

ALM. BRAND

Condensed interim financial report Q3

2021

Alm. Brand A/S | Midtermolen 7 | DK-2100 Copenhagen
CVR no. 77 33 35 17

Contents

03

Group companies

04

Management's review

- 04 Financial highlights and key ratios
- 05 Alm. Brand Group
- 08 Non-life Insurance

15

*Statement by the Board of
Directors and the Managment
Board*

16

Condensed interim report

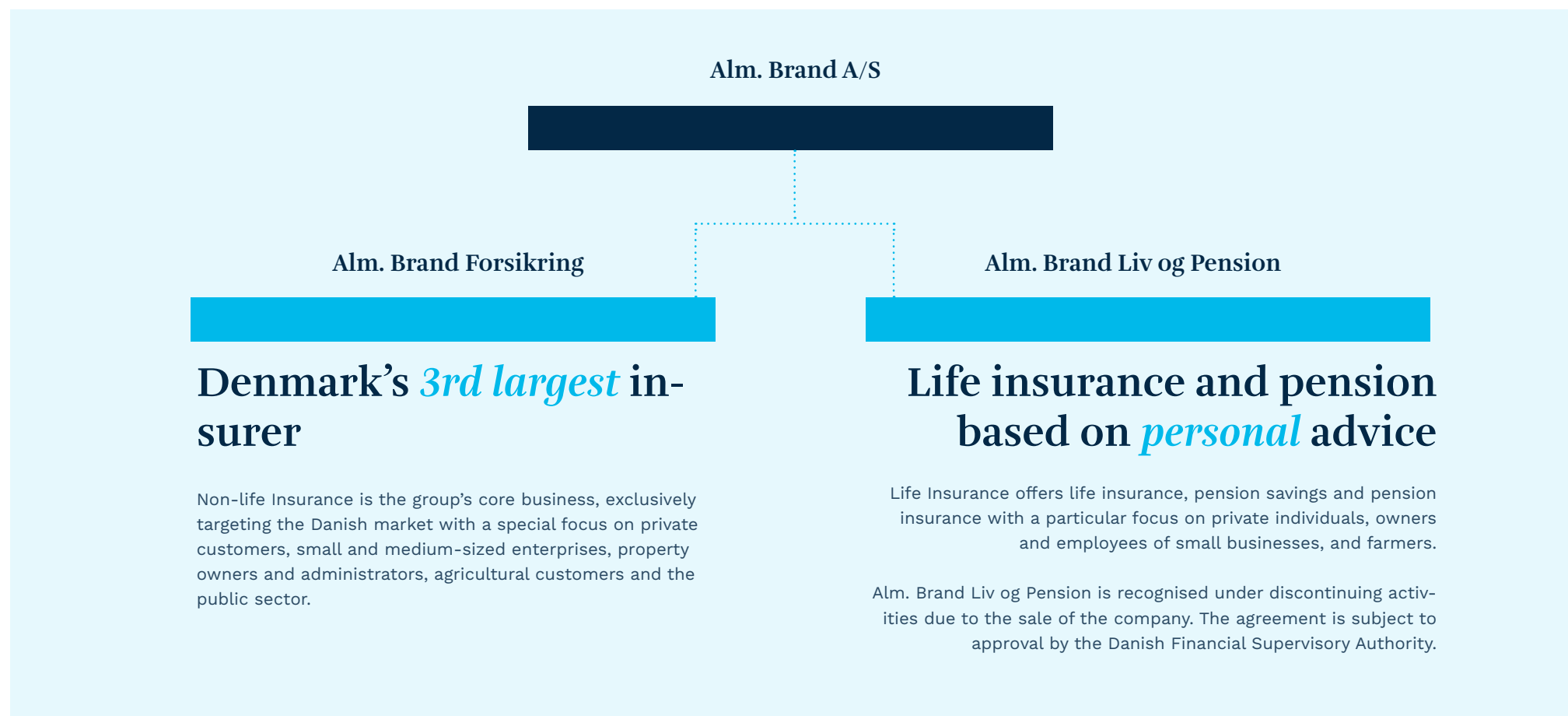
- 16 Condensed income statement
- 17 Condensed Statement of comprehensive income
- 18 Condensed balance sheet
- 19 Condensed statement of changes in equity
- 20 Condensed cash flow statement
- 21 Condensed segment reporting
- 23 Notes

31

Company information

Group companies

Alm. Brand is a listed Danish financial services group focusing on the Danish insurance market.



Alm. Brand Group

	DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020	FY 2020
GROUP	Income					
	Non-life Insurance	1,376	1,342	4,045	3,996	5,344
	Investment etc.	42	39	182	108	136
	Total income	1,418	1,381	4,227	4,104	5,480
	Profit/loss					
	Non-life Insurance	177	233	650	548	856
	Other activities	-3	-15	-60	-42	-60
	Profit/loss before tax, continuing activities excluding special costs	174	218	590	506	796
	Special costs	-	-	-90	-	-98
	Profit/loss before tax, continuing activities	174	218	500	506	698
	Tax, continuing activities	-73	-48	-153	-116	-160
	Profit/loss after tax, continuing activities	101	170	347	390	538
	Profit/loss after tax, discontinuing activities	32	67	75	161	80
	Profit/loss after tax	133	237	422	551	618
	Total provisions for insurance contracts	7,820	24,492	7,820	24,492	24,698
	Consolidated shareholders' equity	3,271	5,100	3,271	5,100	5,167
	Total assets	30,124	42,711	30,124	42,711	32,780
	Average no. of employees **)	1,395	1,725	1,395	1,725	1,369
	Return on equity before tax, continuing activities (%) ***)	34.2	17.4	18.6	13.9	14.3
	Return on equity before tax (%) *)	43.3	25.0	25.5	19.5	18.8
	Return on equity after tax (%) *)	27.0	19.6	19.1	15.2	14.1

	DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020	FY 2020
FINANCIAL RATIOS	Earnings per share	0.7	1.5	2.6	3.6	4.0
	Diluted earnings per share	0.7	1.5	2.6	3.6	4.0
	Net asset value per share	21	33	21	33	34
	Share price, end of period	45.0	72.7	45.0	72.7	73.4
	Price/NAV	2.13	2.19	2.13	2.19	2.20
	Average no. of shares (in thousands)	153,782	153,618	153,828	153,797	153,792
	No. of shares, end of period, diluted (in thousands)	153,713	153,617	153,713	153,617	153,887
	Average no. of shares, diluted (in thousands)	153,782	153,688	153,852	153,924	153,891
	Dividend per share	-	-	15.00	-	4.00
	No. of shares bought back (in thousands)	-	-	-	809	809
	Avg. price of shares bought back, DKK	-	-	-	57.7	57.7

*) The financial ratios for FY 2020 have been calculated net of special costs totalling DKK 98 million before tax, while the financial ratios for 9M 2021 have been calculated net of special costs of DKK 90 million.

**) Average number of employees in Q3 2020 is inclusive of bank employees.

***) The calculation of financial ratios for 2021 and 2020 is based on the profit before tax on continuing activities and consequently does not include the profit on discontinuing activities.

