.1%	7,889	-27	0.4%
Illiquid credit including mortgage deeds	1,478	-5	-0.2%	581	5	0.9%
Shares	472	-36	-7.2%	383	-2	-0.6%
Properties	384	3	0.8%	281	6	2.3%
Total return on investments	21,780	-499	-3.8%	9,134	-18	-0.2%
Administrative expenses related to investment activities		-11			-3	
Return on and value adjustment of technical provisions		447			28	
Net investment return		-63			7	

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 30 September 2022.

The consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU. In addition, the condensed 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 assets, liabilities and financial position at 30 September 2022 and of the group’s cash flows for the period 1 January to 30 September 2022.

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

Management Board

Copenhagen, 10 November 2022

Rasmus Werner Nielsen
Chief Executive Officer

Anne Mette Toftegaard
Deputy CEO

Board of Directors

Copenhagen, 10 November 2022

Jørgen Hesselbjerg Mikkelsen
Chairman

Jan Skytte Pedersen
Deputy Chairman

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Boris Nørgaard Kjeldsen

Pia Laub

Tina Schmidt Madsen

Brian Egested

Claus Nexø Jensen

Lotte Kathrine Sørensen

Henriette Pedersen

Income statement

DKKm					Group
	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Gross premiums written	2,160	1,116	6,041	4,278	5,442
Premiums ceded to reinsurers	-67	-104	-213	-208	-230
Change in premium provision	593	223	338	-333	-1
Change in profit margin and risk margin	147	38	307	101	-34
Change in provision for unearned premiums, reinsurers' share	-136	44	-224	32	-3
Earned premiums, net of reinsurance	2,697	1,317	6,249	3,870	5,174
Claims paid, gross	-1,589	-746	-4,242	-2,277	-3,080
Claims paid, reinsurers' share	79	3	317	11	16
Change in the provision for claims	-356	-354	-249	-547	-716
Change in risk margin	9	-22	28	38	36
Change in provision for claims, reinsurers' share	-16	183	-202	179	283
Claims incurred, net of reinsurance	-1,873	-936	-4,348	-2,596	-3,461
Bonus and premium discounts	1	0	5	0	0
Acquisition costs	-385	-199	-946	-564	-761
Administrative expenses	-113	-33	-279	-183	-222
Reinsurance commissions and profit participation	0	1	6	1	1
Net operating expenses	-498	-231	-1,219	-746	-982
Technical result	327	150	687	528	731
Interest income and dividends, ect.	30	14	115	92	102
Value adjustments	-513	-20	-1,427	-198	-143
Interest expenses	-12	-4	-30	-17	-15
Other income	6	7	20	22	29
Administrative expenses related to investment activities	-36	-21	-100	-62	-97
Total investment return	-525	-24	-1,422	-163	-124
Return on and value adjustments on technical provisions	447	28	930	157	160
Total investment return after return on and value adjustment on technical provisions	-78	4	-492	-6	36
Other income	61	20	101	68	72
Other expenses	-166	0	-545	-90	-141
Profit/loss before tax, continuing activities	144	174	-249	500	698
Tax, continuing activities	-25	-73	55	-153	-192
Profit/loss after tax, continuing activities	119	101	-194	347	506

Statement of comprehensive income

DKKm	Group				
	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Profit/loss after tax, discontinuing activities	0	32	544	75	92
Profit/loss after tax	119	133	350	422	598
Earnings per share, DKK, continuing activities	-0.1	0.5	-0.1	2.1	2.0
Diluted earnings per share, DKK, continuing activities	-0.1	0.5	-0.1	2.1	2.0
Earnings per share, DKK	0.1	0.7	0.2	2.6	2.4
Diluted earnings per share, DKK	0.1	0.7	0.2	2.6	2.4
Comprehensive income					
Profit for the period	119	133	350	422	598
<i>Items that are or may be reclassified to profit or loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Items that will not be reclassified to profit or loss:</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total other comprehensive income	0	0	0	0	0
Comprehensive income	119	133	350	422	598
Proposed allocation of profit/loss:					
Proposed dividend	0	0	0	0	462
Additional Tier 1 capital holders	2	0	3	0	0
Share attributable to Alm. Brand	117	133	347	422	136
Comprehensive income	119	133	350	422	598

