

ALM. BRAND

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Interim report  
the first quarter  
**2021**

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CVR no. 77 33 35 17

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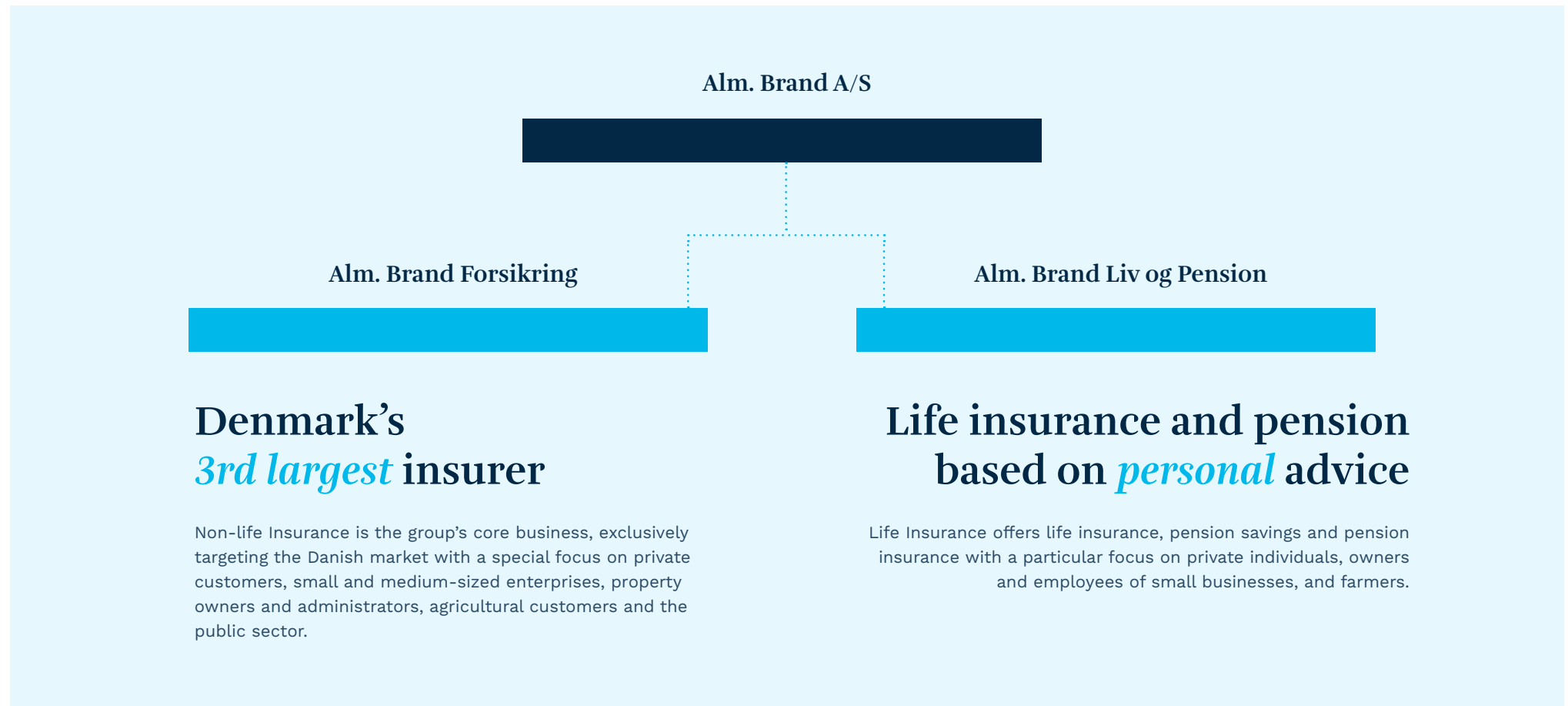
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# Group companies

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



# Alm. Brand Group

	DKKm	Q1 2021	Q1 2020	FY 2020
GROUP	<b>Income</b>			
	Non-life Insurance	1,367	1,361	5,471
	Life Insurance	425	424	1,504
	Investment etc.	128	116	377
	<b>Total income</b>	<b>1,920</b>	<b>1,901</b>	<b>7,352</b>
	<b>Profit/loss</b>			
	Non-life Insurance	138	25	880
	Life Insurance	21	32	112
	Other activities	-22	-16	-159
	<b>Profit/loss before tax, continuing activities</b>	<b>137</b>	<b>41</b>	<b>833</b>
	Tax, continuing activities	-33	-10	-190
	<b>Profit/loss after tax, continuing activities</b>	<b>104</b>	<b>31</b>	<b>643</b>
	Profit/loss after tax, discontinued activities	-	-6	-27
	<b>Profit/loss after tax</b>	<b>104</b>	<b>25</b>	<b>616</b>
	Total provisions for insurance contracts	25,125	23,862	24,698
	Consolidated shareholders' equity	4,038	4,566	5,167
	Total assets	31,603	42,599	32,780
	Average no. of employees **)	1,364	1,750	1,369
	Return on equity before tax (%) *)	13.5	2.9	18.8
	Return on equity after tax (%) *)	10.2	2.2	14.1

	DKKm	Q1 2021	Q1 2020	FY 2020
FINANCIAL RATIOS	Earnings per share	0.7	0.2	4.0
	Diluted earnings per share	0.7	0.2	4.0
	Net asset value per share	26	30	34
	Share price, end of period	74.4	46.5	73.4
	Price/NAV	2.84	1.57	2.20
	Average no. of shares (in thousands)	153,874	154,071	153,792
	No. of shares, end of period, diluted (in thousands)	153,862	153,905	153,887
	Average no. of shares, diluted (in thousands)	153,874	154,273	153,891
	Dividend per share	8.00	-	4.00
	No. of shares bought back (in thousands)	-	809	809
	Avg. price of shares bought back, DKK	-	57.3	57.7

\*) The key ratios for 2020 have been calculated net of special costs totalling DKK 98 million before tax.

\*\*\*) Average number of employees in Q1 2020 is inclusive of bank employees.

## Satisfactory financial performance

### Q1 PERFORMANCE

Alm. Brand generated a pre-tax profit of DKK 137 million in Q1 2021, against a profit on continuing activities of DKK 41 million in the year-earlier period. The profit reflected satisfactory financial performances in Non-life Insurance and Life Insurance.

The performance equalled a return on equity of 13.5%.

### Non-Life Insurance

Non-life Insurance reported a technical result of DKK 109 million in Q1 2021, against DKK 131 million in Q1 2020, reflecting a sustained positive trend in the underlying business and a better-than-expected claims experience on weather-related claims, but also higher expenses for major claims.

Moreover, two major single workers' compensation claims resulted in a lower run-off result than in the same period of last year. As was expected, non-life insurance activities were affected by COVID-19 and the partial lockdown of society, as a result of which expenses for minor claims came out slightly below the normal level, while new sales and, consequently, premium growth were challenged by fewer face-to-face customer meetings.

Gross premium income was up 0.5% to DKK 1,367 million, and the combined ratio excluding run-off gains was 92.2, against 92.3 in Q1 2020. This was a satisfactory performance.

The pre-tax profit also included a DKK 29 million gain on investment assets, against a DKK 106 million loss in the

year-earlier period, lifting the profit to DKK 138 million before tax in Q1 2021, against a profit of DKK 25 million in Q1 2020. The investment result is mainly composed of unrealised gains on shares.

The expense ratio was 17.8 in Q1 2021, against 17.6 in the same period of last year, and was lower than expected in spite of investments in partnerships.

### Life insurance

Life Insurance generated a pre-tax profit of DKK 21 million in Q1 2021 in line with expectations, against a pre-tax profit of DKK 32 million in Q1 2020. Total pension contributions developed in line with expectations, amounting to DKK 425 million in Q1 2021, against DKK 424 million in the same period of last year, covering a largely unchanged level of regular premiums and single payments.

The total bonus rate was 17.0% at 31 March 2021, making for a year-to-date increase of 1.8 percentage points. The bonus rate remains satisfactory.

At 3.0%, the rate on policyholders' savings is among the highest rates offered in the Danish market.