Satisfactory financial performance

Q3 PERFORMANCE

Alm. Brand generated a pre-tax profit on continuing activities of DKK 174 million in Q3 2021, against a pre-tax profit of DKK 218 million in the year-earlier period. As announced in company announcement no. 29/2021 of 1 October 2021 Alm. Brand has entered into a conditional agreement to sell Alm. Brand Liv og Pension. Thus the result generated in Alm. Brand Liv og Pension will be reported as profit from discontinuing activity and profit from continuing will include only the result from Non-life insurance and Other.

The pre-tax profit is reflecting a satisfactory performance of Non-life Insurance with a continued improvement in underlying claims trends. Driven by buoyant financial markets, the group reported a profit on its investment activities in Q3. Other activities performed in line with expectations. In 9M 2021, continuing activities thus generated an overall profit of DKK 590 million excluding special costs related to the Codan transaction, against a profit of DKK 506 million in the year-earlier period.

In Q3 2021, the realised profit on continuing activities equalled a return on equity of 34.2% p.a. before tax.

In the third quarter, focus was also on preparations for the upcoming transformation and the building of the new and enlarged Alm. Brand. At an extraordinary general meeting, the shareholders approved an increase of the company's share capital, thereby facilitating the completion of the upcoming rights issue. In addition, Alm. Brand A/S was assigned a rating by Fitch Rating, and after the end of the quarter, capital certificates were issued as part of the financing of the acquisition of Codan's Danish business

("Codan"). Finally, in August, a new programme organisation was established to oversee the work to combine the businesses of Codan and Alm. Brand and create a new common insurance group. In carrying out these activities, Alm. Brand executed as planned on the preparations leading up to the takeover of Codan.

Non-life Insurance

Non-life Insurance reported a technical result of DKK 170 million in Q3 2021, against DKK 210 million in Q3 2020, reflecting a continued improvement of the underlying business, but a higher level of costs for weather-related claims compared with the year-earlier period, as well as a positive run-off result. Overall, the Q3 performance was satisfactory.

Gross premium income was up 2.5% relative to Q3 2020 to a total of DKK 1,376 million, and the combined ratio excluding run-off gains was 90.2, against 86.2 in the year-earlier period.

The financial markets remained buoyant in Q3, enabling Non-life Insurance to achieve an investment return after technical interest of DKK 7 million, against DKK 23 million in Q3 2020, bringing the pre-tax profit to DKK 177 million, against DKK 233 million in Q3 2020. The performance was satisfactory and in line with expectations.

Other activities

The result of other activities consisted primarily of group expenses and a satisfactory contribution from the remaining mortgage deed and debt collection portfolios and the portfolio of unlisted shares. The overall Q3 performance

was a pre-tax loss of DKK 3 million, against a loss of DKK 15 million in the same period of 2020.

Discontinuing activities – Alm. Brand Liv og Pension

The Q3 2021 performance of Alm. Brand Liv og Pension was a pre-tax profit of DKK 39 million, against DKK 32 million in Q3 2020, including a profit from health and personal accident insurance which before the sale of the life insurance company was recognised as part of the profit of Non-life Insurance. Total pension contributions amounted to DKK 297 million in Q3 2021, against DKK 323 million in the same period of last year, primarily due to a decline in single payments. The performance was satisfactory and in line with expectations.

The total bonus rate was 17.7% at 30 September 2021, an increase of 0.2 of a percentage point relative to 30 June 2021. In the light of current interest rate levels, the bonus rate remains highly satisfactory.

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

9M PERFORMANCE

Alm. Brand generated a profit on continuing activities of DKK 590 million in 9M 2021 excluding special costs related to the acquisition of Codan, against a profit on continuing activities of DKK 506 million in the year-earlier period. The profit equalled a return on equity of 18.6% p.a. before tax.

The financial performance of Non-life Insurance in the 9M period was highly satisfactory, resulting in repeated profit guidance upgrades driven by continued improvements of the underlying insurance operations. Non-life Insurance generated a pre-tax profit of DKK 650 million in 9M 2021, against DKK 548 million in 9M 2020.

Other activities reported a loss of DKK 60 million in 9M 2021, against a loss of DKK 42 million in the same period of 2020. A loss on unlisted equities detracted from the 9M 2021 performance.

Special items, which included costs related to the acquisition of Codan, amounted to DKK 90 million.

Capitalisation

DKKmn	Q3 2021	Q2 2021
Total capital for the group	3,788	3,707
Solvency capital requirement for the group	1,101	1,050
Solvency capital requirement excess	2,687	2,657
Total capital as a percentage of solvency capital requirement	344%	353%

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 to be sufficient to resist very severe stresses. The group's total capital was DKK 3.8 billion at 30 September 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 344% relative to the solvency capital requirement, which means that the group stands well prepared to manage the risks associated with its activities.

On 8 January 2021, the group paid an extraordinary dividend of DKK 8 per share as a result of the sale of Alm. Brand Bank, and on 27 April 2021, the group paid a total dividend of DKK 7 per share for 2019 and 2020, respectively, which was approved by the shareholders at the annual general meeting held on 26 April 2021. Accordingly, Alm. Brand has paid dividends in a total amount of DKK 15 per share in 2021. Developments in the total capital for the group were due to earnings in Q3 2021 as well as to increased intangible assets and a lower profit margin.

When calculating the solvency capital requirement using the standard formula on all of the group's risks, the result is a claim of DKK 1,534 million.

After the end of the quarter, new tier 2 capital DKK 1.3 billion for the group has been sourced as part of the financing of the Codan acquisition.

MAJOR EVENTS

Extraordinary general meeting of Alm. Brand A/S

On 2 September 2021, Alm. Brand A/S held an extraordinary general meeting, at which the shareholders adopted a resolution to change the denomination of the shares from DKK 10 to DKK 1 and a resolution to amend the company's articles of association to facilitate an increase of the company's share capital by completing a rights issue in order to finance the acquisition of Codan.

Rating of Alm. Brand

On 23 September 2021, Alm. Brand announced (see company announcement no. 28/2021) that Alm. Brand Forsikring A/S and Alm. Brand A/S have been rated by international credit rating agency Fitch Ratings. Alm. Brand Forsikring A/S has been assigned an insurance financial strength rating (IFSR) of 'A+', and Alm. Brand A/S has been assigned a long-term issuer default rating (IDR) of 'A'.

Both ratings were assigned a 'stable outlook', reflecting Fitch Ratings' expectation that the rating will remain at the level assigned in the short to medium term.

MAJOR EVENTS AFTER THE BALANCE SHEET DATE

Sale of Alm. Brand Liv og Pension A/S

On 1 October 2021, Alm. Brand announced (see company announcement no. 29/2021) that Alm. Brand had entered into a binding agreement with Nordic I&P on the sale of Alm. Brand Liv og Pension at a price of DKK 1.1 billion. The

transaction, which is subject to approval by the Danish Financial Supervisory Authority, is expected to be completed as soon as possible after receipt of the required approvals. The sale triggers an accounting gain of close to DKK 565 million before payment of transaction-related costs, freeing up capital in Alm. Brand in a total amount of about DKK 900 million.

Issue of tier 2 capital

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

OUTLOOK FOR 2021

Alm. Brand maintains its guidance for a consolidated pre-tax profit of DKK 1,200-1,250 million for 2021.