Balance sheet

DKKm	Group		
	30 September 2022	30 September 2021	31 December 2021
Assets			
Intangible assets	10,865	27	43
Tangible assets	964	123	132
Tangible assets	964	123	132
Investments in associates	144	0	0
Equities	848	484	599
Unit trust units	19,357	9,226	9,024
Bonds	429	0	11,980
Mortgage deeds	437	611	581
Other loans and advances	338	0	0
Deposits in credit institutions	64	0	0
Other	522	141	140
Other investments assets	21,995	10,462	22,324
Reinsurance deposits	3	0	0
Investments assets	21,998	10,462	22,324
Reinsurers' share of provision for unearned premiums	131	36	1
Reinsurers' share of provision for claims	566	232	336
Reinsurers' share of insurance contract provisions	697	268	337
Receivables related to direct insurance contracts	751	133	117
Receivables from insurance companies	227	32	28
Other receivables	680	273	255
Receivables	1,658	438	400
Current tax assets	123	0	21
Assets held for sale	0	18,536	18,725
Cash in hand and demand deposits	550	213	110
Other assets	673	18,749	18,856
Interest receivable	31	31	74
Other prepayments	132	26	69
Prepayments	163	57	143
Total assets	37,162	30,124	42,235

Balance sheet

DKKm		Group		
		30 September 2022	30 September 2021	31 December 2021
Liabilities and equity				
Share capital		1,541	154	1,541
Reserves, retained earnings, ect.		11,677	3,117	11,703
Proposed dividend		0	0	462
Consolidated shareholders' equity		13,218	3,271	13,706
Tier 1 capital		397	0	0
Total consolidated equity		13,615	3,271	13,706
Subordinated debt		1,294	0	1,295
Premium provisions		2,294	1,461	1,128
Profit margin on general insurance contracts		1,179	351	486
Provision for outstanding claims		13,998	5,763	5,968
Risk margin on general insurance contracts		606	245	246
Provision for bonuses and premium discounts		67	0	0
Provision for insurance contracts		18,144	7,820	7,828
Pension obligations ect.		10	52	13
Deferred tax liabilities		951	12	19
Other provisions		79	0	0
Provisions		1,040	64	32
Payables related to direct insurance		116	74	83
Payables related to reinsurance		212	3	15
Issued bonds		150	157	150
Payables to credit institutions and central banks		1	150	322
Current tax liabilities		0	120	0
Liabilities related to assets held for sale		0	17,940	18,146
Other payables		2,565	505	643
Payables		3,044	18,949	19,359
Accruals and deferred income		25	20	15
Liabilities		37,162	30,124	42,235
Note 1	Own shares			
Note 2	Contractual obligation and leasing			
Note 3	Fair value measurement of financial instruments			
Note 4	Accounting policies - Group			
Note 5	Acquisition of activities			
Note 6	Financial highlights and key ratios			