### Other activities

Other activities reported a loss of DKK 22 million in Q1 2021, comprising both group expenses and positive results of the mortgage deed and debt collection portfolio. The loss for the quarter also included a DKK 7 million write-down of the value of the portfolio of unlisted shares as a result of COVID-19 effects.

### CAPITALISATION

Alm. Brand has defined a target for ordinary dividend corresponding to a payout ratio of at least 70% of the profit for the year after tax.

The group's dividend distribution is aligned with planned activities, including investments and special risks.

The group's capitalisation level is considered sufficient to resist very severe stresses. The group's total capital was DKK 3.9 billion at 31 March 2021, corresponding to an excess of close to DKK 2.7 billion relative to the aggregate capital requirement for the group, which consists mainly of the solvency capital requirement of the insurance group calculated according to the partial internal model. Alm. Brand has an excess of 317% relative to the solvency capital requirement, which means that the group stands well prepared to manage the risks associated with its activities.

## Capitalisation

DKKm	Q1 2021	FY 2020
Total capital for the group	3,930	3,846
Solvency capital requirement for the group	1,239	1,214
Solvency capital requirement excess	2,691	2,632
Total capital as a percentage of solvency capital requirement	317%	317%

On 8 January 2021, the group paid a dividend of DKK 8 per share as a result of the sale of the bank. In addition, a dividend of DKK 7 per share was deducted in respect of 2019 and 2020 combined. This was approved at the annual general meeting of Alm. Brand held on 26 April 2021.

The increase in the group's total capital was attributable to earnings in Q1 2021. Alm. Brand Forsikring applies a partial internal model for calculating non-life insurance risks, as the partial internal model is assessed to provide a more true and fair view. In Q2 2021, Alm. Brand Forsikring is expected to obtain approval of an expansion of the partial internal model, which will expectedly reduce the solvency capital requirement of the company by approximately DKK 150 million. It was originally expected that the approval would be granted in Q1 2021. Applying the standardised model on all of the group's risks, the solvency capital requirement would be DKK 1,514 million.

At the end of the 2020, the group became subject to the Solvency II legislation and, as the majority shareholder, Alm. Brand af 1792 fmba is the ultimate insurance holding company.

The total capital of the group includes tier 2 capital in the amount of DKK 400 million. Due to Alm. Brand af 1792 fmba being the counterparty of this capital, efforts are being made to raise new tier 2 capital for the group.

## OUTLOOK FOR 2021

Alm. Brand's full-year profit guidance is upgraded by DKK 50 million to DKK 650-700 million before tax and excluding run-off gains and losses for the next nine months.

Non-life Insurance is now expected to post a pre-tax profit of DKK 625 million, against the previous guidance of a pre-tax profit of DKK 575 million. The upgrade is the result of a positive trend in the underlying insurance business in Q1 2021, including fewer weather-related claims than expected and a positive investment result for the quarter. The guidance for premium growth is maintained at more than 3% for 2021, and the expense ratio for the full year is also expected to be in line with the previously guided range of 17-17.5.

The combined ratio excluding run-offs is expected to be about 89 against the previous guidance of 90.

The guidance for Life Insurance is unchanged at a pre-tax profit of DKK 100 million and growth in regular premium payments of 3-4%.

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

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

## GROUP TARGETS FOR THE PERIOD UNTIL 2022

Alm. Brand has defined a number of financial targets for the period until 2022. The ambition is to achieve the following targets by 2022:

- growth in regular gross premium income in Non-life Insurance of 5%;
- a combined ratio in Non-life Insurance of below 90;
- a gross expense ratio of Non-life Insurance of about 16;
- growth in regular premiums in Life Insurance of 4-5%.

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

# Non-Life Insurance

	DKKm	Q1 2021	Q1 2020	FY 2020
INCOME STATEMENT	Gross premium income	1,367	1,361	5,471
	Claims expenses	-961	-929	-3,537
	Insurance operating expenses	-243	-239	-926
	Profit/loss on reinsurance	-54	-62	-193
	<b>Technical result</b>	<b>109</b>	<b>131</b>	<b>815</b>
	Interest and dividends, etc.	34	25	123
	Value adjustments	-138	-155	70
	Administrative expenses related to investment activities	-3	-8	-28
	Return on and value adjustment of technical provisions	136	32	-100
	<b>Investment return after return on and value adjustment of provisions</b>	<b>29</b>	<b>-106</b>	<b>65</b>
	<b>Profit/loss before tax</b>	<b>138</b>	<b>25</b>	<b>880</b>
	Tax	-32	-7	-198
	<b>Profit/loss after tax</b>	<b>106</b>	<b>18</b>	<b>682</b>

	DKKm	Q1 2021	Q1 2020	FY 2020
BALANCE SHEET	Run-off result, claims	2	26	113
	Run-off result, risk margin	19	14	46
	Technical provisions	8,511	8,032	7,754
	Insurance assets	268	179	195
	Shareholders' equity	3,214	2,445	3,108
	<b>Total assets</b>	<b>12,430</b>	<b>11,280</b>	<b>11,810</b>
FINANCIAL RATIOS	Gross claims ratio	70.3	68.3	64.6
	Net reinsurance ratio	4.0	4.5	3.6
	<b>Claims experience</b>	<b>74.3</b>	<b>72.8</b>	<b>68.2</b>
	Gross expense ratio	17.8	17.6	16.9
	<b>Combined ratio</b>	<b>92.1</b>	<b>90.4</b>	<b>85.1</b>
	Combined ratio excluding run-off result	92.2	92.3	87.2
	Return on equity before tax (%)	17.5	4.1	31.8
	Return on equity after tax (%)	13.4	3.0	24.6

# Non-life Insurance

## Satisfactory technical result and positive investment result

### Q1 PERFORMANCE

Non-life Insurance generated a pre-tax profit of DKK 138 million in Q1 2021, against DKK 25 million in Q1 2020, which was overall satisfactory and better than expected. The profit included a positive investment result of DKK 29 million, against an investment loss of DKK 106 million in Q1 2020.

The technical result was DKK 109 million, against DKK 131 million in Q1 2020, corresponding to a combined ratio of 92.1, against 90.4, as run-off gains were significantly lower in Q1 2021 than in Q1 2020 due to two major claims related to workers' compensation insurance. Net of run-off gains on claims provisions, the combined ratio was 92.2, which was on a par with the year-earlier period.

The underlying combined ratio was 82.7 in Q1 2021, a year-

### Combined ratio

	Q1 2021	Q1 2020	FY 2020
Combined ratio, underlying business ex COVID-19	84.9	83.1	81.3
COVID-19	-2.2	0.7	-2.2
Combined ratio, underlying business	82.7	83.8	79.1
Weather-related claims, net of reinsurance	0.6	4.0	1.5
Major claims, net of reinsurance	8.6	3.8	6.2
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-0.1	-1.9	-2.1
Change in risk margin, run-off result and current year	0.3	0.7	0.4
<b>Combined ratio</b>	<b>92.1</b>	<b>90.4</b>	<b>85.1</b>

on-year improvement of 1.1 percentage points, which was attributable to COVID-19 effects. The underlying combined ratio excluding COVID-19 effects increased relative to the year-earlier period, but remained at a satisfactory level in spite of a slight impact from higher expenses for claims repairs, among other things due to higher costs for works and materials.

The investment result was better than expected at a gain of DKK 29 million in Q1 2021, against a loss of DKK 106 million in the year-earlier period. The result was driven by buoyant equity markets.

### Premiums

Gross premiums rose by 0.5% to DKK 1,367 million in Q1 2021 from DKK 1,360 million in the same period of 2020. Growth was below the expected level, due to the effects of the lockdown of society in both Q4 2020 and Q1 2021, which resulted in a lower level of activity and challenged tied agent sales. Moreover, new sales of passenger vehicles were generally lower, and the market was generally more competitive.

A number of initiatives have been launched to ensure that growth will be lifted to a satisfactory level going forward. These include the partnership with Sydbank and the initiation of the partnership with VW Semler Finans Danmark.