Non-life Insurance is expected to generate a pre-tax profit of DKK 800 million excluding the run-off result for the final quarter of the year.

The sale of Alm. Brand Liv og Pension A/S is expected to entail restructuring costs of about DKK 60 million.

The guidance for other activities is unchanged for a loss of DKK 175 million including costs related to the acquisition of Codan.

Moreover, Alm. Brand expects to report a profit from discontinuing activities of DKK 650-675 million before tax. For Life Insurance, the guidance is unchanged for a pre-tax profit of DKK 100 million for FY2021 plus an expected profit from health/accident insurance of DKK 20 million before tax, which was previously included in the profit for Non-life Insurance. In addition, a gain of close to DKK 545

million from the sale of Alm. Brand Liv og Pension A/S is included after recognition of costs directly related to the transaction.

The guidance for premiums growth is maintained at 1.5%-2.0%. The expense ratio for the full year is expected to be in line with the previously guided range of 17-17.5. The combined ratio is expected to be in the region of 87.

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 the group's overall financial performance.

THE GROUP'S TARGETS FOR 2022

Alm. Brand has previously defined a number of financial targets for the period until 2022. After the divestment of Alm. Brand Liv og Pension, the remaining targets only relate to Non-life Insurance. These targets are maintained, and the ambition for 2022 for Alm. Brand on a stand-alone basis is to achieve:

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

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 also maintained.

Due to the acquisition of Codan and the resulting formation of a new and enlarged Alm. Brand, the group's targets will be expanded and redefined to reflect the value which the transaction is expected to create. Seen in isolation, the acquisition of Codan Forsikring is expected to deliver value for the shareholders in the form of an expected return on investment (ROI) of 7% after tax.

Non-life Insurance

	DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020	FY 2020
INCOME STATEMENT	Gross premium income	1,376	1,342	4,045	3,996	5,344
	Claims expenses *)	-1,102	-905	-2,766	-2,636	-3,464
	Insurance operating expenses *)	-233	-213	-699	-676	-901
	Profit/loss on reinsurance	129	-14	16	-127	-185
	Technical result	170	210	596	557	794
	Interest and dividends, etc.	8	31	70	85	116
	Value adjustments	-26	2	-163	-2	57
	Administrative expenses related to investment activities	-3	-6	-10	-20	-27
	Return on and value adjustments on technical provisions	28	-4	157	-72	-84
	Investment return after return on and value adjustment of provisions	7	23	54	-9	62
	Profit/loss before tax, continuing activities	177	233	650	548	856
	Tax, continuing activities	-40	-50	-147	-124	-193
	Profit/loss after tax, continuing activities	137	183	503	424	663
	Profit/loss after tax, discontinuing activities	11	1	19	16	19
	Profit/loss after tax	148	184	522	440	682

	DKKm	Q3 2021	Q3 2020	9M 2021	9M 2020	FY 2020
BALANCE SHEET	Run-off result, claims	34	26	71	83	102
	Run-off result, risk margin	-6	11	81	40	46
	Technical provisions	7,820	7,299	7,820	7,299	7,139
	Insurance assets	212	91	212	91	57
	Shareholders' equity	1,472	2,745	1,472	2,745	3,026
	Total assets	10,048	10,932	10,048	10,932	11,087
FINANCIAL RATIOS	Gross claims ratio *)	80.1	67.5	68.4	66.0	64.8
	Net reinsurance ratio (%)	-9.3	1.0	-0.4	3.2	3.4
	Claims experience *)	70.8	68.5	68.0	69.2	68.2
	Gross expense ratio *)	16.9	15.8	17.3	16.9	16.9
	Combined ratio *)	87.7	84.3	85.3	86.1	85.1
	Combined ratio excluding run-off result *)	90.2	86.2	87.1	88.2	87.1
	Combined ratio	89.2	84.3	87.0	86.1	85.1
	Return on equity before tax (%)	46.1	34.6	42.6	28.4	31.8
	Return on equity after tax (%)	35.6	27.2	32.9	22.0	24.6

*) Claims expenses and insurance operating expenses for 2021 include income from the Transitional Service Agreement (TSA) with Sydbank following the divestment of Alm. Brand Bank A/S. Claims expenses are stated less DKK 20 million, and insurance operating expenses are stated less DKK 48 million. In Q3 2021, this item covers claims expenses of DKK 6 million and insurance operating expenses of DKK 14 million, respectively. Financial ratios for 2021 have been restated accordingly.

In the income statement, income from the TSA is recognised as "Other income".

Non-life Insurance

Continued satisfactory trend in underlying operations

Q3 PERFORMANCE

Non-life Insurance generated a pre-tax profit of DKK 177 million in Q3 2021, against DKK 233 million in Q3 2020. The figures have been adjusted to reflect the fact that the result of health and accident insurance is now recognised under discontinuing activities due to the conditional sale of Alm. Brand Liv og Pension.

The performance was satisfactory and in line with expectations.

The technical result was DKK 170 million, against DKK 210 million in Q3 2020, bringing the combined ratio to 87.7, against 84.3 in Q3 2020. The development in the technical result reflected a continued improvement of the underlying operations of about 2 percentage points, but also a significantly reduced impact from COVID-19 as well as a higher level of expenses for weather-related claims compared with the year-earlier period.

The combined ratio was 87.7, against 84.3 in Q3 2020, and was attributable to higher weather-related claims expenses and a change in the risk margin. At 76.0, the underlying combined ratio was in line with Q3 2020, which included a significantly different impact from COVID-19, however.

Adjusted for this impact, the underlying combined ratio for Q3 2021 was 76.7, corresponding to an improvement of 2.0 percentage points relative to the comparative figure for the year-earlier period. The improvement was driven by the continued implementation of initiatives aimed at ensuring profitable business growth, including pricing initiatives directed at specific segments and customers as well as efficiency enhancement of claims services.

Combined ratio

	Q3 2021	Q3 2020	FY 2020
Combined ratio, underlying business ex COVID-19 *)	76.7	78.7	81.1
COVID-19 effect, estimated	-0.7	-3.2	-2.2
Combined ratio, underlying business *)	76.0	75.5	78.9
Weather-related claims, net of reinsurance	3.6	1.1	1.5
Major claims, net of reinsurance	9.0	9.2	6.3
Run-off result, claims	-2.5	-1.9	-1.9
Change in risk margin, run-off result and current year	1.6	0.4	0.3
Combined ratio *)	87.7	84.3	85.1

*) The combined ratio for 2021 has been calculated taking into account an income of DKK 20 million from the TSA referred to in the overview of financial highlights and key ratios.

The investment result was an income of DKK 7 million in Q3 2021, reflecting a sustained increase in equity prices, but lower bond prices.

Premiums

Gross premium income rose 2.5% to DKK 1,376 million in Q3 2021 from DKK 1,342 million in the year-earlier period. As in previous quarters, Commercial reported growth, whereas Private was characterised by a slightly downward trend.

Claims experience

The claims experience for Q3 2021 was 70.8%, against 68.5% in Q3 2020, and was driven by a favourable trend in the underlying business, including a continued favourable claims experience on minor claims and positive effects of the initiatives implemented to enhance profitability. On the other hand, the claims experience was adversely affected by higher expenses for weather-related claims.