Statement of changes in equity

DKKm	Share capital	Contingency funds	Other provisions etc.	Retained profit	Proposed dividend	Shareholders equity	Additional tier 1 capital	Consolidated equity
Consolidated equity, 1 January 2021	1,541	164	1,215	1,168	1,079	5,167	0	5,167
Changes in equity Q1-Q3 2021:								
Profit/loss for the period				422		422		422
Comprehensive income	0	0	0	422	0	422	0	422
Dividend distributed				-1,229	-1,079	-2,308	0	-2,308
Reduction of capital	-1,387		1,387	0		0		0
Purchase and sale of treasury shares				-10		-10		-10
Changes in equity	-1,387	0	0	-817	-1,079	-1,896	0	-1,896
Consolidated equity, 30 September 2021	154	164	1,215	1,580	0	3,271	0	3,271
Consolidated equity at 1 January 2021	1,541	164	1,215	1,168	1,079	5,167	0	5,167
Changes in equity 2021:								
Profit/loss for the year				598	0	598	0	598
Comprehensive income	0	0	0	598	0	598	0	598
Reduction of capital	-1,387		-1,215	2,602		0		0
Issue of new shares pr. 2. december 2021	1,387		0	9,085		10,472		10,472
Cost related to the issue of new shares				-231		-231		-231
Proposed dividend				-462	462	0	0	0
Dividend distributed				-1,229	-1,079	-2,308	0	-2,308
Purchase and sale of treasury shares				8		8		8
Changes in equity	0	0	-1,215	10,371	-617	8,539	0	8,539
Consolidated equity, 31 December 2021	1,541	164	0	11,539	462	13,706	0	13,706
Consolidated equity, 1 January 2022	1,541	164	0	11,539	462	13,706	0	13,706
Changes in equity Q1-Q3 2022:								
Profit/loss for the period				347		347	3	350
Comprehensive income	0	0	0	347	0	347	3	350
Dividend distributed				0	-462	-462		-462
Disposals relating to divestment of Alm. Brand Liv og Pension		-101		101		0		0
Additions relating to acquisition of Codan		1,395		-1,395		0		0
Tax on contingency funds		-366		0		-366		-366
Tier 1 kapital				0		0	397	397
Interest paid on Tier 1 capital				0		0	-3	-3
Purchase and sale of treasury shares				-7		-7		-7
Changes in equity	0	928	0	-954	-462	-488	397	-91
Consolidated equity, 30 September 2022	1,541	1,092	0	10,585	0	13,218	397	13,615

Cash flow statement

DKKm				Group		
	Q1-Q3 2022	Q1-Q3 2021	FY 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Cash flows from operating activities						
Premiums received	7,175	4,373	5,572			
Claims paid	-5,255	-2,321	-3,080			
Dividends received	25	10	12			
Interest , etc. received	155	97	78			
Interest expenses	-30	0	-14			
Payments concerning reinsurance	20	-206	-210			
Expenses paid	-2,045	-1,013	-1,245			
Other ordinary income received	101	90	66			
Taxes paid/received	-27	-14	-187			
Cash flows from operating activities, continuing activities	119	1,016	992			
Cash flows from operating activities, discontinuing activities	-38	-165	-70			
Cash flows from operating activities	81	851	922			
Change in investment placement (net)						
Acquisition of intangible assets, furniture, equipment, etc.	-19	-20	-38			
Properties acquired or converted	0	0	0			
Sale/aquisition of equity investments	-10,835	-8,473	-8,300			
Acquisition of group enterprise	-13,385	0	0			
Divestment of group enterprise	1,107	0	0			
Sale/repayment of mortgage deeds and loans	-192	128	156			
Sale/aquisition of bonds	23,526	9,969	-2,008			
Change in investment placement, continuing activities	202	1,604	-10,190			
Change in investment placement, discontinuing activities	164	858	891			
Change in investment placement	366	2,462	-9,299			
Change in financing						
Change in Tier capital	394	0	0			
Sale/purchase of treasury shares	-7	-10	8			
Dividend distributed	-462	-2,308	-2,308			
Issue of new shares	0	0	10,241			
Repayment of subordinated debt	-1	-400	895			
Change in payables to credit institutions	-321	48	215			
Change in other liabilities	437	-1	-6			
Change in financing, continuing activities *)	40	-2,671	9,045			
Change in financing, discontinuing activities	-150	-875	-904			
Change in financing	-110	-3,546	8,141			
Net change in cash and cash equivalents, continuing activities	361	-51	-153			
Net change in cash and cash equivalents, discontinuing activities	-24	-182	-83			
Cash and cash equivalents, beginning of period, discontinuing activities	178	0	0			
Cash in hand and demand deposits presented within assets held for sale	0	-78	-178			
Additions relating to acquisition of Codan	143	0	0			
Disposals relating to divestment	-154	0	0			
Cash and cash equivalents, beginning of period	110	524	524			
Cash and cash equivalents, end of period	614	213	110			

*) The amount of DKK 40 million consists only of cash inflows og outflows.

