

ALM. BRAND GROUP

Interim report the first half

2022

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Company information

Alm. Brand Group

	DKKm	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
GROUP	Non-life Insurance	65	344	55	473	904
	Other activities	-27	-35	-82	-57	-65
	Profit/loss before tax, continuing activities excluding special costs	38	309	-27	416	839
	Special costs	-223	-90	-366	-90	-141
	Profit/loss before tax, continuing activities	-185	219	-393	326	698
	Tax, continuing activities	36	-53	80	-80	-192
	Profit/loss after tax, continuing activities	-149	166	-313	246	506
	Profit/loss after tax, discontinued activities	0	19	544	43	92
	Profit/loss after tax	-149	185	231	289	598
	Total provisions for insurance contracts	18,987	24,882	18,987	24,882	7,828
	Consolidated shareholders' equity	13,493	3,143	13,493	3,143	13,706
	Total assets	38,590	30,164	38,590	30,164	42,235
	Average no. of employees	2,517	1,381	2,517	1,381	1,410
	Return on equity before tax, continuing activities (% p.a.) *)	1.1	36.2	-0.8	44.1	19.1
	Return on equity before tax (% p.a.) **)	1.1	38.7	15.2	50.0	21.8
	Return on equity after tax (% p.a.) **)	0.7	29.5	15.1	38.1	16.9

	DKKm	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
FINANCIAL RATIOS	Earnings per share	-0.1	1.2	0.1	1.9	2.4
	Diluted earnings per share	-0.1	1.2	0.1	1.9	2.4
	Net asset value per share	9	20	9	20	9
	Share price, end of period	10.6	46.6	10.6	46.6	12.7
	Price/NAV	1.17	2.28	1.17	2.28	1.43
	Average no. of shares (in millions)	1,540	154	1,541	154	253
	No. of shares, end of period, diluted (in millions)	1,540	154	1,540	154	1,541
	Average no. of shares, diluted (in millions)	1,540	154	1,541	154	253
	Dividend per share ***)	0.00	0.00	0.00	1.96	2.26

Alm. Brand's financial results for Q2 2022 include the acquired Danish business of Codan Forsikring ("Codan") for the period 1 May 2022 to 30 June 2022. Comparative figures for Q2 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 H1 2021 has been translated into the new number of shares in Alm. Brand Group.

Alm. Brand Group

Strong organic growth and sustained satisfactory profitability, but extremely challenged financial markets

The financial results of Alm. Brand Group (in this report referred to as “Alm. Brand Group” or “the group”) for Q2 2022 include the results of Alm. Brand Forsikring and other activities as well as the results of the acquired Danish business of Codan Forsikring (“Codan”) for the period 1 May 2022 to 30 June 2022. Comparative figures for Q2 2021 are based on reported figures for the period excluding Codan, and organic growth thus only reflects developments in Alm. Brand Forsikring’s continuing activities.

Q2 PERFORMANCE

Alm. Brand Group’s gross premium income grew to DKK 2,395 million in Q2 2022 from DKK 1,348 million in the same period of last year, driven by highly satisfactory organic growth of 5.1% and the acquisition of Codan.

The technical result was a pre-tax profit of DKK 337 million in Q2 2022, against a pre-tax profit of DKK 322 million in Q2 2021, composed of a technical result of DKK 247 million for Alm. Brand Forsikring and DKK 90 million for Codan. Both Private and Commercial were affected by continued inflation in claims repair costs, particularly within building and motor insurance, driven by rising energy and raw materials prices. Alm. Brand Group has initiated premium adjustments on selected insurance lines to reflect the rising claims payout levels.

Negative financial market developments resulted in a loss on investments of DKK 272 million in Q2 2022, against a gain of DKK 22 million in Q2 2021.

Other activities reported a pre-tax loss of DKK 27 million including costs related to the placement of the purchase price for Codan until closing of the transaction.

Alm. Brand Group thus generated a pre-tax profit on continuing activities of DKK 38 million before special costs in Q2 2022, against a pre-tax profit of DKK 309 million in Q2 2021.

The Q2 result includes special costs of DKK 164 million related to the integration of Codan and realisation of synergies. In addition, the result includes a DKK 59 million amortisation charge for customer relationships and brand for May and June, bringing the group’s consolidated profit for Q2 2022 to a pre-tax loss of DKK 185 million.

H1 PERFORMANCE

Alm. Brand Group’s gross premiums rose to DKK 3,789 million in H1 2022 from DKK 2,669 million in H1 2021, driven partly by highly satisfactory organic growth of 5.3%, partly by acquisitive growth due to the acquisition of Codan.

The technical result was a pre-tax profit of DKK 382 million in H1 2022, against a pre-tax profit of DKK 426 million in H1 2021, reflecting a satisfactory level of organic growth in underlying insurance operations and a positive contribution from Codan, but also higher claims expenses, in particular for weather-related claims due to the windstorm Malik at the beginning of the year.

The investment result was a loss of DKK 327 million as a result of negative financial market developments.

Other activities reported a pre-tax loss of DKK 82 million, resulting in a loss on continuing activities of DKK 27 million before special costs in H1 2022, against a profit of DKK 416 million in the same period of last year.

The consolidated loss includes special costs in a total amount of DKK 307 million, consisting of costs of DKK 227 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 a DKK 59 million amortisation charge for customer relationships and brand. The group’s consolidated profit on continuing activities for H1 2022 thus came to a pre-tax loss of DKK 393 million.

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 for 2022.

The group thus generated a consolidated profit of DKK 231 million after tax in H1 2022, against DKK 289 million in H1 2021.

CAPITALISATION

The solvency capital requirement for the group was DKK 2,936 million at 30 June 2022, calculated using a partial internal model for Alm. Brand Forsikring and the standardised model for Codan Forsikring, against DKK 1,181 million at 31 December 2021.