### Claims experience

The claims experience for Q1 2021 was 74.3%, against 72.8% in Q1 2020. The performance was attributable to the run-off result, which was 1.8 percentage points higher in Q1 2021 than in the year-earlier period. The Q1 2021 performance was adversely impacted in particular by two major workers' compensation claims.

### Weather-related claims

Although the winter months of 2021 were characterised by cold weather and snowfall, the period did not result in high claims expenses. Expenses for weather-related claims net of reinsurance amounted to DKK 7 million in Q1 2021, against DKK 54 million in Q1 2020. Weather-related claims affected the combined ratio by a mere 0.5%, against an expected normal level of 3-4%, with most weather-related claims events typically occurring in the first and fourth quarters.

### Major claims

Both the number of major claims and total expenses for major claims came out slightly higher than anticipated in Q1 2021. Net of reinsurance, major claims expenses totalled DKK 117 million, against DKK 51 million in Q1 2020, with an effect on the combined ratio of 8.6 percentage points.

### Underlying business

The underlying claims ratio was 64.9% in Q1 2021, against 66.2% in the year-earlier period. The claims ratio was favourably affected by the temporary lockdown of society, which had a favourable knock-on effect on a number of insurance products, including personal accident, contents and motor insurance.

### Run-off result

Net of reinsurance, the run-off result on claims was a gain of DKK 2 million in Q1 2021, compared with a gain of DKK 26 million in Q1 2020. This development covers a run-off loss related to workers' compensation insurance, including two major single claims of more than DKK 10 million each. Excluding these two workers' compensation claims, the run-off result was about 2%.



### Risk margin

The change in the overall risk margin reduced the Q1 performance by 0.3 of a percentage point, equivalent to DKK 4 million, against DKK 10 million in Q1 2020. The amount is composed of a DKK 19 million income attributable to the run-off result and a DKK 23 million expense related to the accumulation of risk margin on claims reported in Q1 2021.

### Costs

Total costs amounted to DKK 243 million in Q1 2021, which was better than expected. The expense ratio totalled 17.8 in Q1 2021, against 17.6 in Q1 2020, covering, on the one hand, favourable effects from a continued focus on efficiency enhancements and, on the other hand, investments made in connection with partnerships entered into.

### Net reinsurance ratio

The net reinsurance ratio was 4.0 in Q1 2021, against 4.5 in Q1 2020, and was in line with expectations.

### Discounting

The yield curve, which is used for discounting premium and claims provisions, increased by about 0.3 of a percentage point at the short end in Q1 2021. It is assessed that the interest rate change has improved the combined ratio by approximately 0.25 of a percentage point, and if interest rates remain at this level for the rest of 2021, the effect on the combined ratio will be around 0.3-0.4 of a percentage point for the full year.

### PRIVATE

The technical result amounted to a profit of DKK 93 million in Q1 2021, against DKK 84 million in the year-earlier period. The combined ratio was 86.5, against 87.8 in Q1 2020, and was satisfactory. Relative to expectations, the result was favourably affected by a low level of weather-related claims and a generally favourable claims experience on minor claims.

Gross premium income was DKK 687 million in Q1 2021, which was 0.4% lower than in the same period of last year. This development was mainly due weaker motor insurance sales as a result of a generally lower level of new sales of passenger vehicles and intensified competition. Initiatives have been launched to support growth, including a change of insurance premiums on passenger cars in connection with new sales and vehicle replacement. In combination with the re-opening of Danish society and an expected return to more normalised consumer behaviour, the growth expectations for the current financial year are maintained.

The claims experience excluding run-off gains on claims was 68.0%, against 73.4% in Q1 2020.

Expenses for weather-related claims developed favourably and came out significantly better than expected at a mere DKK 2 million net of reinsurance, against DKK 16 million in Q1 2020. Weather-related claims affected the combined ratio by a mere 0.3 of a percentage point, against 2.4 percentage points in Q1 2020.

Expenses for major claims totalled DKK 19 million net of reinsurance in Q1 2021, against DKK 18 million in Q1 2020, and affected the combined ratio by 2.8 percentage points, against 2.6 percentage points in Q1 2020.

The underlying claims ratio was 64.8 in Q1 2021, against 68.0 in the year-earlier period. The claims ratio was favourably affected by generally fewer claims as a result of a lower level of activity in society due to COVID-19, resulting in a lower-than-normal frequency of burglary claims, motor claims and travel insurance claims, among others.

The net reinsurance ratio was 1.8 in Q1 2021, against 2.5 in Q1 2020.

## Private

DKKm	Q1 2021	Q1 2020	FY 2020
Gross premium income	687	690	2,761
Gross claims expenses	-449	-459	-1,692
Insurance operating expenses	-132	-129	-506
Profit/loss on reinsurance	-13	-18	-56
<b>Technical result</b>	<b>93</b>	<b>84</b>	<b>507</b>
Run-off result, claims	6	29	118
Run-off result, risk margin	10	8	23
Gross claims ratio	65.4	66.6	61.3
Net reinsurance ratio	1.8	2.5	2.0
<b>Claims experience</b>	<b>67.2</b>	<b>69.1</b>	<b>63.3</b>
Gross expense ratio	19.3	18.7	18.3
<b>Combined ratio</b>	<b>86.5</b>	<b>87.8</b>	<b>81.6</b>
Combined ratio, underlying business	84.1	86.7	82.6
Weather-related claims, net of reinsurance	0.3	2.4	1.1
Major claims, net of reinsurance	2.8	2.6	2.1
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-0.8	-4.3	-4.3
Change in risk margin, run-off result and current year	0.1	0.4	0.1
<b>Combined ratio</b>	<b>86.5</b>	<b>87.8</b>	<b>81.6</b>

The expense ratio was better than expected at 19.3 in Q1 2021, against 18.7 in the year-earlier period, which was the result of costs incurred in connection with the establishment of partnership agreements.

Run-off gains on claims net of reinsurance amounted to DKK 6 million in Q1 2021, against DKK 29 million in Q1 2020.

## COMMERCIAL

The technical result was a profit of DKK 16 million in Q1 2021, against a profit of DKK 47 million in the same period of 2020. In particular, the result was affected by higher-than-expected expenses for major claims and by a negative run-off result, which was essentially attributable to two major payouts on workers' compensation insurance.

The combined ratio was 97.7, against 93.1 in Q1 2020.

Gross premium income rose 1.4% to DKK 680 million in Q1 2021 from DKK 671 million in the year-earlier period, driven by growth of about 3% for the commercial segment excluding agricultural customers, while premium income for the agricultural segment in isolation was largely unchanged.

The customer retention rate for Commercial remained at a high level.

The claims experience excluding run-off result was 80.9% in Q1 2021, against 76.1% in Q1 2020.

Net of reinsurance, expenses for weather-related claims amounted to DKK 5 million in Q1 2021, against DKK 38 million in the year-earlier period. Expenses for weather-related claims were significantly below the expected level for the quarter and hence affected the combined ratio by 0.8

of a percentage point, against 5.6 percentage points in Q1 2020.

Net of reinsurance, expenses for major claims amounted to DKK 98 million in Q1 2020, against DKK 33 million in Q1 2020. Both the number of major claims and total expenses for major claims came out slightly higher than anticipated in Q1 2021. Major claims affected the Q1 combined ratio by 14.4 percentage points, against 5.0 percentage points last year, which was a considerably higher impact than expected.

The underlying claims ratio was 65.1 in Q1 2021, against 64.4 in Q1 2020.

Alm. Brand has initiated a profitability enhancement programme, under which a number of customers will have their policy premiums adjusted. The programme is aimed at customers who currently pay a price on one or more policies which does not match the future expected risk. Alm. Brand's prices are generally market-consistent, and the customers who today pay a lower premium than the other customers will be affected by the price adjustments. Most commercial customers will not experience any price increases on their products.

The expense ratio was 16.2 in Q1 2021, against 16.4 in Q1 2020.

The run-off result on claims net of reinsurance amounted to a loss of DKK 4 million in Q1 2021, which was on a par with the year-earlier period. The run-off result includes expenses for two single workers' compensation claims amounting to more than DKK 20 million in aggregate.