The claims experience was 71.2% excluding income recognised in respect of the TSA.

Weather-related claims

Expenses for weather-related claims net of reinsurance amounted to DKK 49 million in Q3 2021, against DKK 15 million in Q3 2020. The higher expense level was due to more rainy and windy weather conditions than usual for the season, but the level of expenses for weather-related claims was generally on a par with an average quarter.

In Q3 2021, expenses for weather-related claims affected the combined ratio by 3.6%, against 1.1 percentage points in Q3 2020, when weather conditions were benign.

Major claims

Net of reinsurance, major claims expenses totalled DKK 123 million in Q3 2021, against DKK 124 million in the same period of 2020. A single major claim was reported in Q3 2021, which affected the performance by DKK 30 million, equivalent to the retained amount on the reinsurance programme. As was the case in the year-earlier period, expenses for major claims were overall at the high end of

the expected normal range, affecting the combined ratio by 9.0 percentage points, against 9.2 percentage points in Q3 2020.

Underlying business

The underlying claims ratio was 59.1 in Q3 2021, against 59.8 in the year-earlier period. In the year-earlier period, the claims ratio was affected by the COVID-19 situation, as a lower level of activity in society resulted in a generally lower claims frequency.

Run-off result

Net of reinsurance, the run-off result on claims was a gain of DKK 34 million in Q3 2021, compared with a gain of DKK 26 million in Q3 2020. The result was mainly attributable to a positive result on workers' compensation and motor insurance.

Risk margin

The change in the overall risk margin reduced the results by DKK 23 million, equivalent to an effect of 1.6 percentage points on the combined ratio. The change was a consequence of the annual recalibration of the provisioning model.

Costs

Total costs amounted to DKK 233 million in Q3 2021, equivalent to an expense ratio of 16.9.

Costs developed in line with expectations in Q3 2021, reflecting a strong cost focus and continued investments in the partnerships established.

The expense ratio was 17.9 excluding income recognised in respect of the TSA.

Net reinsurance ratio

The net reinsurance ratio was negative at 9.3, reflecting an income due to a major claim which is expected to trigger coverage under the company's reinsurance programme.

Discounting

Due to the composition of expected cash flows, the technical provisions are affected the most by movements in short-term interest rates. Interest rates increased by 1 bp at the short end of the curve in Q3 2021 and therefore only had a marginal effect on the combined ratio relative to Q2 2021.

PRIVATE

The technical result amounted to a profit of DKK 112 million in Q3 2021, against DKK 143 million in the year-earlier period. The combined ratio was 82.8, against 78.3 in Q3 2020, and was satisfactory. The result was in line with expectations and was favourably affected by a generally good claims experience on minor claims, but a higher level of expenses for weather-related claims compared with Q3 2020, when weather conditions were unusually benign, detracted from the result. As expected, the claims frequency was a reflection of the reopening of Danish society, with COVID-19 only having a very limited effect on the performance.

Gross premium income was down by 1.3% to DKK 651 million in Q3 2021 from DKK 660 million in the same period of 2020. Over the year, a number of initiatives have been implemented to strengthen premiums growth, including seven pricing initiatives and further product adjustments. In Q3 2021, these initiatives resulted in a minor increase in earned premiums relative to Q2 2021.

Private

DKKm	Q3 2021	Q3 2020	FY 2020
Gross premium income	651	660	2,634
Gross claims expenses *)	-397	-389	-1,619
Insurance operating expenses *)	-130	-115	-481
Profit/loss on reinsurance	-12	-13	-48
Technical result	112	143	486
Run-off result, claims	8	29	107
Run-off result, risk margin	0	4	23
Gross claims ratio *)	60.9	59.1	61.5
Net reinsurance ratio	2.0	1.9	1.8
Claims experience *)	62.9	61.0	63.3
Gross expense ratio *)	19.9	17.3	18.3
Combined ratio *)	82.8	78.3	81.6
Combined ratio, underlying business *)	78.5	78.3	82.3
Weather-related claims, net of reinsurance	2.8	1.4	1.1
Major claims, net of reinsurance	1.7	2.8	2.2
Run-off result, claims	-1.1	-4.4	-4.1
Change in risk margin, run-off result and current year	0.9	0.2	0.1
Combined ratio *)	82.8	78.3	81.6

*) Gross claims expenses are stated less DKK 3 million and insurance operating expenses are stated less DKK 7 million from the TSA. Financial ratios for 2021 have been restated accordingly.

The claims experience excluding run-off gains on claims was 64.0%, against 65.4% in Q2 2020.

Aggregate expenses for weather-related claims and major claims were unchanged from the year-earlier period.

Expenses for weather-related claims totalled DKK 18 million net of reinsurance in Q3 2021, against DKK 9 million in Q3 2020, and affected the combined ratio by 2.8 percentage points.

Expenses for major claims totalled DKK 11 million net of reinsurance in Q3 2021, against DKK 19 million in Q3 2020, affecting the combined ratio by a mere 1.7 percentage points.

The underlying claims ratio was 58.6 and thus lower than in the year-earlier period, in spite of the fact that the Q3 2020 claims ratio was more favourably affected by COVID-19-related effects, with the frequency of burglary claims, motor claims and travel insurance claims temporarily being below normal.

The net reinsurance ratio was 2.0 in Q3 2021 and thus unchanged from the same period of 2020.

The expense ratio was 19.9, against 17.3 in Q3 2020, which was due to increased investments aimed at the group's strategic partnerships and lower premium income.

Run-off gains on claims net of reinsurance amounted to DKK 8 million in Q3 2021, against DKK 29 million in Q3 2020, which was primarily attributable to gains on motor insurance.

COMMERCIAL

The technical result was a profit of DKK 58 million in Q3 2021, against a profit of DKK 67 million in the same period of 2020. The combined ratio was satisfactory at 92.1, against 90.2 in Q3 2020. The result was overall in line with expectations and, as was also the case for Private, was affected by a higher level of expenses for weather-related claims than in the same period of last year.

Gross premium income was up by 6.2% to DKK 725 million in Q3 2021 from DKK 682 million in Q3 2020, driven by increased sales and continued price adjustments on selected insurance products.

Commercial has successfully sharpened its growth focus and has succeeded in increasing sales to new customers based on a stronger collaboration between sales and underwriting and more data-driven sales follow-up.

Moreover, the previously initiated profitability-enhancement programme to adjust premiums for a number of customers continued in the past quarter.

The claims experience excluding run-off result on claims was 81.5% in Q3 2021, against 75.4% in Q3 2020.

Expenses for weather-related claims amounted to DKK 31 million net of reinsurance in Q3 2021, against DKK 6 million in the year-earlier period, reflecting a normalised level of expenses as opposed to last year, when claims expenses were significantly below the level expected for the quarter. Weather-related claims affected the combined ratio by 4.2 percentage points, against 0.8 of a percentage point last year.