The total capital for coverage of the solvency capital requirement was DKK 5,797 million at 30 June 2022, an excess cover of DKK 2,861 million relative to the solvency capital requirement. The group thus had a solvency coverage ratio of 197%. Alm. Brand's total capital target as a percentage of the solvency capital requirement is 170%.

In April 2022, the group sourced fresh capital in an amount of DKK 400 million, which is included as tier 1 capital.

The group is assessed to stand well prepared to manage the risks associated with its activities.

Alm. Brand has defined an ordinary dividend target corre-

Capitalisation

DKKm	Q2 2022	FY 2021
Total capital for the group	5,797	2,483
Solvency capital requirement for the group	2,936	1,181
Solvency capital requirement excess	2,861	1,302
Total capital as a percentage of solvency capital requirement	197	210

sponding to a payout ratio of at least 70% of the profit for the year after tax, as the group's dividend distribution is aligned with planned activities, including investments, and special risks.

SYNERGIER

In connection with the acquisition of Codan, Alm. Brand announced that it expected to realise synergies of DKK 600 million with accounting effect in 2025. In line with expectations, the first synergies were realised immediately after the acquisition of Codan, with initiatives being implemented in Q2 2022, including most importantly a reduction of the number of employees in various group functions and realisation of scale economies in claims services, which will produce synergies of DKK 110 million with accounting effect in 2022, distributed on DKK 74 million from administrative functions, DKK 26 million from claims processing and DKK 10 million from IT functions. The realised synergies will produce a gain for the year of DKK 200 million. Restructuring costs for the realisation of synergies and the integration of Codan are expected to total DKK 350 million in 2022. Alm. Brand will regularly release information about developments in the realisation of synergies in the period until 2025.

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.

The guidance for the group's consolidated technical result is lifted to DKK 950-1,050 million before tax and excluding

run-off gains and losses for the remaining part of the year, against the previous guidance of DKK 650-700 million, which covers a DKK 100 million increase of the profit guidance for Alm. Brand Forsikring to DKK 750-800 million and a profit contribution from Codan of DKK 225 million, including expected synergies of DKK 110 million.

The guidance is based on gross premium income of DKK 9.3-9.4 billion driven by organic premium growth of 4-5% in Alm. Brand Forsikring, against the 4% previously guided, and gross premium income from Codan of about DKK 3.7 billion for the period from May to December.

The guidance for the combined ratio is for a level of about 89, including an increase in the expense ratio to about 18, against previously 16.5, as a result of the recognition of Codan.

The guidance for the investment result is unchanged for a loss of about DKK 100 million, including an already favourable trend after the end of the first half-year and expectations of an unchanged interest rate level for the remainder of 2022.

Other activities are still expected to report a pre-tax loss of DKK 100 million.

Alm. Brand Group thus expects to report a consolidated profit on continuing activities of DKK 750-850 million before special costs, against the previous guidance of a pre-tax profit of DKK 450-500 million. The guidance is exclusive of run-off gains and losses for the remaining two quarters of the year.

In addition, Alm. Brand Group expects to incur special costs in a total amount of about DKK 430 million in 2022, comprising costs in connection with the integration of Codan and realisation of synergies of DKK 350 million, against previously DKK 300 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 will make amortisation charges for customer relationships and brand totalling DKK 240 million.

FINANCIAL TARGETS

In connection with the acquisition of Codan, Alm. Brand defined a target for the combined group to triple the pre-tax profit relative to the original guidance range for 2021 of DKK 600-650 million. Following the divestment of Alm. Brand Liv og Pension, Alm. Brand thus aims to generate a pre-tax profit of DKK 1.7-1.8 billion in the medium term. In the coming months, Alm. Brand will further concretise its action plans and financial forecasts. In Q4 2022, Alm. Brand expects to specify its financial targets for the combined group for the period until 2025 on the basis of prevailing market conditions.

The overall objective of Alm. Brand's dividend policy is to ensure that excess capital is distributed to the company's shareholders and thus to avoid any unnecessary accumulation of excess capital in the company. Alm. Brand's dividend policy has been defined with the aim of distributing at least 70% of the post-tax profit for the year on continuing activities before special costs to its shareholders.

MAJOR EVENTS

Completion of the acquisition of Codan Forsikring's Danish business ("Codan")

After having received all relevant regulatory and competition approvals, Alm. Brand completed the acquisition of Codan Forsikring A/S (100% ownership) and the subsidiary Forsikringsselskabet Privatsikring A/S on 1 May 2022.

Issue of Restricted Tier 1 capital

At the beginning of April, Alm. Brand issued Restricted Tier 1 (RT1) capital. The issue was for an amount of DKK 400 million and forms part of the financing of the Codan transaction. The capital securities were assigned an issuer rating of 'BBB-'.

Rating

On 29 April 2022, Codan Forsikring A/S's Insurance Financial Strength Rating (IFSR) of 'A+' was affirmed by the international credit rating agency Fitch Ratings. Alm. Brand Group's other ratings are unchanged, and all issuer ratings are assigned a 'stable outlook', reflecting Fitch Ratings' expectation that the rating will remain at the level assigned in the short to medium term.

Increase of ownership interest in SOS International

Alm. Brand Group has increased its ownership interest in SOS International to 23.9%, making it one of three principal shareholders that each hold 23.9% of the shares. Codan and Alm. Brand have both enjoyed a long-standing collaboration with SOS International, which offers roadside assistance and emergency travel assistance to the two companies' travel insurance customers, among other products.