The change in the overall risk margin reduced the Q1 performance by a net amount of DKK 4 million, equivalent

to a negative effect on the combined ratio of 0.6 of a percentage point.

## Commercial

DKKm	Q1 2021	Q1 2020	FY 2020
Gross premium income	680	671	2,710
Gross claims expenses	-512	-470	-1,845
Insurance operating expenses	-111	-110	-420
Profit/loss on reinsurance	-41	-44	-137
<b>Technical result</b>	<b>16</b>	<b>47</b>	<b>308</b>
Run-off result, claims	-4	-4	-5
Run-off result, risk margin	9	5	23
Gross claims ratio	75.3	70.0	68.1
Net reinsurance ratio	6.2	6.7	5.0
<b>Claims experience</b>	<b>81.5</b>	<b>76.7</b>	<b>73.1</b>
Gross expense ratio	16.2	16.4	15.5
<b>Combined ratio</b>	<b>97.7</b>	<b>93.1</b>	<b>88.6</b>
Combined ratio, underlying business	81.3	80.8	75.6
Weather-related claims, net of reinsurance	0.8	5.6	1.9
Major claims, net of reinsurance	14.4	5.0	10.3
Run-off result, claims	0.6	0.6	0.2
Change in risk margin, run-off result and current year	0.6	1.1	0.6
<b>Combined ratio</b>	<b>97.7</b>	<b>93.1</b>	<b>88.6</b>

## INVESTMENT RESULT

The investment result was a gain of DKK 29 million in Q1 2021, against a loss of DKK 106 million in the year-earlier period. The investment result should be seen in light of gradually increasing economic activity driven by a combination of the reopening of society and vaccine roll-outs and a lenient economic policy. This served to support equity markets, but pushed US long-term real interest rates higher as a natural consequence of stronger growth expectations at a time when inflation expectations were above pre-crisis levels.

The Q1 2021 investment return was favourably affected by equity market developments and adversely impacted by rising interest rates and widening credit spreads for Danish mortgage bonds, European credit bonds and emerging market bonds.

The investment assets are distributed on Danish and international bonds, mortgage deeds, illiquid credit and shares and a small portfolio of properties. 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. The hedging of provisions in the first quarter produced a positive return due to fact that the favourable VA trend was not to the same extent offset by widening spreads for callable mortgage bonds.

## CAPITALISATION

The solvency capital requirement of Alm. Brand Forsikring A/S amounted to DKK 1,081 million at 31 March 2021, against DKK 1,059 million at 31 December 2020.

The total capital for coverage of the solvency capital requirement was DKK 3,340 million at 31 March 2021, an excess cover of DKK 2,259 million relative to the solvency capital requirement.

At 31 March 2021, shareholders' equity allocated to Non-life Insurance was DKK 3,214 million.

## Investment return

DKKm	Q1 2021			Q1 2020		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	9,860	-135	-1.3%	9,118	-103	-1.1%
Mortgage deeds etc.	550	-2	-0.4%	759	1	0.1%
Illiquid credit	48	0	0.0%	-	-	-
Equities	361	30	8.0%	295	-33	-20.9%
Properties	273	3	2.2%	55	5	10.3%
<b>Total return on investments</b>	<b>11,092</b>	<b>-104</b>	<b>-0.9%</b>	<b>10,227</b>	<b>-130</b>	<b>-1.3%</b>
Administrative expenses related to investment activities		-3			-8	
Return on and value adjustment of technical provisions		136			32	
<b>Net investment return</b>		<b>29</b>			<b>-106</b>	

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## **BUSINESS-RELATED EVENTS**

### **VW Semler Finans Danmark A/S**

The partnership with VW Semler Finans Danmark A/S has been launched. At the beginning of May, Selmer Gruppen's authorised dealerships and service centres across Denmark started selling Alm. Brand motor insurances. The insurances are sold and claims are handled as a "white label" solution with IT integration – in this case for the four brands VW, Audi, ŠKODA and SEAT. The partnership is expected to contribute to realising the group's growth targets for Non-life Insurance.

### **New cyber insurance**

Alm. Brand's cyber insurance product has been improved by adjusting the product policy limits. The individual business customer may now choose how large an adverse cyber event the business wants to take out insurance against, as opposed to previously when this was determined by limited-option standards. The expectation is that the product adjustments will provide a better platform for satisfying the needs of a much larger group of customers and increase the portfolio volume. In addition to greater product flexibility, Alm. Brand is still assessed to offer the market's best cyber insurance coverage for small and medium-sized enterprises.

# Life Insurance

	DKKm	Q1 2021	Q1 2020	FY 2020
INCOME STATEMENT	Regular premiums	245	246	819
	Single payments	180	178	685
	Premiums	425	424	1,504
	Investment return after allocation of interest	-332	-361	799
	Benefits paid	-394	-395	-1,354
	Total insurance operating expenses	-29	-30	-107
	Result of ceded business	-2	-1	-3
	Change in life insurance provisions	339	403	-702
	Change in profit margin	20	-4	26
	<b>Technical result</b>	<b>27</b>	<b>36</b>	<b>111</b>
	Return on investment allocated to equity	-6	-4	1
	<b>Profit/loss before tax</b>	<b>21</b>	<b>32</b>	<b>112</b>
	Tax	-4	-7	-25
	<b>Profit/loss after tax</b>	<b>17</b>	<b>25</b>	<b>87</b>
	<b>Return requirement for shareholders' equity</b>			
Return on investment allocated to equity	-6	-4	1	
Result of portfolios without bonus entitlement	0	0	2	
Gruppeliv	3	3	9	
Interest result	12	12	47	
Expense result	0	1	7	
Risk result	12	20	46	
<b>Profit/loss before tax</b>	<b>21</b>	<b>32</b>	<b>112</b>	

	DKKm	Q1 2021	Q1 2020	FY 2020
BALANCE SHEET	Total provisions for insurance contracts	16,614	15,831	16,944
	Total shareholders' equity	729	651	713
	Total assets	17,930	17,335	19,134
FINANCIAL RATIOS	Return on equity before tax (%)	11.9	20.0	16.7
	Return on equity after tax (%)	9.3	15.6	12.9
	Bonus rate (%)	17.0	12.9	15.2

# Life Insurance

## Satisfactory performance and unchanged level of premium payments

### Q1 PERFORMANCE

Life Insurance reported pre-tax profit of DKK 21 million in Q1 2021, against DKK 32 million in Q1 2020. The performance was in line with expectations and satisfactory, but was affected by a more normalised risk profile than in Q1 2020.

The expense and risk result for Q1 2021 was satisfactory at DKK 12 million, against DKK 21 million in Q1 2020.

The bonus rate was 17.0% at 31 March 2021, marking a year-to-date improvement of 1.8 percentage points. The bonus rate was favourably affected by rising long-term yields as well as by a positive equity market sentiment. Alm. Brand Pension is assessed to have the most solid bonus rate in the industry, enabling it to continue to offer its customers a high and competitive rate on policyholders' savings.

The company's total assets under management increased from DKK 16.6 billion at 31 December 2020 to DKK 16.9 billion at 31 March 2021, primarily driven by financial market developments.

### Pension contributions

In Q1 2021, premiums paid amounted to DKK 426 million in total, marking an unchanged level from DKK 424 million in Q1 2020. Both regular premiums and single payments were largely unchanged, reflecting, among other things, that a number of business owners opted to temporarily cease pension payments due to their tight liquidity situation. In Q1 2021, sales of company pension schemes developed

favourably, which is expected to drive growth in the coming months as company pension schemes are typically set up at a three-month delay due to the ceding company's notice period.

### Benefits paid

Total benefits paid amounted to DKK 394 million in Q1 2021, against DKK 395 million in Q1 2020, and were in line with expectations.

### Risk result

Net of reinsurance, the risk result, which expresses the difference between risk premiums and actual claims expenses, was an income of DKK 12 million in Q1 2021, against DKK 20 million in Q1 2020. The result was favourably affected by a continued decent risk profile on both death and disability covers and was among the best in the industry.