Segment reporting

DKKm						Q1-Q3 2022
	Personal	Commercial	Non-life	Other	Elimi-nation	Group
Gross premiums written	2,753	3,288	6,041	0	0	6,041
Premiums ceded to reinsurers	-36	-177	-213	0	0	-213
Change in premium provision	175	163	338	0	0	338
Change in profit margin and risk margin	85	222	307	0	0	307
Change in provision for unearned premiums, reinsurers' share	-21	-203	-224	0	0	-224
Earned premiums, net of reinsurance	2,956	3,293	6,249	0	0	6,249
Claims paid, gross	-1,839	-2,403	-4,242	0	0	-4,242
Claims paid, reinsurers' share	2	315	317	0	0	317
Change in the provision for claims	-59	-190	-249	0	0	-249
Change in risk margin	-8	36	28	0	0	28
Change in provision for claims, reinsurers' share	3	-205	-202	0	0	-202
Claims incurred, net of reinsurance	-1,901	-2,447	-4,348	0	0	-4,348
Bonus and premium discounts	-1	6	5	0	0	5
Acquisition costs	-558	-388	-946	0	0	-946
Administrative expenses	-79	-200	-279	0	0	-279
Reinsurance commissions and profit participation	0	6	6	0	0	6
Net operating expenses	-637	-582	-1,219	0	0	-1,219
Technical result	417	270	687	0	0	687
Interest income and dividends, ect.			99	22	-6	115
Value adjustments			-1,380	-47	0	-1,427
Interest expenses			-16	-20	6	-30
Other income			0	20	0	20
Administrative expenses related to investment activities			-30	-70	0	-100
Total investment return			-1,327	-95	0	-1,422
Return on and value adjustments on technical provisions			930	0	0	930
Total investment return after return on and value adjustment on technical provisions			-397	-95	0	-492
Other income			101	0	0	101
Other expenses			-386	-159	0	-545
Profit/loss before tax, continuing activities			5	-254	0	-249
Tax, continuing activities			0	55	0	55
Profit/loss after tax, continuing activities			5	-199	0	-194
Profit/loss after tax, discontinuing activities *)			544	0	0	544
Profit/loss after tax			549	-199	0	350

*) Profit from discontinuing operations of DKK 544 million after tax includes both life insurance and health/personal accident activities.

Segment reporting

DKKm	Q1-Q3 2021					
	Personal	Commercial	Non-life	Other	Elimi- nation	Group
Gross premiums written	1,975	2,303	4,278	0	0	4,278
Premiums ceded to reinsurers	-45	-163	-208	0	0	-208
Change in premium provision	-35	-298	-333	0	0	-333
Change in profit margin and risk margin	2	99	101	0	0	101
Change in provision for unearned premiums, reinsurers' share	8	24	32	0	0	32
Earned premiums, net of reinsurance	1,905	1,965	3,870	0	0	3,870
Claims paid, gross	-1,137	-1,140	-2,277	0	0	-2,277
Claims paid, reinsurers' share	0	11	11	0	0	11
Change in the provision for claims	-69	-478	-547	0	0	-547
Change in risk margin	10	28	38	0	0	38
Change in provision for claims, reinsurers' share	-1	180	179	0	0	179
Claims incurred, net of reinsurance	-1,197	-1,399	-2,596	0	0	-2,596
Acquisition costs	-331	-233	-564	0	0	-564
Administrative expenses	-74	-109	-183	0	0	-183
Reinsurance commissions and profit participation	0	1	1	0	0	1
Net operating expenses	-405	-341	-746	0	0	-746
Technical result	303	225	528	0	0	528
Interest income and dividends, ect.			82	10	0	92
Value adjustments			-163	-35	0	-198
Interest expenses			-12	-5	0	-17
Other income			0	22	0	22
Administrative expenses related to investment activities			-10	-52	0	-62
Total investment return			-103	-60	0	-163
Return on and value adjustments on technical provisions			157	0	0	157
Total investment return after return on and value adjustment on technical provisions			54	-60	0	-6
Other income			68	0	0	68
Other expenses			0	-90	0	-90
Profit/loss before tax, continuing activities			650	-150	0	500
Tax, continuing activities			-147	-6	0	-153
Profit/loss after tax, continuing activities			503	-156	0	347
Profit/loss after tax, discontinuing activities *)			0	75	0	75
Profit/loss after tax			503	-81	0	422

*) Profit from discontinuing operations of DKK 75 million after tax includes both life insurance and health/personal accident activities.