The ownership interest will to a greater extent enable Alm. Brand Group to participate in developing SOS International to ensure that the group's customers will benefit even more from the ownership in future. Over the years, Alm. Brand has been highly satisfied with its involvement in SOS International and, by increasing its ownership interest, Alm. Brand wants to take even greater responsibility and play a more active role for the benefit of its customers.

MAJOR EVENTS AFTER THE BALANCE SHEET DATE

Major fire claim

In July, a fire claim was reported in the Greater Copenhagen area which is expected to result in a DKK 75 million claims expense net of reinsurance. The expected claims expense is included in the guidance for the technical result.

Non-life Insurance

	DKKm	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
INCOME STATEMENT	Gross premium income	2,395	1,348	3,789	2,669	5,407
	Claims expenses *)	-1,378	-737	-2,519	-1,664	-3,738
	Insurance operating expenses *)	-463	-231	-713	-467	-933
	Profit/loss on reinsurance	-217	-58	-175	-112	67
	Technical result	337	322	382	426	803
	Interest and dividends, etc.	44	29	65	61	79
	Value adjustments	-593	-16	-863	-136	-125
	Investment management expenses	-6	-4	-12	-7	-13
	Return on and value adjustment of technical provisions	283	13	483	129	160
	Investment return after return on and value adjustment of provisions	-272	22	-327	47	101
	Profit/loss before tax excluding special costs, continuing activities	65	344	55	473	904
	Special costs	-164	-	-307	-	-34
	Profit/loss before tax, continuing activities	-99	344	-252	473	870
	Tax, continuing activities	17	-77	49	-107	-194
	Profit/loss after tax, continuing activities	-82	267	-203	366	676
	Profit/loss after tax, discontinued activities	-	2	544	9	18
	Profit/loss after tax	-82	269	341	375	694

	DKKm	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
BALANCE SHEET	Run-off result, claims	37	37	67	37	109
	Technical provisions	18,988	7,683	18,988	7,683	7,828
	Insurance assets	846	40	846	40	337
	Total assets	26,534	9,826	26,534	9,826	10,910
FINANCIAL RATIOS	Gross claims ratio *)	57.5	54.8	66.5	62.3	69.1
	Net reinsurance ratio	9.1	4.4	4.6	4.2	-1.3
	Claims experience *)	66.6	59.2	71.1	66.5	67.8
	Gross expense ratio *)	19.3	17.1	18.8	17.5	17.3
	Combined ratio *)	85.9	76.3	89.9	84.0	85.1
	Combined ratio excluding run-off result *)	87.5	78.2	91.7	85.4	87.1
	Combined ratio	86.7	78.1	90.5	85.8	86.4

*) Claims expenses and insurance operating expenses for Q2 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 6 million, and insurance operating expenses are stated less DKK 12 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 Q2 2021, this item covers claims expenses of DKK 7 million and insurance operating expenses of DKK 17 million, respectively. Financial ratios for 2021 have been restated accordingly.

Non-life Insurance

Q2 PERFORMANCE

The technical result for Q2 2022 was a profit of DKK 337 million, against a profit of DKK 322 million in Q2 2021, reflecting sustained satisfactory underlying insurance operations and a positive profit contribution from Codan. The underlying combined ratio rose from 78.0 to 81.4 due to a higher number of minor claims, rising average claims repair costs across the company's insurance lines and the effect of the acquired business in May and June, which was partly offset, however, by an added positive effect on claims provisions due to a higher level of interest rates.

Combined ratio

	Alm. Brand Group Alm. Brand Forsikring			
	Q2 2022	Q2 2022	Q2 2021	Change
Combined ratio, underlying business ex COVID-19 *)	81.4	80.5	78.0	2.5
COVID-19 effects, estimated	-	-	-1.4	1.4
Combined ratio, underlying business *)	81.4	80.5	76.6	3.9
Weather-related claims, net of reinsurance	2.6	1.3	1.0	0.3
Major claims, net of reinsurance	4.0	3.7	5.5	-1.8
Run-off result, claims	-1.6	-1.9	-2.2	0.3
Change in risk margin	-0.5	-1.0	-4.8	3.8
Combined ratio *)	85.9	82.6	76.1	6.5

*) The combined ratio for Q2 2022 was calculated taking into account an income of DKK 18 million from the TSA as per the overview of financial highlights and key ratios. The combined ratio for Q2 2021 was calculated taking into account an income of DKK 24 million from the TSA as per the overview of financial highlights and key ratios.

The combined ratio was 85.9 for Q2 2022. For Alm. Brand Forsikring, the combined ratio was 82.6 in Q2, against 76.1 in Q2 2021, reflecting a year-on-year increase attributable to the fact that the expansion of the partial internal model for non-life insurance risk had a significant positive effect on the combined ratio in Q2 2021, as well as to higher claims expenses for minor claims.

Premiums

Alm. Brand's gross premium income grew to DKK 2,395 million in Q2 2022 from DKK 1,348 million in the same period of last year, driven by highly satisfactory organic growth of 5.1% and the acquisition of Codan, which contributed DKK 978 million. The organic growth was supported by a number of sales-oriented initiatives and satisfactory contributions from partnerships, which – combined with sustained strong customer retention – resulted in a highly satisfactory premium performance.

Claims experience

The claims experience for Q2 2022 was 66.6%, against 59.2% in Q2 2021. The increase was predominantly attributable to a significantly lower positive effect of a change in risk margin as compared with the year-earlier period, as well as to higher expenses for minor claims.

Underlying business

The underlying claims ratio was 62.1 in Q2 2022, against 60.9 excluding COVID-19 effects in Q2 2021, among other things reflecting a higher average claim due to higher prices for building materials and energy in particular.