### Costs

Acquisition costs and administrative expenses totalled DKK 29 million in Q1 2021, against DKK 30 million in Q1 2020, which was slightly better than expected.

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was DKK 0 million in Q1 2021, against a profit of DKK 1 million in the year-earlier period. The result was satisfactory in light of the fact that Alm. Brand Pension has some of the industry's lowest costs for average rate products (see APR listed on the industry comparison portal, "Fakta om pension" ("Facts about pension")).

### Investment return on assets allocated to equity

The return on investment assets allocated to equity was a loss of DKK 5 million. The performance was due to interest rate developments, with rising yields resulting in capital losses on the bond portfolio, and to the fact that the return on assets allocated to equity included interest expenses for subordinated loans with a principal of DKK 150 million.

### Investment return on policyholders' funds

The Q1 2021 investment return was affected by the optimistic sentiment in the financial markets, which led to buoyant equity markets and increases in long-term yields in particular.

The investment return on policyholders' funds was a loss of DKK 391 million in Q1 2021, distributed on a gain of DKK 158 million from equities and a loss of DKK 570 million on the interest-bearing part of the portfolio. The property portfolio generated a return of DKK 21 million in Q1 2021.

## Investment return

DKKm	Investment assets	Return Q1 2021	Return Q1 2020
Bonds	11,613	-4.6%	0.3%
Equities	2,251	7.3%	-23.7%
Properties	2,261	1.0%	1.0%
<b>Total</b>	<b>16,125</b>	<b>-2.3%</b>	<b>-2.3%</b>

## Bonus rate and life insurance provisions

The bonus rate increased by 1.8 percentage points to 17.0% in Q1 2021, which was mainly attributable to rising interest rates, a higher VA premium and buoyant equity markets. The total effect on the bonus rate was about DKK 288 million after tax on pension returns.

In the light of developments in the financial markets, the bonus rate was still satisfactory.

Total life insurance provisions declined by DKK 339 million to DKK 16.3 billion in Q1 2021. The decline was attributable to developments in the financial markets, with interest rate developments, particularly for long-term yields, resulting in changes in both provisions and the bond return. The adverse impact from the investment return was offset by a large positive effect from provisions in the amount of about DKK 620 million.

New policyholders are placed in interest rate group A, which had a bonus rate of 17.5% at 31 March 2021.

## CAPITALISATION

The solvency capital requirement of Alm. Brand Liv og Pension A/S amounted to DKK 148 million at 31 March 2021, against DKK 153 million at 31 December 2020.

The total capital for coverage of the solvency capital requirement was DKK 1,118 million at 30 September 2020, an excess cover of DKK 970 million relative to the solvency capital requirement. The company's solvency capital requirement is very low as a result of the large bonus potentials at 31 March 2021.

Equity allocated to Life Insurance was DKK 730 million at 31 March 2021.

## MAJOR EVENTS

### New Executive Order on the Technical Rate of Interest

In the first quarter of 2021, the Danish Financial Supervisory Authority amended the Executive Order on the Technical Rate of Interest to the effect that the maximum technical rate of interest will be minus 0.5% going forward. The Executive Order enters into force on 1 July 2021. Alm. Brand Pension reduced the technical rate of interest to 0.5% already at end-2019 in a move to adapt to the prevailing low-interest-rate setting, thereby preparing the ground for a further reduction of the technical rate of interest. As a result of the Danish Financial Supervisory Authority's reduction of the maximum technical rate of interest, a new interest rate group will have to be introduced in 2021. This group will be set up according to the same principles as at end-2019, ensuring that Alm. Brand Pension may continue to offer its average rate product at an attractive rate on policyholders' savings.

	Interest rate group A	Interest rate group 0	Interest rate group 1	Interest rate group 2	Interest rate group 3	Total
Technical rate of interest (% p.a.)	-0.5-0.5	0.5-1.5	1.5-2.5	2.5-3.5	3.5-4.5	
Investment assets (DKKbn)	11.8	1.4	0.7	0.8	1.4	16.1
Rate on policyholders' savings 2021 (% p.a.)	3.00	3.00	5.50	5.50	6.00	
Bonus rate (%)	17.5	13.6	19.0	12.2	17.0	17.0
Return (% YTD annualised)	-8.1	-16.8	-10.0	-7.4	-9.1	-9.1
<b>Distribution of investment assets (%):</b>						
Bonds	69	78	69	83	83	83
Equities	16	11	16	6	6	6
Properties	15	11	15	11	11	11

# Statement by the Board of Directors and the Management Board

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

The consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU. The interim report of the parent company has been prepared in accordance with the Danish Financial Business Act.

In addition, the interim report has been prepared in accordance with additional Danish disclosure requirements for listed financial enterprises. The management’s review has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the interim report gives a true and fair view of the group’s and the parent company’s assets, liabilities and financial position at 31 March 2021 and of the group’s cash flows for the period 1 January to 31 March 2021.

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

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## Management Board

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Copenhagen, 6 May 2021

**Rasmus Werner Nielsen**

Chief Executive Officer

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## Board of Directors

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Copenhagen, 6 May 2021

**Jørgen Hesselbjerg Mikkelsen**

Chairman

**Jan Skytte Pedersen**

Deputy Chairman

**Anette Eberhard**

**Per Viggo Hasling Frandsen**

**Karen Sofie Hansen-Hoeck**

**Flemming Fuglede Jørgensen**

**Boris Nørgaard Kjeldsen**

**Pia Laub**

**Brian Egested**

**Claus Nexø Jensen**

**Lotte Kathrine Sørensen**



# Income statement

DKKm	Group		
	Q1 2021	Q1 2020	FY 2020
<b>Income</b>			
Premium income	1,792	1,785	6,975
Interest income etc.	113	114	363
Other income from investment activities	6	2	6
Other income	9	0	5
<b>Total income</b>	<b>1,920</b>	<b>1,901</b>	<b>7,349</b>
<b>Costs</b>			
Claims incurred	-1,355	-1,324	-4,891
Interest expenses	-7	-12	-11
Other cost from investment activities	-23	-32	-214
Acquisition and administrative costs	-264	-254	-973
<b>Total costs</b>	<b>-1,649</b>	<b>-1,622</b>	<b>-6,089</b>
Profit from business ceded	-56	-63	-196
Change in life insurance provisions	337	403	-700
Change in profit margin, Life Insurance	20	-4	-26
Exchange rate adjustments	-506	-642	629
Tax on pension investment returns	71	68	-134
<b>Profit/loss before tax, continuing activities</b>	<b>137</b>	<b>41</b>	<b>833</b>
Tax, continuing activities	-33	-10	-190
<b>Profit/loss after tax, continuing activities</b>	<b>104</b>	<b>31</b>	<b>643</b>
Profit/loss after tax, discontinuing activities	0	-6	-27
<b>Profit/loss after tax</b>	<b>104</b>	<b>25</b>	<b>616</b>
Earnings per share, DKK, continuing activities	0.7	0.2	4.3
Diluted earnings per share, DKK, continuing activities	0.7	0.2	4.3
Earnings per share, DKK	0.7	0.2	4.0
Diluted earnings per share, DKK	0.7	0.2	4.0

# Statement of comprehensive income

DKKm	Group		
	Q1 2021	Q1 2020	FY 2020
<b>Comprehensive income</b>			
Profit for the period	104	25	616
<i>Items that may be recycled to profit or loss</i>	0	0	0
<i>Items that may not be recycled to profit or loss:</i>			
Revaluation of owner-occupied properties	0	0	4
Transferred to collective bonus potential	0	0	-2
Tax on other comprehensive income	0	0	0
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Comprehensive income</b>	<b>104</b>	<b>25</b>	<b>618</b>
<b>Proposed allocation of profit/loss:</b>			
Share attributable to Alm. Brand	104	25	618
<b>Comprehensive income</b>	<b>104</b>	<b>25</b>	<b>618</b>