Notes

DKKm	30 September		Group
	2022	2021	FY 2021
Note 1 Treasury shares			
Nominal value, beginning of year	0	3	3
Acquired during the year	2	5	5
Sold during the year	-2	-3	-6
Cancellation of treasury shares	0	0	0
Nominal value, end of year	0	5	0
Holding number of shares ('000), beginning of period	49	227	227
Additions, number of shares	2,075	460	460
Disposals, number of shares	-1,625	-286	-638
Cancellation of treasury shares	0	0	0
Holding number of shares ('000), end of year	499	401	49
Percentage of share capital, end of year	0.0%	0.3%	0.0%

Note 2 Contractual obligation and leasing

Contractual obligation	1,162	687	244
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The Alm. Brand Group is contractually obliged to pay rent of DKK 502 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 458 million.

DKKm	30 September 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Note 3 Fair value measurement of financial instruments								
<u>Financial assets</u>								
Loans and advances	0	0	775	775	0	0	583	583
Bonds	0	429	0	429	11,659	319	0	11,978
Shares	19,441	0	908	20,349	9,223	0	400	9,623
Other assets	0	615	0	615	0	372	0	372
Total financial assets	19,441	1,044	1,683	22,168	20,882	691	983	22,556
<u>Financial liabilities</u>								
Subordinated debt	0	0	1,691	1,691	0	0	1,295	1,295
Issued bonds	0	0	150	150	0	0	150	150
Other payables	0	713	0	713	0	262	0	262
Total financial liabilities	0	713	1,841	2,554	0	262	1,445	1,707

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 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 2021 or 2022.

In 2021, the group has transferred most of its investment portfolios to investment associations.

Notes

					30 September 2022	
					Issued bonds	Subordinated debt
					(liability)	(liability)
DKKm	Loans and advances	Bonds	Shares	Investment properties		
Development in level 3 financial instruments						
Carrying amount, beginning of period		583	0	400	150	400
Additions during the year		3	0	211	0	1,695
Additions during the year relating to acquisition of subsidiary		360	0	644	0	0
Disposals during the year		-105	0	-394	0	-400
Realised value adjustments		9	0	1	0	-4
Unrealised value adjustments		-75	0	46	0	0
Carrying amount, end of period		775	0	908	150	1,691
Value adjustments recognised in the income statement		-66	0	47	0	-4
					31 December 2021	
					Issued bonds	Subordinated debt
					(liability)	(liability)
DKKm	Loans and advances	Bonds	Shares			
Development in level 3 financial instruments						
Carrying amount, beginning of year		738	6	496	152	400
Additions during the year		5	0	646	0	1,295
Disposals during the year		-135	-6	0	0	-400
Disposals relating to the divestment of Alm. Brand Liv og Pension		0	0	-770	0	0
Realised value adjustments		4	0	0	0	0
Unrealised value adjustments		-29	0	28	-2	0
Carrying amount, year-end		583	0	400	150	1,295
Value adjustments recognised in the income statement		-25	0	28	-2	0

NOTE 4 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 scope of the report is limited relative to the presentation of a full annual report.

The accounting policies are unchanged from the consolidated financial statements and parent company financial statements for 2021, to which reference is made. The annual report for 2021 contains a full description of the accounting policies.