Commercial

DKKm	Q3 2021	Q3 2020	FY 2020
Gross premium income	725	682	2,710
Gross claims expenses *)	-705	-516	-1,845
Insurance operating expenses *)	-103	-98	-420
Profit/loss on reinsurance	141	-1	-137
Technical result	58	67	308
Run-off result, claims	26	-3	-5
Run-off result, risk margin	-6	6	23
Gross claims ratio *)	97.3	75.6	68.1
Net reinsurance ratio	-19.4	0.3	5.0
Claims experience *)	77.9	75.9	73.1
Gross expense ratio (%) *)	14.2	14.3	15.5
Combined ratio *)	92.1	90.2	88.6
Combined ratio, underlying business *)	73.7	72.8	75.6
Weather-related claims, net of reinsurance	4.2	0.8	1.9
Major claims, net of reinsurance	15.5	15.4	10.3
Run-off result, claims	-3.6	0.5	0.2
Change in risk margin, run-off result and current year	2.3	0.6	0.6
Combined ratio *)	92.1	90.2	88.6

*) Gross claims expenses are stated less DKK 3 million and insurance operating expenses are stated less DKK 7 million from the TSA. Financial ratios for 2021 have been restated accordingly.

Net of reinsurance, expenses for major claims amounted to DKK 112 million in Q3 2021, against DKK 105 million in Q3 2020. Claims expenses were affected in particular by a single major claim with a retention of DKK 30 million, as a result of which major claims affected the Q3 2021 combined ratio by 15.5 percentage points, against 15.4 percentage points in Q3 2020.

The underlying claims ratio was 59.5 in Q3 2021, against 58.6 in the year-earlier period, reflecting a claims experience with a slightly higher level of expenses for minor claims than in Q3 2020.

The expense ratio was 14.2, which was more or less unchanged from 14.3 in the same period of 2020. The run-off result on claims net of reinsurance amounted to a gain of DKK 26 million in Q3 2021, against a loss of DKK 3 million in Q3 2020.

INVESTMENT RESULT

The investment result was a gain of DKK 7 million in Q3 2021, against a gain of DKK 23 million in the year-earlier period. The result was satisfactory and was positively affected by relatively favourable market conditions, as growth is still being supported by central banks around the world. However, growing market fears of inflation and rising interest rates had an adverse effect on high-risk assets in September.

The free portfolio achieved a neutral return, being adversely affected by developments in the mortgage bond market, whereas property investments contributed favourably to the performance.

The investment assets are distributed on Danish and international bonds, mortgage deeds, illiquid credit and equities 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. In Q3, the hedging of provisions produced a satisfactory result and contributed favourably to the investment result in spite of a difficult mortgage bond market. The mortgage deed portfolio contributed favourably to the result.

Investment return

DKKm	Q3 2021			Q3 2020		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	7,889	-27	-0.4%	8,891	16	0.3%
Mortgage deeds etc.	533	5	0.9%	684	-1	-0.1%
Illiquid credit	48	0	0.0%	-	-	-
Equities	383	-2	-0.6%	351	19	7.8%
Properties	281	6	2.3%	43	-1	-1.9%
Total return on investments	9,134	-18	-0.2%	9,969	33	0.5%
Administrative expenses related to investment activities		-3			-6	
Return on and value adjustments on technical provisions		28			-4	
Net investment return		7			23	

9M PERFORMANCE

Non-life Insurance generated a satisfactory pre-tax profit of DKK 650 million in 9M 2021, as compared with a DKK 548 million profit in 9M 2020.

The performance was lifted by a favourable trend in the underlying business with fewer-than-expected expenses for minor claims and a slightly lower level of weather-related claims expenses. With the gradual reopening of society after COVID-19, the claims frequency normalised, and the bottom-line effect was therefore less favourable than last year. However, the resumption of face-to-face

customer meetings had a positive effect on the sale of insurances. The performance was also affected by a positive investment result, reflecting the predominantly favourable financial market developments in the reporting period.

The technical result was a profit of DKK 596 million in 9M 2021, against DKK 557 million in 9M 2020, corresponding to a combined ratio of 85.3 in 9M 2021, against 86.1 in the year-earlier period.

Premium income rose 1.2% to DKK 4,045 million in 9M 2020 from DKK 3,996 million in the year-earlier period. The increase was achieved on the back of positive trends in Q3 2021 following more subdued trends in the initial months of the year with the COVID-19 lockdown.

Combined ratio

	9M 2021	9M 2020	FY 2020
Combined ratio, underlying business ex COVID-19 *)	79.9	81.4	81.1
COVID-19	-1.4	-1.8	-2.2
Combined ratio, underlying business *)	78.5	79.6	78.9
Weather-related claims, net of reinsurance	1.7	1.9	1.5
Major claims, net of reinsurance	7.8	6.4	6.3
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-1.8	-2.1	-1.9
Change in risk margin, run-off result and current year	-0.9	-0.3	0.3
Combined ratio *)	85.3	86.1	85.1

*) The combined ratio for 2021 has been calculated taking into account an income of DKK 68 million from the TSA, see the overview of financial highlights and key ratios.

Expenses for weather-related claims totalled DKK 70 million net of reinsurance in 9M 2021, against DKK 74 million in the year-earlier period. Weather conditions in the first part of 2021 only resulted in few weather-related claims, but due to the rainy and windy late summer months, the level of claims expenses was ultimately in line with expectations. Overall, the first nine months of the year saw fewer weather-related claims as compared with expectations at the beginning of the year. Weather-related claims affected the combined ratio by 1.7 percentage points, against 1.9 percentage points in 9M 2020.

Expenses for major claims totalled DKK 315 million net of reinsurance in 9M 2021, against DKK 255 million in the year-earlier period. Major claims expenses were generally in line with expectations, affecting the combined ratio by 7.8 percentage points, against 6.4 percentage points in 9M 2020.

Investment return

DKKm	9M 2021			9M 2020		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	7,889	-163	-2.0%	8,891	33	0.4%
Mortgage deeds etc.	533	6	1.1%	684	-1	-0.2%
Illiquid credit	48	0	0.0%	-	-	-
Equities	383	53	13.8%	351	47	18.1%
Properties	281	11	3.8%	43	4	8.9%
Total return on investments	9,134	-93	-1.0%	9,969	83	0.8%
Administrative expenses related to investment activities		-10			-20	
Return on and value adjustments on technical provisions		157			-72	
Net investment return		54			-9	

The strong operating performance was reflected in the underlying combined ratio, which was 78.5 in 9M 2021, against 79.6 in the same period of 2020. Both this year and last year, COVID-19 and the resulting decline in activity in society affected developments. It is estimated that the lower level of activity resulted in fewer burglary claims and personal accident claims.

The run-off result on claims net of reinsurance was a gain of DKK 71 million, against DKK 83 million in 2020. The 2021 run-off result was mainly attributable to personal accident and contents insurance.

The change in the overall risk margin was an income of DKK 37 million in 9M 2021, against an expense of DKK 13 million in 9M 2020. The higher income was attributable to the expansion of Alm. Brand's partial internal model for

non-life insurance risk as outlined in connection with the release of the interim report for Q3 2021.

The expense ratio for 9M 2021 was 17.3, against 16.9 in the same period of 2020, and was in line with expectations, including costs related to the establishment of partnerships.