# Balance sheet

DKKm	Group		
	31 March 2021	31 March 2020	31 March 2020
<b>Assets</b>			
Intangible assets	12	180	9
Owner-occupied properties	716	752	743
Deferred tax assets	71	25	0
Reinsurers' share of insurance contracts	299	201	222
Current tax assets	5	51	0
Other assets	1,029	2,132	861
Loans	673	5,684	738
Investment properties	793	753	790
Investment assets	27,650	30,978	28,893
Amounts due from credit institutions and central banks	0	1,262	0
Cash in hand and demand deposits	355	581	524
<b>Total assets</b>	<b>31,603</b>	<b>42,599</b>	<b>32,780</b>
<b>Liabilities and equity</b>			
Share capital	1,541	1,577	1,541
Reserves, retained profit etc.	1,418	2,529	2,547
Proposed dividend	1,079	460	1,079
<b>Consolidated shareholders' equity</b>	<b>4,038</b>	<b>4,566</b>	<b>5,167</b>
Subordinated debt	400	575	400
Provisions for insurance contracts	25,125	23,862	24,698
Other provisions	16	36	16
Deferred tax liabilities	0	0	0
Issued bonds	152	150	152
Current tax liabilities	0	0	5
Other liabilities	1,314	1,955	1,424
Deposits	0	10,314	0
Payables to credit institutions and central banks	558	1,141	918
<b>Total liabilities and equity</b>	<b>31,603</b>	<b>42,599</b>	<b>32,780</b>
Note 1	Own shares		
Note 2	Contingent liabilities and leasing		
Note 3	Fair value measurement of financial instruments		
Note 4	Accounting policies - Group		
Note 5	Financial highlights and key ratios		

# Statement of changes in equity

DKKm	Share capital	Contingency funds	Other provisions etc.	Retained profit	Proposed dividend	Consolidated equity
<b>Shareholders' equity, 1 January 2020</b>	<b>1,577</b>	<b>182</b>	<b>1,215</b>	<b>1,142</b>	<b>460</b>	<b>4,576</b>
<b>Changes in equity Q1 2020:</b>						
Profit/loss for the period				25		25
Overført kollektivt bonuspotentiale						0
Total income	0	0	0	25	0	25
Share option scheme, exercise				5		5
Purchase and sale of treasury shares				-40		-40
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10</b>	<b>0</b>	<b>-10</b>
<b>Shareholders' equity, 31 March 2020</b>	<b>1,577</b>	<b>182</b>	<b>1,215</b>	<b>1,132</b>	<b>460</b>	<b>4,566</b>
<b>Shareholders' equity at 1 January 2020</b>	<b>1,577</b>	<b>182</b>	<b>1,215</b>	<b>1,142</b>	<b>460</b>	<b>4,576</b>
<b>Changes in equity 2020:</b>						
Profit/loss for the year				616	0	616
Revaluation of owner-occupied properties				4		4
Transferred to collective bonus potential				-2		-2
Total income	0	0	0	618	0	618
Cancellation of treasury shares	-36			36		0
Proposed dividend				-1,079	1,079	0
Cancellation of treasury shares				460	-460	0
Capital movements in subsidiaries				3		3
Share option scheme, exercise				11		11
Purchase and sale of treasury shares				-41		-41
<b>Changes in equity</b>	<b>-36</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>619</b>	<b>591</b>
<b>Shareholders' equity, 31 December 2020</b>	<b>1,541</b>	<b>182</b>	<b>1,215</b>	<b>1,150</b>	<b>1,079</b>	<b>5,167</b>
<b>Shareholders' equity, 1 January 2021</b>	<b>1,541</b>	<b>182</b>	<b>1,215</b>	<b>1,150</b>	<b>1,079</b>	<b>5,167</b>
<b>Changes in equity Q1 2021:</b>						
Profit/loss for the year				104		104
Total income	0	0	0	104	0	104
Dividend distributed				-1,231	0	-1,231
Purchase and sale of treasury shares				-2		-2
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,129</b>	<b>0</b>	<b>-1,129</b>
<b>Shareholders' equity, 31 March 2021</b>	<b>1,541</b>	<b>182</b>	<b>1,215</b>	<b>21</b>	<b>1,079</b>	<b>4,038</b>

# Cash flow statement

DKKm				Group		
	Q1 2021	Q1 2020	FY 2020	Q1 2021	Q1 2020	FY 2020
<b>Cash flows from operating activities</b>						
Premiums received	2,588	2,361	6,792			
Claims paid	-1,299	-1,378	-4,485			
Dividends received	44	30	42			
Interest receivable, dividends, etc.	119	91	318			
Payments concerning reinsurance	-165	-106	-252			
Expences paid	-268	-305	-1,239			
Tax on pension investment returns paid	-131	-126	-89			
Taxes paid/received	-20	-6	-162			
<b>Cash flows from operating activities, continuing</b>	<b>868</b>	<b>561</b>	<b>925</b>			
Cash flows from operating activities, discontinuing acti	0	279	297			
<b>Cash flows from operating activities</b>	<b>868</b>	<b>840</b>	<b>1,222</b>			
<b>Change in investment placement</b>						
Acquisition of intangible assets, furniture, equipment,	-3	0	-1			
Properties acquired or converted	23	0	4			
Sale/aquisition of equity investments	-259	-856	-542			
Sale/repayment of mortgage deeds and loans	65	40	-53			
Sale/aquisition of bonds	730	160	-519			
<b>Change in investment placement, continuing acti</b>	<b>556</b>	<b>-656</b>	<b>-1,111</b>			
Change in investment placement, discontinuing activit	0	389	2,353			
<b>Change in investment placement</b>	<b>556</b>	<b>-267</b>	<b>1,242</b>			
<b>Change in financing</b>						
Sale/purchase of treasury shares	-2	-34	-29			
Dividend distributed	-1,231	0	0			
Change in deposits	0	332	332			
Change in payables to credit institutions	-360	204	398			
Change in other liabilities	0	-1	-2			
<b>Change in financing, continuing activities *)</b>	<b>-1,593</b>	<b>501</b>	<b>699</b>			
Change in financing, discontinuing activities *)	0	-267	-652			
<b>Change in financing</b>	<b>-1,593</b>	<b>234</b>	<b>47</b>			
<b>Net change in cash and cash equivalents, continuing activities</b>	<b>-169</b>	<b>406</b>	<b>513</b>			
<b>Net change in cash and cash equivalents, discontinuing activities</b>	<b>0</b>	<b>401</b>	<b>1,998</b>			
<b>Disposals relating to divestment</b>	<b>0</b>	<b>0</b>	<b>-3,023</b>			
Cash and cash equivalents, beginning of period	524	1,036	1,036			
<b>Cash and cash equivalents, end of period</b>	<b>355</b>	<b>1,843</b>	<b>524</b>			

\*) The amount of DKK 1,593 million consists only of cash inflows og outflows.

# Segment reporting

DKKm	Q1 2021				
	Non-life	Life	Other	Elimi- nation	Group
Premium income	1,367	425	0		1,792
Interest income etc.	38	72	4	-1	113
Other investment income	0	19	0	-13	6
Other income	0	0	9		9
<b>Total income</b>	<b>1,405</b>	<b>516</b>	<b>13</b>	<b>-14</b>	<b>1,920</b>
Claims incurred	-961	-394	0		-1,355
Interest expenses	-5	-1	-2	1	-7
Other investment expenses	-3	-5	-15	0	-23
Acquisition and administrative expenses	-243	-29	-5	13	-264
<b>Total expenses</b>	<b>-1,212</b>	<b>-429</b>	<b>-22</b>	<b>14</b>	<b>-1,649</b>
Result of business ceded	-54	-2	0		-56
Change in life insurance provisions	0	339	0	-2	337
Change in profit margin, Life Insurance	0	20	0		20
Exchange rate adjustments	-1	-494	-13	2	-506
Tax on pension investment returns	0	71	0		71
<b>Profit/loss before tax</b>	<b>138</b>	<b>21</b>	<b>-22</b>	<b>0</b>	<b>137</b>
Tax	-32	-4	3	0	-33
<b>Profit/loss after tax</b>	<b>106</b>	<b>17</b>	<b>-19</b>	<b>0</b>	<b>104</b>