Weather-related claims

Expenses for weather-related claims net of reinsurance amounted to DKK 61 million in Q2 2022, against a very low level of DKK 14 million in Q2 2021. As a result of benign weather conditions throughout most of the quarter, claims expenses were generally at a mere DKK 18 million for Alm. Brand Forsikring, but due to a single major claim caused by a hailstorm over a solar panel farm in the USA, the overall level for Codan increased to DKK 43 million. Weather-related claims affected the combined ratio by 2.6 percentage points in total, against 1.0 percentage point in Q2 2021.

Major claims

Expenses for major claims net of reinsurance amounted to DKK 97 million in Q2 2022, against DKK 74 million in Q2 2021. Expenses for major claims in Alm. Brand Forsikring totalled DKK 53 million and were thus below the level reported in Q2 2021. Expenses for major claims in Codan totalled DKK 44 million and were thus at the low end of the average range. Major claims affected the combined ratio by 4.0 percentage points in total, against 5.5 percentage points in Q2 2021.

Run-off result

The run-off result on claims net of reinsurance amounted to a gain of DKK 37 million in Q2 2022, against a gain of DKK 30 million in Q2 2021, including a positive contribution mainly from personal accident insurance. Run-off gains thus affected the combined ratio by 1.6 percentage points, against 2.2 percentage points in Q2 2021.

Risk margin

The change in the overall risk margin affected the Q2 performance by an income of DKK 13 million, equivalent to 0.5 of a percentage point, against 4.8 percentage points in Q2 2021, as a result of the expansion of Alm. Brand's partial internal model for insurance risk.

Costs

Insurance operating expenses totalled DKK 463 million, against DKK 231 million in Q2 2021, bringing the expense ratio to 19.3, against 17.1 in Q2 2021. The development was due to the combination of a marginal organic improvement in Alm. Brand Forsikring in spite of higher commissions due to increased sales activity and a higher expense ratio of 22.8 in Codan, including major investments in Privatsikring.

Reinsurance

The reinsurance result was a loss of DKK 217 million, against DKK 58 million in Q2 2021, including a DKK 80 million adjustment as a result of three fire claims being settled at amounts lower than expected. Overall, this meant that lower amounts were received under the reinsurance programme, but lower gross claims made for an overall neutral effect.

Discounting

The yield curve, which is used for discounting premium and claims provisions, increased by about 0.6 of a percentage point at the mid-part of the curve from the level reported at 31 March 2022. The interest rate change is assessed to have improved the combined ratio by approximately 0.7 of a percentage point in Q2 2022. Due to a subsequent decline in the discount rate, some of the positive effect in Q2 is expected to be neutralised in Q3 2022. For FY 2022, the combined discounting effect is expected to have a 1.5 percentage point effect on the combined ratio, against previously 1.2 percentage points.

PRIVATE

The technical result amounted to a profit of DKK 163 million in Q2 2022, against DKK 134 million in Q2 2021, composed of a technical result of DKK 101 million for Alm. Brand Forsikring and DKK 62 million for Codan. The combined ratio rose from 79.3 to 84.7, reflecting a higher underlying claims ratio due to a higher number of minor claims combined with

a higher average claims expense and to a lesser extent the effect of the acquired business.

Gross premium income was DKK 1,065 million in Q2 2022, against DKK 649 million in Q2 2021, driven by satisfactory organic growth of 3.7% to DKK 674 million as a result of a number of targeted sales initiatives and the launch of several successful retention initiatives across Private. In addition, Codan contributed premium income of DKK 391 million based on a sustained positive trend in Privatsikring. All across Private, partnerships contributed significantly to the overall growth in premiums.

Gross claims expenses amounted to DKK 643 million in Q2 2022, equivalent to a gross claims ratio of 60.4, against 57.7 in Q2 2021. The reinsurance result was 1.8 percentage points, against 1.9 percentage points in the year-earlier period, for a claims experience of 62.2 in Q2 2022, against 59.6 in Q2 2021. The development reflected a normalised and thus higher number of claims across contents, personal accident and motor insurance 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 slightly higher average claims expenses for building and motor claims, among other lines.

Due to benign weather conditions, like in the same period of last year, weather-related claims expenses totalled a mere DKK 3 million net of reinsurance. The overall effect on the combined ratio was thus 0.4 of a percentage point, against 0.5 of a percentage point in Q2 2021.

Expenses for major claims totalled DKK 22 million net of reinsurance in Q2 2022, against DKK 15 million in Q2 2021, generally reflecting a quarter with few claims. Major claims affected the combined ratio by a mere 2.1 percentage points in total, against 2.4 percentage points in Q2 2021.

Private

	Alm. Brand Group Alm. Brand Forsikring			
DKKmn	Q2 2022	Q2 2022	Q2 2021	Change
Gross premium income	1,065	674	649	25
Gross claims expenses *)	-643	-428	-375	-53
Insurance operating expenses *)	-240	-133	-129	-4
Profit/loss on reinsurance	-19	-12	-11	-1
Technical result	163	101	134	-33
Run-off result, claims	31	20	11	9
Gross claims ratio *)	60.4	63.5	57.7	5.8
Net reinsurance ratio	1.8	1.8	1.9	-0.1
Claims experience *)	62.2	65.3	59.6	5.7
Gross expense ratio *)	22.5	19.7	19.7	0.0
Combined ratio *)	84.7	85.0	79.3	5.7
Combined ratio, underlying business *)	85.6	85.0	80.6	4.4
Weather-related claims, net of reinsurance	0.4	0.4	0.5	-0.1
Major claims, net of reinsurance	2.1	2.9	2.4	0.5
Run-off result, claims	-2.9	-2.9	-1.7	-1.2
Change in risk margin	-0.5	-0.4	-2.5	2.1
Combined ratio *)	84.7	85.0	79.3	5.7

*) Claims expenses are stated less DKK 3 million and insurance operating expenses are stated less DKK 6 million from the TSA. Financial ratios have been restated accordingly. For Q2 2021, this item covers claims expenses of DKK 3 million and insurance operating expenses of DKK 8 million, respectively. Financial ratios have been restated accordingly.