Acquisition of subsidiaries

Following the Danish Financial Supervisory Authority’s and the Danish Competition and Consumer Authority’s approvals of Alm. Brand A/S’s acquisition of Codan’s Danish business from Intact and Tryg, closing of the transaction took place on 1 May 2022. Codan’s Danish business consists of the companies Codan Forsikring A/S and Privatsikring A/S, with Alm. Brand A/S having acquired 100% of the share capital and the voting rights.

The main activity of Codan Forsikring A/S and Privatsikring A/S is to carry on insurance activities in the Danish market for personal and commercial customers. With the acquisition, Alm. Brand will increase its presence in the Danish non-life insurance market for both personal and commercial customers.

With effect from 1 May 2022, Alm. Brand Group has implemented new accounting policies in a number of areas as a result of new subsidiaries in the group. The new areas are described in the sections below.

Business combinations, acquisition of subsidiaries

With effect from 1 May 2022, and thus for the first time in

the interim financial statements for the six months ended 30 June 2022, Alm. Brand Group has implemented accounting policies for business combinations as a result of the acquisition of the new subsidiaries. The new areas are described in the sections below.

Newly acquired businesses are recognised in the consolidated financial statements from the acquisition date. Comparative figures are not restated to reflect recent acquisitions. On acquisition of new businesses in which the group assumes control over the acquired business, the acquisition method of accounting is applied. The identifiable assets, liabilities and contingent assets and contingent liabilities of the acquired businesses are measured at their fair values at the acquisition date. Identifiable intangible assets are recognised in the balance sheet if they are separable or arise from a contractual right. Deferred tax is recognised on the basis of the revaluations made.

The acquisition date is the date on which the group effectively assumes control of the acquired businesses. The acquisition date on which Alm. Brand Group effectively assumed control was 1 May 2022. The financial statements of Codan Forsikring A/S and Privatsikring A/S will be consolidated in the financial statements of Alm. Brand Group as of 1 May 2022, at which date a group affiliation was established.

Expenses incurred during the year in connection with an acquisition are recognised in ‘Other expenses’ in the year in which they are incurred.

If the identification or measurement of acquired assets, liabilities or contingent assets and contingent liabilities at fair value or the determination of the purchase consideration is subject to uncertainty at the acquisition date, recognition will be based on a provisional calculation of the fair values. In the event of a subsequent adjustment of the provisional

calculation of the values, the calculation will be adjusted retrospectively until 12 months after the acquisition, and comparative figures will be restated accordingly.

Intangible assets

Goodwill

Goodwill arises on the acquisition of a business and is calculated as the difference between the cost of the acquired business and the fair value of the net assets acquired. Goodwill represents the value of the expected profit of Codan which cannot be attributed reliably to individually identifiable assets, including the value of brand and customer relationships as well as expected future synergies from the combination of the businesses. Goodwill is allocated to business units constituting the smallest identifiable cash-generating units, corresponding to the internal reporting structure and the level at which management monitors the investment. Goodwill is not amortised; instead each business unit is tested for impairment at least once a year or more frequently if indications of impairment exist.

Goodwill is written down to its recoverable amount in the income statement provided that the carrying amount of the net assets of the cash-generating unit exceeds the higher of the assets’ net selling price and their value in use, which equals the present value of the future cash flows expected to be derived from the unit.

A number of different factors affect the net present value of expected future cash flows, including discount rates, changes in the economic outlook, changes in customer behaviour and competition as well as actuarial assumptions.

Brand value and customer relationships

Brand and customer relationships acquired in connection with the business combination are recognised as separate identifiable intangible assets. The fair value of brands is

calculated based on the relief from royalty method using a percentage rate of two and an expected useful life of 10 years. The fair value of customer relationships is calculated based on expected earnings and the useful life of customer relationships and expected future earnings. Customer relationships are amortised over a period of eight years, reflecting their expected useful life.

Additional Tier 1 capital

Capital issued with a perpetual term and without a contractual obligation to make repayments of principal and pay interest does not qualify as a financial liability. Additional Tier 1 capital is therefore accounted for as equity. The net amount of additional Tier 1 capital at the time of issue is recognised as an increase in equity. The payment of interest is treated as dividend and recognised directly in equity at the time when the liability arises. Upon redemption of the additional Tier 1 capital, shareholders' equity will be reduced by the redemption amount at the time of redemption.