# Segment reporting

DKKm	Q1 2020				
	Non-life	Life	Other	Elimi- nation	Group
Premium income	1,361	424	0		1,785
Interest income etc.	36	79	1	-2	114
Other investment income	0	17	0	-15	2
<b>Total income</b>	<b>1,397</b>	<b>520</b>	<b>1</b>	<b>-17</b>	<b>1,901</b>
Claims incurred	-929	-395	0		-1,324
Interest expenses	-11	-1	-2	2	-12
Other investment expenses	-8	-9	-15	0	-32
Acquisition and administrative expenses	-239	-30	0	15	-254
<b>Total expenses</b>	<b>-1,187</b>	<b>-435</b>	<b>-17</b>	<b>17</b>	<b>-1,622</b>
Result of business ceded	-62	-1	0		-63
Change in life insurance provisions	0	403	0	0	403
Change in profit margin, Life Insurance	0	-4	0		-4
Exchange rate adjustments	-123	-519	0	0	-642
Tax on pension investment returns	0	68	0		68
<b>Profit/loss before tax, continuing activities</b>	<b>25</b>	<b>32</b>	<b>-16</b>	<b>0</b>	<b>41</b>
Tax, continuing activities	-7	-7	4	0	-10
<b>Profit/loss after tax, continuing activities</b>	<b>18</b>	<b>25</b>	<b>-12</b>	<b>0</b>	<b>31</b>
Profit/loss after tax, discontinuing activities	0	0	-6	0	-6
<b>Profit/loss after tax</b>	<b>18</b>	<b>25</b>	<b>-18</b>	<b>0</b>	<b>25</b>

# Notes

DKKm	Group		
	31 March 2021	31 March 2020	31 March 2020
<b>Note 1 Own shares</b>			
Nominal value, beginning of year	3	34	34
Acquired during the year	1	8	12
Sold during the year	-1	-3	-8
Cancellation of treasury shares	0	0	-35
<b>Nominal value, end of year</b>	<b>3</b>	<b>39</b>	<b>3</b>
Holding number of shares ('000), beginning of period	227	3,349	3,349
Additions, number of shares	95	809	1,229
Disposals, number of shares	-70	-269	-805
Cancellation of treasury shares	0	0	-3,546
<b>Holding number of shares ('000), end of year</b>	<b>252</b>	<b>3,889</b>	<b>227</b>
<b>Percentage of share capital, end of year</b>	<b>0.2%</b>	<b>2.5%</b>	<b>0.1%</b>

## Note 2 Contingent liabilities and leasing

Contingent liabilities and leasing	773	4,620	1,310
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The Alm. Brand Group is contractually obliged to pay rent of DKK 52 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 535 million.



DKK m	31 March 2021				31 December 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Note 3 Fair value measurement of financial instruments</b>								
<u>Financial assets</u>								
Loans and advances	0	0	673	673	0	0	738	738
Bonds	14,837	6,808	6	21,651	15,828	7,072	6	22,906
Shares	4,075	0	1,040	5,115	4,204	0	496	4,700
Investment properties	0	0	793	793	0	0	790	790
Other assets	0	1,087	0	1,087	0	1,531	0	1,531
<b>Total financial assets</b>	<b>18,912</b>	<b>7,895</b>	<b>2,512</b>	<b>29,319</b>	<b>20,032</b>	<b>8,603</b>	<b>2,030</b>	<b>30,665</b>
<u>Financial liabilities</u>								
Subordinated debt	0	0	400	400	0	0	400	400
Issued bonds	0	0	152	152	0	0	152	152
Deposits	0	0	0	0	0	0	0	0
Other payables	0	519	0	519	0	537	0	537
<b>Total financial liabilities</b>	<b>0</b>	<b>519</b>	<b>552</b>	<b>1,071</b>	<b>0</b>	<b>537</b>	<b>552</b>	<b>1,089</b>

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

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

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

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

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

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

# Notes

DKKm	31 March 2021					
	Loans and advances	Bonds	Shares	Investment properties	Issued bonds (liability)	Subordinated debt (liability)
<b>Development in level 3 financial instruments</b>						
Carrying amount, beginning of period	738	6	496	790	152	400
Additions during the year	0	0	540	0	0	0
Disposals during the year	-49	0	0	0	0	0
Realised value adjustments	-5	0	0	0	0	0
Unrealised value adjustments	-11	0	4	3	0	0
<b>Carrying amount, end of period</b>	<b>673</b>	<b>6</b>	<b>1,040</b>	<b>793</b>	<b>152</b>	<b>400</b>
Value adjustments recognised in the income statement	-16	0	4	3	0	0
<b>31 December 2020</b>						
DKKm	31 December 2020					
	Loans and advances	Bonds	Shares	Investment properties	Issued bonds (liability)	Subordinated debt (liability)
<b>Development in level 3 financial instruments</b>						
Carrying amount, beginning of year	936	8	334	750	0	575
Additions during the year	5	0	240	9	152	0
Disposals during the year	-182	-2	-26	-11	0	0
Disposals relating to the divestment of Alm. Brand Bank A/S	0	0	-49	-17	0	-175
Realised value adjustments	0	0	13	0	0	0
Unrealised value adjustments	-21	0	-16	59	0	0
<b>Carrying amount, year-end</b>	<b>738</b>	<b>6</b>	<b>496</b>	<b>790</b>	<b>152</b>	<b>400</b>
Value adjustments recognised in the income statement	-21	0	-3	59	0	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 report is limited relative to the presentation of a full annual report.

The interim report is unaudited.

The accounting policies are unchanged from the policies applied in the Annual Report 2020, to which reference is made.

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

### Profit margin of Alm. Brand Liv og Pension

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

### Segment information

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

the group’s activities are predominantly focused on the Danish market.

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

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

## NOTE 5 FINANCIAL HIGHLIGHTS AND KEY RATIOS

See the management’s review.

## DISCLAIMER

The forecast is based on the interest rate and price levels that prevailed at the beginning of May 2021. All other forward-looking statements are based exclusively on the information available when this report was released. This announcement contains forward-looking statements regarding the company’s expectations for future financial developments and results and other statements which are not historical facts.

Such forward-looking statements are based on various assumptions and expectations which reflect the company’s current views and assumptions, but which are inherently subject to significant risks and uncertainties, including matters beyond the company’s control.

Actual and future results and developments may differ materially from those contained or assumed in such statements. Matters which may affect the future development and results of the group as well as of the individual business areas include changes in economic conditions in the financial markets, legislative changes, changes in the competitive environment, in the reinsurance market and in the property market, unforeseen events, such as extreme weather conditions or terrorist attacks, bad debts, major changes in the claims experience, unexpected outcomes of legal proceedings, etc.

The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information contained in this report should independently consider any uncertainties of significance to their decision.

This interim report has been translated from Danish into English. In the event of any discrepancy between the Danish-language version and the English-language version, the Danish-language version shall prevail.

# Income and comprehensive income statement

DKKm	Note	Parent company		
		Q1 2021	Q1 2020	FY 2020
<b>Income statement</b>				
Income from group enterprises	2	126	43	771
Value adjustments		-9	0	-13
Interest income and dividends etc.		1	1	7
Interest expenses		-2	-2	-8
Administrative expenses related to investment activities		-16	-15	-148
<b>Profit/loss before tax, continuing activities</b>		<b>100</b>	<b>27</b>	<b>609</b>
Tax, continuing activities		4	4	34
<b>Profit/loss after tax, continuing activities</b>		<b>104</b>	<b>31</b>	<b>643</b>
Profit/loss after tax, discontinuing activities		0	-6	-27
<b>Profit/loss after tax</b>		<b>104</b>	<b>25</b>	<b>616</b>
<b>Comprehensive income</b>				
Profit/loss for the period		104	25	616
<b>Comprehensive income</b>		<b>104</b>	<b>25</b>	<b>616</b>
Proposed allocation of loss:				
Proposed dividend		0	0	1,079
Retained earnings		104	25	-463
<b>Comprehensive income</b>		<b>104</b>	<b>25</b>	<b>616</b>
Accounting policies	3			