The investment result after interest on technical provisions was a gain of DKK 54 million in 9M 2021, against a loss of DKK 9 million in 9M 2020. The result was satisfactory in light of the favourable market conditions supported by continued central bank stimuli.

CAPITALISATION

The solvency capital requirement of Alm. Brand Forsikring A/S amounted to DKK 958 million at 30 September 2021, against DKK 1,059 million at 31 December 2020. The solvency capital requirement declined due to the implementation of the partial internal model on personal accident and workers' compensation insurance.

The total capital for coverage of the solvency capital requirement was DKK 2,331 million at 30 September 2021, an excess cover of DKK 1,373 million relative to the solvency capital requirement, corresponding to a solvency ratio of 243%.

At 30 September 2021, shareholders' equity allocated to Non-life Insurance was DKK 1,472 million.

After the end of the quarter, new capital certificates have been issued by Alm. Brand A/S to finance the acquisition of Codan, and the final adjustment of loan capital in Alm. Brand will be effected in Q1 2022.

Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board have today considered and approved the interim report of Alm. Brand A/S for the period 1 January to 30 September 2021.

The consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU. 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 assets, liabilities and financial position at 30 September 2021 and of the group's cash flows for the period 1 January to 30 September 2021.

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, 28 October 2021

Rasmus Werner Nielsen
Chief Executive Officer

Board of Directors

Copenhagen, 28 October 2021

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

Condensed income statement

						Group
		Q3	Q3	Q1-Q3	Q1-Q3	FY
DKKm	Note	2021	2020	2021	2020	2020
Income						
Premium income		1,376	1,342	4,045	3,996	5,344
Interest income etc.		15	39	92	108	131
Other income		27	0	90	0	5
Total income		1,418	1,381	4,227	4,104	5,480
Costs						
Claims expenses		-1,108	-905	-2,786	-2,636	-3,464
Interest expenses		-7	-5	-24	-22	-10
Other expenses from investment activities		-16	-10	-138	-27	-156
Acquisition and administrative costs		-252	-213	-761	-676	-901
Total costs		-1,383	-1,133	-3,709	-3,361	-4,531
Profit/loss from business ceded		129	-14	16	-127	-184
Value adjustments		10	1	-34	-69	-37
Profit/loss before tax, continuing activities		174	235	500	547	728
Tax, continuing activities		-73	-52	-153	-125	-167
Profit/loss after tax, continuing activities		101	183	347	422	561
Profit/loss after tax, discontinuing activities	5	32	54	75	129	57
Profit/loss after tax		133	237	422	551	618
Earnings per share, DKK, continuing activities		0.6	1.4	2.4	2.8	3.5
Diluted earnings per share, DKK, continuing activities		0.6	1.4	2.4	2.8	3.5
Earnings per share, DKK		0.7	1.5	2.6	3.6	4.0
Diluted earnings per share, DKK		0.7	1.5	2.6	3.6	4.0

Condensed statement of comprehensive income

DKKm					Group
	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	FY 2020
Comprehensive income					
Profit for the period	133	237	422	551	618
<i>Items that are or may be reclassified to profit or loss</i>	0	0	0	0	0
<i>Items that will not be reclassified to profit or loss:</i>	0	0	0	0	0
Revaluation of owner-occupied properties	0	0	0	0	0
Transferred to collective bonus potential	0	0	0	0	0
Tax on other comprehensive income	0	0	0	0	0
Total other comprehensive income	0	0	0	0	0
Comprehensive income	133	237	422	551	618
Proposed allocation of profit/loss:					
Share attributable to Alm. Brand	133	237	422	551	618
Comprehensive income	133	237	422	551	618

Condensed balance sheet

		Group		
DKKm	Note	30 September 2021	30 September 2020	FY 2020
Assets				
Intangible assets		27	167	9
Owner-occupied properties		0	754	743
Reinsurers' share of insurance contracts		268	245	222
Other assets		619	1,835	861
Loans and advances		609	5,385	738
Investment properties		0	744	790
Investment assets		9,852	32,169	28,893
Balance due from credit institutions and central banks		0	1,171	0
Assets held for sale	5	18,536	0	0
Cash in hand and demand deposits		213	241	524
Total assets		30,124	42,711	32,780
Liabilities and equity				
Share capital		154	1,577	1,541
Reserves, retained earnings, etc.		3,117	3,523	2,547
Proposed dividend		0	0	1,079
Consolidated shareholders' equity		3,271	5,100	5,167
Subordinated debt		0	575	400
Provisions for insurance contracts		7,820	24,492	24,698
Other provisions		15	36	16
Deferred tax liabilities		12	73	0
Issued bonds		157	150	152
Current tax liabilities		120	87	5
Other liabilities		639	1,859	1,424
Deposits		0	9,092	0
Liabilities related to assets held for sale	5	17,940	0	0
Payables to credit institutions and central banks		150	1,247	918
Total liabilities and equity		30,124	42,711	32,780
Note 1	Own shares			
Note 2	Contractual obligation and leasing			
Note 3	Fair value measurement of financial instruments			
Note 4	Related parties			
Note 5	Discontinued Operations			
Note 6	Accounting policies - Group			
Note 7	Financial highlights and key ratios			

Condensed statement of changes in equity

DKKm	Share capital	Contin- gency funds	Other reserves	Retained profit	Proposed dividend	Consoli- dated equity
Shareholders' equity, 1 January 2020	1,577	182	1,215	1,142	460	4,576
Changes in equity Q1-Q3 2020:						
Profit/loss for the period				551		551
Comprehensive income	0	0	0	551	0	551
Cancellation of proposed dividend				460	-460	0
Capital movements in subsidiaries				5		5
Share option scheme, exercise				9		9
Purchase and sale of treasury shares				-41		-41
Changes in equity	0	0	0	984	-460	524
Shareholders' equity, 30 September 2020	1,577	182	1,215	1,661	0	5,100
Shareholders' equity at 1 January 2020	1,577	182	1,215	1,142	460	4,576
Changes in equity 2020:						
Profit/loss for the year				618	0	618
Comprehensive income	0	0	0	618	0	618
Cancellation of treasury shares	-36			36		0
Proposed dividend				-1,079	1,079	0
Cancellation of dividend				460	-460	0
Capital movements in subsidiaries				3		3
Share option scheme, exercise				11		11
Purchase and sale of treasury shares				-41		-41
Changes in equity	-36	0	0	8	619	591
Shareholders' equity, 31 December 2020	1,541	182	1,215	1,150	1,079	5,167
Shareholders' equity, 1 January 2021	1,541	182	1,215	1,150	1,079	5,167
Changes in equity Q1-Q3 2021:						
Profit/loss for the period				422		422
Comprehensive income	0	0	0	422	0	422
Dividend distributed				-1,229	-1,079	-2,308
Reduction of capital on 2 September 2021	-1,387		1,387	0		0
Purchase and sale of treasury shares				-10		-10
Changes in equity	-1,387	0	1,387	-817	-1,079	-1,896
Shareholders' equity, 30 September 2021	154	182	2,602	333	0	3,271