NOTE 5 ACQUISITION OF ACTIVITIES

Alm. Brand A/S acquired Codan's Danish business from Intact and Tryg, comprising the companies Codan Forsikring A/S and Privatsikring A/S, of which 100% of the share capital and voting rights was acquired with effect from 1 May 2022. The main activity of Codan Forsikring A/S and Privatsikring A/S is to carry on insurance activities in the Danish market for personal and commercial customers. With the acquisition, Alm. Brand will increase its presence in the Danish non-life insurance market for both personal and commercial customers.

Pre-acquisition balance sheet

The fair values of net assets acquired are recognised in the balance sheet of Alm. Brand Group at the acquisition date. As a natural consequence of the short period of time from the acquisition date to the publication of this interim report,

the amounts are provisional and may be adjusted within the next 12 months, including the value of the acquired goodwill, to reflect information obtained about facts and circumstances that existed at the acquisition date. This includes a potential reallocation between goodwill and the provisionally calculated fair values of other identifiable assets. Shown below is the provisionally recognised pre-acquisition balance sheet as of 1 May 2022 for Codan Forsikring's Danish business.

There were no material contingent liabilities at the acquisition date requiring recognition of liabilities in the pre-acquisition balance sheet.

Pre-acquisition balance sheet at fair value at 1 May 2022

Assets	DKK m
Intangible assets	3,271
Tangible assets	333
Financial investment assets	13,431
Receivables related to insurance contracts	1,733
Receivables, other assets and prepayments	654
Total assets	19,422
Liabilities and equity	
Technical provisions	11,615
Other provisions	47
Payables related to direct insurance, other payables and deferred income	2,094
Total liabilities and equity	13,756
Identifiable net assets	5,666
Goodwill	7,719
Total purchase consideration paid in cash	13,385

Brand and customer relationships acquired in connection with the business combination are recognised as separate identifiable intangible assets. These have been recognised in the item Intangible assets.

Goodwill represents the value of the expected profit of Codan Forsikring which cannot be attributed reliably to individually identifiable assets, including the value of staff, know-how and expected synergies from the business combination, such as cost savings, etc. As goodwill derives from the acquisition of the shares in Codan Forsikring A/S and Privatsikring A/S, the amount is not deductible for tax purposes.

The fair value of insurance provisions is calculated in accordance with policies similar to the accounting policies applied by the group for items subject to actuarial assumptions etc.

Fair value adjustments of other intangible assets relate to IT systems and are calculated based on what an informed third party would be willing to pay for an IT system designed for a specific purpose. The expected useful lives of the IT systems are adjusted to reflect this.

If the acquisition date had been 1 January 2022, the group's gross premium income would have been DKK 8,513 million, and the profit for the year after tax and special items would have been DKK 288 million. This figure has been calculated on the basis of the fair value in the opening balance sheet and not on the basis of the actual figures for Codan Forsikring's Danish business.

Codan Forsikring A/S and Privatsikring are recognised in the consolidated financial statements with gross premiums of DKK 4,257 million and a loss after tax of DKK 34 million.

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 November 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 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.

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

$$\frac{\text{Total amount distributed for the financial year} \times 100}{\text{No. of shares at year-end}}$$

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.

Company information

Board of Directors

Jørgen Hesselbjerg Mikkelsen

Chairman

Jan Skytte Pedersen

Deputy Chairman

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Boris Nørgaard Kjeldsen

Pia Laub

Tina Schmidt Madsen

Brian Egested

Employee representative

Claus Nexø Jensen

Employee representative

Lotte Kathrine Sørensen

Employee representative

Henriette Pedersen

Employee representative

Management Board

Rasmus Werner Nielsen

Chief Executive Officer

Anne Mette Toftegaard

Deputy CEO

Auditors

EY

Godkendt Revisionspartnerselskab

Internal auditor

Morten Bendtsen

Group Chief Auditor

Registration

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