Insurance operating expenses amounted to DKK 240 million, against DKK 129 million in Q2 2021, predominantly reflecting an increase due to the acquisition of Codan, including continued costs in particular for establishing the Privatsikring organisation and investments in the customer universe and Campaign Management. The overall expense ratio was 22.5 in Q2 2022, against 19.7 in Q2 2021.

The run-off result net of reinsurance amounted to a gain of DKK 31 million in Q2 2022, against a gain of DKK 11 million in Q2 2021, with positive contributions from personal accident insurance in particular.

COMMERCIAL

The technical result was a profit of DKK 174 million in Q2 2022, against a profit of DKK 188 million in Q2 2021, which included a positive effect of DKK 51 million from an expansion of Alm. Brand's partial internal model for insurance risk. The profit was composed of a technical result of DKK 146 million for Alm. Brand Forsikring and DKK 28 million for Codan, reflecting an organic development with a higher average claims expense for minor claims, among other things within the area of building claims. The combined ratio was 86.9 in Q2 2022, against 73.0 in Q2 2021.

Gross premium income was DKK 1,330 million, against DKK 699 million in Q2 2021. Commercial continued the favourable trend of strong organic premium growth of 6.4% to DKK 743 million achieved by attracting new and retaining existing customers. In line with expectations, the acquisition of Codan lifted the group's premium income significantly, contributing DKK 587 million in premiums, and has made the overall commercial customer portfolio considerably more well-diversified across customer types than previously.

Gross claims expenses and the reinsurance result should be considered together, as three major claims were settled during the quarter at amounts lower than expected, which on the one hand reduced gross claims expenses by DKK 80 million, but on the other hand triggered a similarly lower payout on the reinsurance programme.

The sum of gross claims expenses and the reinsurance result was DKK 958 million in Q2 2022, equivalent to a claims experience of 70.1, against 58.3 in Q2 2021. The development covers an increase in the underlying claims ratio as a result of a higher claims frequency and higher average claims expenses, which was, however, offset by a number of claims mitigation measures. Moreover, the Q2 2021 claims experience was favourably affected by the expansion of Alm. Brand's partial internal model for non-life insurance. In line with expectations, the acquisition of Codan contributed to a higher claims experience.

Weather conditions were generally benign, resulting in only few claims, but due to a single major weather-related claim caused by a severe hailstorm over a solar panel farm in the USA, weather-related claims expenses totalled DKK 58 million net of reinsurance, against DKK 11 million in Q2 2021. The overall effect on the combined ratio was thus 4.3 percentage points, against 1.5 percentage points in Q2 2021.

Expenses for major claims totalled DKK 74 million, against DKK 58 million in Q2 2021, reflecting a claims experience in both Alm. Brand and Codan with relatively low expenses for major claims. The overall effect on the combined ratio was 5.6 percentage points, against 8.3 percentage points in Q2 2021.

Commercial

	Alm. Brand Group	Alm. Brand Forsikring		
	Q2 2022	Q2 2022	Q2 2021	Change
DKK m				
Gross premium income	1,330	743	699	44
Gross claims expenses *)	-735	-368	-362	-6
Insurance operating expenses *)	-223	-107	-102	-5
Profit/loss on reinsurance	-198	-122	-47	-75
Technical result	174	146	188	-42
Run-off result, claims	6	8	18	-10
Gross claims ratio *)	55.2	49.5	51.8	-2.3
Net reinsurance ratio	14.9	16.5	6.5	10.0
Claims experience *)	70.1	66.0	58.3	7.7
Gross expense ratio *)	16.8	14.4	14.7	-0.3
Combined ratio *)	86.9	80.4	73.0	7.4
Combined ratio, underlying business *)	78.0	76.4	72.7	3.7
Weather-related claims, net of reinsurance	4.3	2.0	1.5	0.5
Major claims, net of reinsurance	5.6	4.5	8.3	-3.8
Run-off result	-0.4	-1.0	-2.6	1.5
Change in risk margin	-0.6	-1.5	-6.9	5.4
Combined ratio *)	86.9	80.4	73.0	7.4

*) Claims expenses for 2022 are stated less DKK 3 million and insurance operating expenses are stated less DKK 6 million from the TSA. Financial ratios have been restated accordingly. For Q2 2021, this item covers claims expenses of DKK 4 million and insurance operating expenses of DKK 9 million, respectively. Financial ratios have been restated accordingly.

Insurance operating expenses amounted to DKK 223 million in Q2 2022, against DKK 102 million in Q2 2021. Organic growth of 5% lifted expenses to DKK 107 million, which was slightly lower than the growth in premiums, while operating expenses attributable to Codan totalled DKK 116 million. The overall expense ratio was 16.8 in Q2 2022, against 14.7 in Q2 2021, reflecting an organic improvement of 0.3 of a percentage point, but also a higher expense ratio for Codan.

The run-off result net of reinsurance amounted to a gain of DKK 6 million in Q2 2022, against a gain of DKK 18 million in Q2 2021. The run-off result comprised a positive result on building insurance in particular, but also a negative contribution from workers' compensation insurance as a result of changed expectations for future wage developments.

INVESTMENT RESULT

The investment result was a loss of DKK 272 million in Q2 2022, against a gain of DKK 22 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 with sustained negative financial market developments in the wake of Russia's invasion of Ukraine, resulting in extraordinary interest rate increases and credit spreads.