Condensed cash flow statement

DKKm				Group		
	Q1-Q3 2021	Q1-Q3 2020	FY 2020	Q1-Q3 2021	Q1-Q3 2020	FY 2020
Cash flows from operating activities						
Premiums received	4,373	4,143	5,191			
Claims paid	-2,321	-2,325	-3,089			
Dividends received	10	2	2			
Interest , etc. received	97	78	-7			
Payments concerning reinsurance	-206	-205	-216			
Expenses paid	-1,013	-816	-1,027			
Other ordinary income received	90	0	0			
Taxes paid/received	-14	-6	-127			
Cash flows from operating activities, continuing activities	1,016	871	727			
Cash flows from operating activities, discontinuing activities	-165	534	495			
Cash flows from operating activities	851	1,405	1,222			
Change in investment placement (net)						
Acquisition of intangible assets, furniture, equipment,	-20	-1	-1			
Properties acquired or converted	0	11	10			
Sale/aquisition of equity investments	-8,473	-310	1,330			
Sale/repayment of mortgage deeds and loans	128	110	-54			
Sale/aquisition of bonds	9,969	-736	-2,092			
Change in investment placement, continuing activities	1,604	-926	-807			
Change in investment placement, discontinuing activities	858	775	2,049			
Change in investment placement	2,462	-151	1,242			
Change in financing						
Sale/purchase of treasury shares	-10	-31	-29			
Dividend distributed	-2,308	0	0			
Repayment of subordinated debt	-400	0	0			
Change in deposits	0	0	332			
Change in payables to credit institutions	48	10	173			
Change in other liabilities	-1	-2	-2			
Change in financing, continuing activities *)	-2,671	-23	474			
Change in financing, discontinuing activities *)	-875	-855	-427			
Change in financing	-3,546	-878	47			
Net change in cash and cash equivalents, continuing activities	-51	-78	394			
Net change in cash and cash equivalents, discontinuing activities	-182	454	2,117			
Disposals relating to divestment			-3,023			
Cash in hand and demand deposits presented within assets held for sale	-78					
Cash and cash equivalents, beginning of period	524	1,036	1,036			
Cash and cash equivalents, end of period	213	1,412	524			

*) The amount of DKK 2,671 million consists only of cash inflows og outflows.

Condensed segment reporting

DKKm	Q1-Q3 2021			
	Non-life	Other	Elimi- nation	Group
Premiums	4,045	0		4,045
Interest income etc.	82	10	0	92
Other income	68	22		90
Total income	4,195	32	0	4,227
Claims expenses	-2,786	0		-2,786
Interest expenses	-19	-5	0	-24
Other expenses from investment activities	-10	-128	0	-138
Acquisition costs and administrative expenses	-747	-14	0	-761
Total expenses	-3,562	-147	0	-3,709
Profit/loss from business ceded	16	0		16
Value adjustments	1	-35	0	-34
Profit/loss before tax, continuing activities	650	-150	0	500
Tax, continuing activities	-147	-6	0	-153
Profit/loss after tax, continuing activities	503	-156	0	347
Profit/loss after tax, discontinuing activities *)	0	75	0	75
Profit/loss after tax	503	-81	0	422

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

Condensed segment reporting

DKKm	Q1-Q3 2020			
	Non-life	Other	Elimi- nation	Group
Premiums	3,996	0		3,996
Interest income etc.	108	4	-4	108
Total income	4,104	4	-4	4,104
Claims expenses	-2,636	0		-2,636
Interest expenses	-20	-6	4	-22
Other expenses from investment activities	-20	-41	34	-27
Acquisition costs and administrative expenses	-676	0	0	-676
Total expenses	-3,352	-47	38	-3,361
Profit/loss from business ceded	-127	0		-127
Value adjustments	-77	1	7	-69
Profit/loss before tax, continuing activities	548	-42	41	547
Tax, continuing activities	-124	8	-9	-125
Profit/loss after tax, continuing activities	424	-34	32	422
Profit/loss after tax, discontinuing activities *)	0	161	-32	129
Profit/loss after tax	424	127	0	551

*) Profit from discontinuing operations of DKK 129 million after tax includes both banking, life insurance and health/personal accident activities.

Notes

DKKmn	Group		
	30 September 2021	30 September 2020	FY 2020
Note 1 Treasury shares			
Nominal value, beginning of year	3	34	34
Acquired during the year	5	11	12
Sold during the year	-3	-4	-8
Cancellation of treasury shares	0	0	-35
Nominal value, end of year	5	41	3
Holding number of shares ('000), beginning of period	227	3,349	3,349
Additions, number of shares	460	1,098	1,229
Disposals, number of shares	-286	-358	-805
Cancellation of treasury shares	0	0	-3,546
Holding number of shares ('000), end of year	401	4,089	227
Percentage of share capital, end of year	0.3%	2.6%	0.1%
Note 2 Contractual obligation and leasing			
Contingent liabilities	687	4,651	1,310

The Alm. Brand Group is contractually obliged to pay rent of DKK 42 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 594 million.

Contractual obligations

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

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

DKKkm	30 September 2021				31 December 2020			
	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	609	609	0	0	738	738
Bonds	221	0	2	223	15,828	7,072	6	22,906
Shares	9,422	0	295	9,717	4,204	0	496	4,700
Investment properties	0	0	0	0	0	0	790	790
Other assets	0	348	0	348	0	1,531	0	1,531
Total financial assets	9,643	348	906	10,897	20,032	8,603	2,030	30,665
<u>Financial liabilities</u>								
Subordinated debt	0	0	0	0	0	0	400	400
Issued bonds	0	0	157	157	0	0	152	152
Deposits	0	0	0	0	0	0	0	0
Other payables	0	528	0	528	0	537	0	537
Total financial liabilities	0	528	157	685	0	537	552	1,089

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

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

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

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

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

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

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

DKKm	30 September 2021					
	Loans and advances	Bonds	Shares	Investment properties	Issued bonds (liability)	Subordinated debt (liability)
Development in level 3 financial instruments						
Carrying amount, beginning of period	738	6	496	790	152	400
Additions during the year	0	0	449	0	0	0
Disposals during the year	-103	-4	0	-31	0	-400
Disposals relating to the divestment of Alm. Brand Liv og Pension A/S	0	0	-654	-850	0	0
Realised value adjustments	0	0	0	15	0	0
Unrealised value adjustments	-26	0	4	76	5	0
Carrying amount, end of period	609	2	295	0	157	0
Value adjustments recognised in the income statement	-26	0	4	91	5	0

DKKm	31 December 2020					
	Loans and advances	Bonds	Shares	Investment properties	Issued bonds (liability)	Subordinated debt (liability)
Development in level 3 financial instruments						
Carrying amount, beginning of 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
Carrying amount, year-end	738	6	496	790	152	400
Value adjustments recognised in the income statement	-21	0	-3	59	0	0

Note 4 Related parties

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

- Alm. Brand af 1792 fmba (parent company)
- The Management Board and Board of Directors of Alm. Brand Group
- Key employees

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

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

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

Subordinated loan capital of DKK 400 million from Alm. Brand af 1792 fmba has been repaid.

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

Reinsurance cover for the Alm. Brand Group is taken out on a group-wide basis.