# Balance sheet

DKKm	Note	Parent company		
		31 March 2021	31 March 2020	31 March 2020
<b>Assets</b>				
Investment in group enterprises	1	4,090	4,985	3,964
Loans to group enterprises		0	150	0
<b>Total investments in group enterprises and associates</b>		<b>4,090</b>	<b>5,135</b>	<b>3,964</b>
Equity investments		23	1	30
Bonds		357	0	1,600
Other loans and advances		2	2	2
Cash in hand and balances at call		4	1	38
<b>Total other financial investment assets</b>		<b>386</b>	<b>4</b>	<b>1,670</b>
<b>Total investment assets</b>		<b>4,476</b>	<b>5,139</b>	<b>5,634</b>
Receiveables from group enterprises		1	17	3
Other receivables		49	39	49
<b>Total receivables</b>		<b>50</b>	<b>56</b>	<b>52</b>
Current tax assets		22	26	15
Deferred tax assets		0	0	0
Other assets		533	668	550
<b>Total other assets</b>		<b>555</b>	<b>694</b>	<b>565</b>
Total prepayments		5	0	6
<b>Total assets</b>		<b>5,086</b>	<b>5,889</b>	<b>6,257</b>

# Balance sheet

DKKm	Parent company		
	31 March 2021	31 March 2020	31 March 2020
<b>Liabilities and equity</b>			
Share capital	1,541	1,577	1,541
Other provisions	1,215	1,215	1,215
Proposed dividend	1,079	460	1,079
Retained earnings	203	1,314	1,332
<b>Total shareholders' equity</b>	<b>4,038</b>	<b>4,566</b>	<b>5,167</b>
Subordinated debt	250	250	250
<b>Subordinated debt</b>	<b>250</b>	<b>250</b>	<b>250</b>
Deferred tax liabilities	20	36	18
<b>Total provisions</b>	<b>20</b>	<b>36</b>	<b>18</b>
Payables to group enterprises	1	211	1
Issued bonds	152	150	152
Other payables	625	676	669
<b>Total payables</b>	<b>778</b>	<b>1,037</b>	<b>822</b>
<b>Total liabilities and equity</b>	<b>5,086</b>	<b>5,889</b>	<b>6,257</b>

# Statement of changes in equity

DKKm	Share capital	Other provisions	Retained earnings	Proposed dividend	Shareholders' equity
<b>Shareholders' equity at 1 January 2020</b>	<b>1,577</b>	<b>1,215</b>	<b>1,324</b>	<b>460</b>	<b>4,576</b>
<b>Changes in equity Q1 2020:</b>					
Profit/loss for the period			25	0	25
Comprehensive income			25	0	25
Share option scheme, exercise			5		5
Purchase and sale of treasury shares			-40		-40
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>-10</b>	<b>0</b>	<b>-10</b>
<b>Shareholders' equity at 31 March 2020</b>	<b>1,577</b>	<b>1,215</b>	<b>1,314</b>	<b>460</b>	<b>4,566</b>
<b>Shareholders' equity at 1 January 2020</b>	<b>1,577</b>	<b>1,215</b>	<b>1,324</b>	<b>460</b>	<b>4,576</b>
<b>Changes in equity 2020:</b>					
Profit/loss for the year			616	0	616
Revaluation of owner-occupied properties in subsidiaries			2		2
Comprehensive income			618	0	618
Cancellation of treasury shares	-36		36		0
Proposed dividend			-1,079	1,079	0
Cancellation of proposed dividend			460	-460	0
Egenkapitalbevægelser i datterselskaber			3		3
Share option scheme, exercise			11		11
Purchase and sale of treasury shares			-41		-41
<b>Changes in equity</b>	<b>-36</b>	<b>0</b>	<b>8</b>	<b>619</b>	<b>591</b>
<b>Shareholders' equity at 31 December 2020</b>	<b>1,541</b>	<b>1,215</b>	<b>1,332</b>	<b>1,079</b>	<b>5,167</b>
<b>Shareholders' equity at 1 January 2021</b>	<b>1,541</b>	<b>1,215</b>	<b>1,332</b>	<b>1,079</b>	<b>5,167</b>
<b>Changes in equity Q1 2021:</b>					
Profit/loss for the period			104	0	104
Comprehensive income	0		104		104
Dividend distributed			-1,231	0	-1,231
Share option scheme, exercise			0		0
Purchase and sale of treasury shares			-2		-2
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>-1,129</b>	<b>0</b>	<b>-1,129</b>
<b>Shareholders' equity at 31 March 2021</b>	<b>1,541</b>	<b>1,215</b>	<b>203</b>	<b>1,079</b>	<b>4,038</b>

# Notes

DKKm	31 March 2021	31 March 2020	31 March 2020
<b>Note 1 Investment in group enterprises</b>			
Cost, beginning of period	3,439	8,941	8,941
Additions	0	0	140
Disposals	0	0	-5,642
Cost, end of period	3,439	8,941	3,439
Revaluation and impairment, beginning of period	525	-3,993	-3,993
Dividend received	0	0	0
Profit/loss for the period	126	37	851
Revaluation	0	0	0
Reversal of impairment on disposals	0	0	3,663
Revaluation and impairment of treasury shares in subsidiaries	0	0	4
Revaluation and impairment, end of period	651	-3,956	525
<b>Investment in group enterprises, end of period</b>	<b>4,090</b>	<b>4,985</b>	<b>3,964</b>
Specification of carrying amount:			
Alm. Brand Bank A/S (DKK 1,021 million nominal value wholly owned )	0	1,889	0
Alm. Brand PIA A/S (DKK 400 thousand nominal value wholly owned )	146	0	143
Alm. Brand Forsikring A/S (DKK 1,032 million nominal value wholly owned )	3,944	3,096	3,821
Investment in group enterprises, end of period	4,090	4,985	3,964
DKKm	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>FY 2020</b>
<b>Note Income from group enterprises</b>			
Alm. Brand PIA A/S	3	0	3
Alm. Brand Forsikring A/S	123	43	768
<b>Total income from group enterprises</b>	<b>126</b>	<b>43</b>	<b>771</b>
<i>The results are recognised in the following items:</i>			
Income from group enterprises	126	43	771
Total income from group enterprises	126	43	771

## NOTE 3 ACCOUNTING POLICIES PARENT COMPANY

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

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

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

The interim report is unaudited.



# Definitions of financial ratios and Alternative Performance Measures (APM)

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

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

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

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

#### Underlying combined ratio (Non-life Insurance):

This ratio is calculated as the combined ratio less factors which may vary considerably from year to year (major claims net of reinsurance, weather-related claims net of reinsurance and run-off result on claims net of reinsurance). Accordingly, the underlying combined ratio reflects the trend in small claims, costs and reinsurance ceded.

#### Underlying claims ratio (Non-life Insurance):

The underlying combined ratio less the expense ratio.

#### Claims experience (Non-life Insurance):

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

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

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

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

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

#### Return requirement for shareholders' equity (Life Insurance):

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

In the calculation of return on equity, consideration is made for capital increases in the year and any other equity entries to the effect that such changes are included on a pro rata basis.

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

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

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

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

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

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

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

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

#### FINANCIAL RATIOS, NON-LIFE INSURANCE

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

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

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

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

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

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

#### FINANCIAL RATIOS, LIFE INSURANCE

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

# Company information

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## Board of Directors

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**Jørgen Hesselbjerg Mikkelsen**  
Chairman

**Jan Skytte Pedersen**  
Deputy Chairman

**Anette Eberhard**

**Per Viggo Hasling Frandsen**

**Karen Sofie Hansen-Hoeck**

**Flemming Fuglede Jørgensen**

**Boris Nørgaard Kjeldsen**

**Pia Laub**

**Brian Egested**  
Employee representative

**Claus Nexø Jensen**  
Employee representative

**Lotte Kathrine Sørensen**  
Employee representative

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## Management Board

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**Rasmus Werner Nielsen**  
Chief Executive Officer

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## Auditors

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**EY**  
Godkendt Revisionspartnerselskab

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## Internal auditor

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**Morten Bendtsen**  
Group Chief Auditor

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## Registration

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

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## Address

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