The Q2 investment return was adversely impacted by rising interest rates, falling share prices and widening credit spreads for Danish mortgage bonds and European credit bonds. Property investments made a small positive contribution to the investment result.

Total investment assets increased to DKK 22.4 billion after the acquisition of Codan from 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 relationship between return and risk. The financial risk is adjusted using derivative financial instruments.

The interest on technical provisions is calculated using the EIOPA discount curve plus a volatility adjustment (the "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.

Alm. Brand Forsikring 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. However, due to atypical and strong volatility in the bond market over the past quarter, the hedging portfolio produced a loss after technical interest, which in particular was due to negative convexity and spread developments in callable mortgage bonds.

The total result of Codan's and Privatsikring's investments after technical interest in May and June was a loss of DKK 119 million, equivalent to a negative return on the overall portfolio of 1.0%.

The total result of Alm. Brand Forsikring's investments after technical interest in Q2 2022 was a loss of DKK 153 million, equivalent to a negative return on the overall portfolio of 1.4%.

Investment return

DKKm	Q2 2022			Q2 2021		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	19,920	-492	-2.5%	7,472	-16	-0.2%
Illiquid credit including mortgage deeds	1,509	-19	-1.3%	607	1	0.1%
Shares	667	-44	-6.1%	384	26	7.1%
Properties	315	6	2.0%	274	2	0.7%
Total return on investments	22,411	-549	-2.4%	8,737	13	0.3%
Administrative expenses related to investment activities		-6			-4	
Return on and value adjustments on technical provisions		283			13	
Net investment return		-272			22	

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 June 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 June 2022 and of the group’s cash flows for the period 1 January to 30 June 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, 18 August 2022

Rasmus Werner Nielsen
Chief Executive Officer

Board of Directors

Copenhagen, 18 August 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

DKK m	Group				
	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Gross premiums written	1,757	1,106	3,881	3,162	5,442
Premiums ceded to reinsurers	-87	-2	-146	-104	-230
Change in premium provision	489	207	-255	-556	-1
Change in profit margin and risk margin	146	35	160	63	-34
Change in provision for unearned premiums, reinsurers' share	-82	-54	-88	-12	-3
Earned premiums, net of reinsurance	2,223	1,292	3,552	2,553	5,174
Claims paid, gross	-1,759	-742	-2,653	-1,547	-3,080
Claims paid, reinsurers' share	238	2	238	8	16
Change in the provision for claims	341	-67	107	-193	-716
Change in risk margin	33	64	19	60	36
Change in provision for claims, reinsurers' share	-293	-4	-186	-4	283
Claims incurred, net of reinsurance	-1,440	-747	-2,475	-1,676	-3,461
Bonus og præmierabatter	4	0	4	0	0
Acquisition costs	-360	-194	-561	-390	-761
Administrative expenses	-114	-53	-166	-109	-222
Reinsurance commissions and profit participation	6	0	6	0	1
Net operating expenses	-468	-247	-721	-499	-982
Technical result	319	298	360	378	731
Interest income and dividends, ect.	49	37	85	78	102
Value adjustments	-602	-45	-914	-178	-143
Interest expenses	-9	-6	-18	-13	-15
Other income	6	6	14	15	29
Administrative expenses related to investment activities	-30	-18	-64	-41	-97
Total investment return	-586	-26	-897	-139	-124
Return on and value adjustments on technical provisions	283	13	483	129	160
Total investment return after return on and value adjustment on technical provisions	-303	-13	-414	-10	36
Other income	35	24	40	48	72
Other expenses	-236	-90	-379	-90	-141
Profit/loss before tax, continuing activities	-185	219	-393	326	698
Tax, continuing activities	36	-53	80	-80	-192
Profit/loss after tax, continuing activities	-149	166	-313	246	506

Statement of comprehensive income

DKKm	Group				
	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Profit/loss after tax, discontinuing activities	0	19	544	43	92
Profit/loss after tax	-149	185	231	289	598
Earnings per share, DKK, continuing activities	-0.1	1.1	-0.2	1.6	2.0
Diluted earnings per share, DKK, continuing activities	-0.1	1.1	-0.2	1.6	2.0
Earnings per share, DKK	-0.1	1.2	0.1	1.9	2.4
Diluted earnings per share, DKK	-0.1	1.2	0.1	1.9	2.4
Comprehensive income					
Profit for the period	-149	185	231	289	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	-149	185	231	289	598
Proposed allocation of profit/loss:					
Proposed dividend	0	0	0	0	462
Additional Tier 1 capital holders	1	0	1	0	0
Share attributable to Alm. Brand	-150	185	230	289	136
Comprehensive income	-150	185	230	289	598

Balance sheet

DKKm	Group		
	30 June 2022	30 June 2021	31 December 2021
Assets			
Intangible assets	10,976	21	43
Tangible assets	1,016	129	132
Group occupied property	0	717	0
Tangible assets	1,016	846	132
Investment properties	0	793	0
Investments in associates	144	0	0
Equities	813	1,891	599
Unit trust units	8,715	23,351	9,024
Bonds	12,046	208	11,980
Mortgage deeds	479	645	581
Indlån i kreditinstitutter	200	100	0
Other	702	836	140
Reinsurance deposits	39	0	0
Investments assets	22,994	27,031	22,324
Reinsurers' share of provision for unearned premiums	265	-9	1
Reinsurers' share of life insurance provision for claims	0	32	0
Reinsurers' share of provision for claims	580	222	336
Reinsurers' share of insurance contract provisions	845	245	337
Receivables related to direct insurance contracts	944	169	117
Receivables from insurance companies	390	35	28
Other receivables	427	411	255
Receivables	1,761	615	400
Udskudte skatteaktiver	0	88	0
Current tax assets	135	0	21
Assets held for sale	0	0	18,725
Cash in hand and demand deposits	551	379	110
Other assets	686	467	18,856
Interest receivable	66	57	74
Other prepayments	102	89	69
Prepayments	168	146	143
Total assets	38,590	30,164	42,235