In addition to the remuneration paid to members of the Board of Directors, Management Board, etc. in the financial year, the following transactions took place between the Alm. Brand Group and the related parties:

The buying and selling of services comprising insurance services and buying/selling of mortgage deeds etc. is made on an arm's length basis. Board members elected by the employees, however, obtain the usual staff terms. Payables comprise pension deposits etc. No losses or impairment charges were recognised on related party transactions in the financial period or the previous financial year.

Until the sale of Alm. Brand Bank in November 2020 Alm. Brand af 1792 fmba had significant transaction with the bank, such as normal bank products in the form of buying/selling of securities etc. Because of the sale of the bank, the Group does not have such related party transactions in Q1 – Q3 2021. Other related party transactions are on the same level and of the same nature as in the financial year 2020.

DKKm 30 September 2021

	Alm. Brand af 1792 fmba	Key employees	Management Board and board of directors of A/S	Companies controlled by members of the Board of Directors
Sale of services	0	1	4	0
Interest and fee expenses	4	0	1	0
Debt	6	3	39	0

DKK '000 30 September 2021

	Management Board	Board of Directors	Key employees
Salaries and wages	5,753	4,329	17,094
Pension plans	1,226	0	3,191
Share-based payment	555	0	1,695
Total remuneration	7,534	4,329	21,980

	Q1-Q3 2021	Q1-Q3 2020	FY 2020	30 September 2021	30 September 2020	Group FY 2020
DKKm						
Note 5 Discontinuing activities						
Alm. Brand liv og pension A/S						
Premium income	1,149	1,205	1,631			
Interest income etc.	157	182	235			
Other investment income	51	52	66			
Total income	1,357	1,439	1,932			
Claims expenses	-1,119	-1,038	-1,427			
Interest expenses	-4	-4	-4			
Other investment expenses	-16	-27	-38			
Acquisition and administrative expenses	-102	-99	-134			
Total expenses	-1,241	-1,168	-1,603			
Profit/loss from business ceded	-19	-10	-12			
Change in life insurance provisions	479	-361	-700			
Change in profit margin, Life Insurance	26	-17	-26			
Value adjustments	-586	303	678			
Tax on pension investment returns	78	-73	-134			
Profit/loss before tax, continuing activities	94	113	135			
Tax, continuing activities	-19	-25	-30			
Profit/loss after tax	75	88	105			
Alm. Brand bank A/S						
Alm. Brand Bank, profit after tax		73	81			
Loss relating to sale			-106			
Profit/loss after tax	75	161	80			
Alm. Brand liv og pension A/S						
Assets held for sale						
Investment assets				17,776	18,862	19,274
Receivables				294	215	246
Current tax assets				15	0	0
Deferred tax assets				136	0	0
Cash in hand and demand deposits				79	229	260
Other assets				124	19	31
Deferred income				112	148	101
Total assets				18,536	19,473	19,912
Liabilities related to assets held for sale						
Consolidated shareholders' equity				570	778	795
Subordinated debt				0	150	150
Provisions for insurance contracts				17,025	17,193	17,559
Other provisions				38	4	7
Other liabilities				888	1,330	1,371
Prepayments				15	18	30
Total liabilities and equity				18,536	19,473	19,912
Total liabilities excluding intra-group eliminations						
				17,940	18,666	19,091

The consolidated profit for 9M 2020 includes elimination between continuing and discontinuing activities in the amount of DKK 32 million related to intra-group interest and fees. In 2020, this elimination amounted to DKK 23 million.

These factors combine to produce a profit on discontinuing activities of DKK 75 million after tax in 9M 2021, DKK 129 million after tax in 9M 2020 and DKK 57 million after tax in FY 2020.

Alm. Brand has signed a conditional agreement with Nordic I&P DK ApS to sell Alm. Brand Liv og Pension at a price of DKK 1.1 billion. The transaction, which is subject to approval by the Danish Financial Supervisory Authority, is expected to be completed as soon as possible after receipt of the required approvals. The sale triggers an accounting gain of close to DKK 565 million before payment of transaction-related costs.

Alm. Brand Liv og Pension A/S has undertaken to participate in investing in unlisted securities at an amount of DKK 378 million.

NOTE 6 ACCOUNTING POLICIES

The condensed interim 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 and unreviewed.

In the income statement, the Transitional Service Agreement is recognised under “Other income”, while it was previously offset against claims expenses and costs.

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

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

Life Insurance and health and personal accident activities are presented under discontinuing activities due to a sales agreement entered into on 1 October 2021, which is subject to approval by the Danish Financial Supervisory Authority.

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

Assets held for sale and liabilities related to assets held for sale

In accordance with IFRS 5, assets and liabilities are presented separately in the consolidated balance sheet in respect of Alm. Brand Liv og Pension A/S due to the fact that a binding agreement has been made with Nordic I&P on a sale of the company. The transaction, which is subject to approval by the Danish Financial Supervisory Authority, is expected to be completed as soon as possible after receipt of such approval.

At 30 September 2021, the Alm. Brand Liv og Pension group’s assets amounted to DKK 18.5 billion in total, most of which are investment assets recognised at market value. The group’s liabilities and debt amounted to DKK 17.9 billion, with provisions for insurance contracts representing DKK 17.0 billion. See the annual report for 2020 for a description of accounting policies.

NOTE 7 FINANCIAL HIGHLIGHTS AND KEY RATIOS

See the management’s review.

DISCLAIMER

The forecast is based on the interest rate and price levels that prevailed in mid-October 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.

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.

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.

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

FINANCIAL RATIOS, ALM. BRAND A/S

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

$$\begin{aligned} \text{Net asset value per share} &= \frac{\text{Shareholders' equity} \times 100}{\text{No. of shares at year-end}} \\ \text{Earnings per share} &= \frac{\text{Profit for the year after tax} \times 100}{\text{Average no. of shares}} \\ \text{Diluted earnings per share} &= \frac{\text{Profit for the year after tax} \times 100}{\text{Average no. of shares}} \\ \text{Price/NAV} &= \frac{\text{Share price}}{\text{Net asset value per share}} \end{aligned}$$

FINANCIAL RATIOS, NON-LIFE INSURANCE

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

Gross premium income is regulated for bonus and premium discounts.

$$\begin{aligned} \text{Gross claims ratio (\%)} &= \frac{\text{Gross claims expenses} \times 100}{\text{Gross premium income}} \\ \text{Gross expense ratio (\%)} &= \frac{\text{Insurance operating expenses} \times 100}{\text{Gross premium income}} \\ \text{Net reinsurance ratio (\%)} &= \frac{\text{Profit/loss on reinsurance} \times 100}{\text{Gross premium income}} \\ \text{Combined ratio} &= \frac{(\text{Gross claims expenses} + \text{Insurance operating expenses} + \text{Profit/loss on reinsurance}) \times 100}{\text{Gross premium income}} \\ \text{Operating ratio} &= \frac{(\text{Gross claims expenses} + \text{Insurance operating expenses} + \text{Profit/loss on reinsurance}) \times 100}{\text{Gross premium income} + \text{Technical interest}} \end{aligned}$$

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

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

Address

Midtermolen 7
DK-2100 Copenhagen Ø
Phone: +45 35 47 47 47

Internet: almbrand.dk
E-mail: almbrand@almbrand.dk