Balance sheet

DKKm	Group		
	30 June 2022	30 June 2021	31 December 2021
Liabilities and equity			
Share capital	1,541	1,541	1,541
Reserves, retained earnings, ect.	11,555	1,602	11,703
Proposed dividend	0	0	462
Consolidated shareholders' equity	13,096	3,143	13,706
Tier 1 capital	397	0	0
Total consolidated equity	13,493	3,143	13,706
Subordinated debt	1,294	0	1,295
Premium provisions	2,917	1,723	1,128
Life insurance provisions	0	16,244	0
Profit margin on general insurance contracts	1,281	400	486
Profit margin on life insurance and investment contracts	0	361	0
Provision for outstanding claims	14,074	5,933	5,968
Risk margin on general insurance contracts	644	221	246
Provision for bonuses and premium discounts	71	0	0
Provision for insurance contracts	18,987	24,882	7,828
Pension obligations ect.	12	16	13
Deferred tax liabilities	940	0	19
Andre hensættelser	54	0	0
Provisions	1,006	16	32
Payables related to direct insurance	256	99	83
Payables related to reinsurance	371	19	15
Issued bonds	150	157	150
Payables to credit institutions and central banks	172	504	322
Liabilities related to assets held for sale	0	0	18,146
Other payables	2,843	1,252	643
Payables	3,792	2,090	19,359
Accruals and deferred income	18	33	15
Liabilities	38,590	30,164	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 H1 2021:								
Profit/loss for the period				289		289		289
Comprehensive income	0	0	0	289	0	289	0	289
Dividend distributed				-1,229	-1,079	-2,308	0	-2,308
Purchase and sale of treasury shares				-5		-5		-5
Changes in equity	0	0	0	-945	-1,079	-2,024	0	-2,024
Consolidated equity, 30 June 2021	1,541	164	1,215	1,452	0	3,143	0	3,143
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 H1 2022:								
Profit/loss for the period				230		230	1	231
Comprehensive income	0	0	0	230	0	230	1	231
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	-1	-1
Purchase and sale of treasury shares				-12		-12		-12
Changes in equity	0	928	0	-1,076	-462	-610	397	-213
Consolidated equity, 30 June 2022	1,541	1,092	0	10,463	0	13,096	397	13,493

Cash flow statement

DKK m				Group		
	H1 2022	H1 2021	FY 2021	H1 2022	H1 2021	FY 2021
Cash flows from operating activities						
Premiums received	4,264	3,312	5,572			
Claims paid	-3,068	-1,609	-3,080			
Dividends received	20	8	12			
Interest , etc. received	98	88	78			
Interest expenses	-19	0	-14			
Payments concerning reinsurance	171	-106	-210			
Expenses paid	-947	-502	-1,245			
Other ordinary income received	40	0	66			
Taxes paid/received	-27	-14	-187			
Cash flows from operating activities, continuing activities	532	1,177	992			
Cash flows from operating activities, discontinuing activities	-38	-20	-70			
Cash flows from operating activities	494	1,157	922			
Change in investment placement (net)						
Acquisition of intangible assets, furniture, equipment, etc.	-16	-13	-38			
Properties acquired or converted	0	2	0			
Sale/aquisition of equity investments	339	-8,887	-8,300			
Acquisition of group enterprise	-12,877	0	0			
Divestment of group enterprise	1,107	0	0			
Sale/repayment of mortgage deeds and loans	105	98	156			
Sale/aquisition of bonds	11,117	9,975	-2,008			
Change in investment placement, continuing activities	-225	1,175	-10,190			
Change in investment placement, discontinuing activities	164	745	891			
Change in investment placement	-61	1,920	-9,299			
Change in financing						
Change in Tier capital	396	0	0			
Sale/purchase of treasury shares	-12	-4	8			
Dividend distributed	-462	-1,858	-2,308			
Issue of new shares	0	0	10,241			
Repayment of subordinated debt	-2	-400	895			
Change in payables to credit institutions	-151	-9	215			
Change in other liabilities	422	5	-6			
Change in financing, continuing activities *)	191	-2,266	9,045			
Change in financing, discontinuing activities	-150	-856	-904			
Change in financing	41	-3,122	8,141			
Net change in cash and cash equivalents, continuing activities	498	86	-153			
Net change in cash and cash equivalents, discontinuing activities	-24	-131	-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	0	-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	751	479	110			

*) The amount of DKK 191 million consists only of cash inflows og outflows.

Segment reporting

DKKm	H1 2022					
	Private	Commercial	Non-life	Other	Elimi- nation	Group
Gross premiums written	1,671	2,210	3,881	0	0	3,881
Premiums ceded to reinsurers	-24	-122	-146	0	0	-146
Change in premium provision	26	-281	-255	0	0	-255
Change in profit margin and risk margin	36	124	160	0	0	160
Change in provision for unearned premiums, reinsurers' share	-9	-79	-88	0	0	-88
Earned premiums, net of reinsurance	1,700	1,852	3,552	0	0	3,552
Claims paid, gross	-1,114	-1,539	-2,653	0	0	-2,653
Claims paid, reinsurers' share	1	237	238	0	0	238
Change in the provision for claims	5	102	107	0	0	107
Change in risk margin	-6	25	19	0	0	19
Change in provision for claims, reinsurers' share	3	-189	-186	0	0	-186
Claims incurred, net of reinsurance	-1,111	-1,364	-2,475	0	0	-2,475
Bonus og præmierabatter	0	4	4	0	0	4
Acquisition costs	-336	-225	-561	0	0	-561
Administrative expenses	-42	-124	-166	0	0	-166
Reinsurance commissions and profit participation	0	6	6	0	0	6
Net operating expenses	-378	-343	-721	0	0	-721
Technical result	211	149	360	0	0	360
Interest income and dividends, ect.			73	15	-3	85
Value adjustments			-863	-51	0	-914
Interest expenses			-8	-13	3	-18
Other income			0	14	0	14
Administrative expenses related to investment activities			-17	-47	0	-64
Total investment return			-815	-82	0	-897
Return on and value adjustments on technical provisions			483	0	0	483
Total investment return after return on and value adjustment on technical provisions			-332	-82	0	-414
Other income			40	0	0	40
Other expenses			-320	-59	0	-379
Profit/loss before tax, continuing activities			-252	-141	0	-393
Tax, continuing activities			49	31	0	80
Profit/loss after tax, continuing activities			-203	-110	0	-313
Profit/loss after tax, discontinuing activities *)			544	0	0	544
Profit/loss after tax			341	-110	0	231

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

Segment reporting

DKKm						H1 2021
	Private	Commercial	Non-life	Other	Elimi- nation	Group
Gross premiums written	1,376	1,786	3,162	0	0	3,162
Premiums ceded to reinsurers	-22	-82	-104	0	0	-104
Change in premium provision	-82	-474	-556	0	0	-556
Change in profit margin and risk margin	-4	67	63	0	0	63
Change in provision for unearned premiums, reinsurers' share	-2	-10	-12	0	0	-12
Earned premiums, net of reinsurance	1,266	1,287	2,553	0	0	2,553
Claims paid, gross	-778	-769	-1,547	0	0	-1,547
Claims paid, reinsurers' share	0	8	8	0	0	8
Change in the provision for claims	-35	-158	-193	0	0	-193
Change in risk margin	15	45	60	0	0	60
Change in provision for claims, reinsurers' share	0	-4	-4	0	0	-4
Claims incurred, net of reinsurance	-798	-878	-1,676	0	0	-1,676
Acquisition costs	-227	-163	-390	0	0	-390
Administrative expenses	-43	-66	-109	0	0	-109
Reinsurance commissions and profit participation	0	0	0	0	0	0
Net operating expenses	-270	-229	-499	0	0	-499
Technical result	198	180	378	0	0	378
Interest income and dividends, ect.			70	8	0	78
Value adjustments			-136	-42	0	-178
Interest expenses			-9	-4	0	-13
Other income			0	15	0	15
Administrative expenses related to investment activities			-7	-34	0	-41
Total investment return			-82	-57	0	-139
Return on and value adjustments on technical provisions			129	0	0	129
Total investment return after return on and value adjustment on technical provisions			47	-57	0	-10
Andre indtægter			48	0	0	48
Other expenses			0	-90	0	-90
Profit/loss before tax, continuing activities			473	-147	0	326
Tax, continuing activities			-107	27	0	-80
Profit/loss after tax, continuing activities			366	-120	0	246
Profit/loss after tax, discontinuing activities *)			0	43	0	43
Profit/loss after tax			366	-77	0	289

*) Profit from discontinuing operations of DKK 43 million after tax includes both life insurance and health/personal accident activities.

Notes

DKKm	Group		
	30 June 2022	30 June 2021	FY 2021
Note 1 Treasury shares			
Nominal value, beginning of year	2	3	3
Acquired during the year	21	2	5
Sold during the year	-11	-2	-6
Cancellation of treasury shares	0	0	0
Nominal value, end of year	12	4	2
Holding number of shares ('000), beginning of period	49	227	227
Additions, number of shares	2,075	247	460
Disposals, number of shares	-1,149	-182	-638
Cancellation of treasury shares	0	0	0
Holding number of shares ('000), end of year	975	292	49
Percentage of share capital, end of year	0.1%	0.2%	0.0%
Note 2 Contractual obligation and leasing			
Contractual obligation	553	763	244

The Alm. Brand Group is contractually obliged to pay rent of DKK 235 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 42 million.

DKKm	30 June 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	479	479	0	0	583	583
Bonds	1,032	11,014	0	12,046	11,659	319	0	11,978
Shares	8,767	0	905	9,672	9,223	0	400	9,623
Other assets	0	619	348	967	0	372	0	372
Total financial assets	9,799	11,633	1,732	23,164	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	435	0	435	0	262	0	262
Total financial liabilities	0	435	1,841	2,276	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 June 2022
						Subor- dinated debt
DKKm	Loans and advances	Bonds	Shares	Investment properties	Issued bonds (liability)	(liability)
Development in level 3 financial instruments						
Carrying amount, beginning of period		583	0	400	150	400
Additions during the year		2	0	127	0	1,695
Additions during the year relating to acquisition of subsidiary		0	0	644	0	0
Disposals during the year		-54	0	-297	0	-400
Realised value adjustments		4	0	2	0	-4
Unrealised value adjustments		-56	0	29	0	0
Carrying amount, end of period		479	0	905	150	1,691
Value adjustments recognised in the income statement		-52	0	31	0	-4
						31 December 2021
						Subor- dinated debt
DKKm	Loans and advances	Bonds	Shares		Issued bonds (liability)	(liability)
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 private and commercial customers. With the acquisition, Alm. Brand will increase its presence in the Danish non-life insurance market for both private 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 private and commercial customers. With the acquisition, Alm. Brand will increase its presence in the Danish non-life insurance market for both private 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

for the first half year, 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	DKKmn
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 premiums would have been DKK 5,611 million, and the profit for the year after tax and special items would have been DKK 80 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 978 million and a loss after tax of DKK 78 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 August 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

Auditors

EY
Godkendt 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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