

ALM. BRAND

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# Interim report the first half 2021

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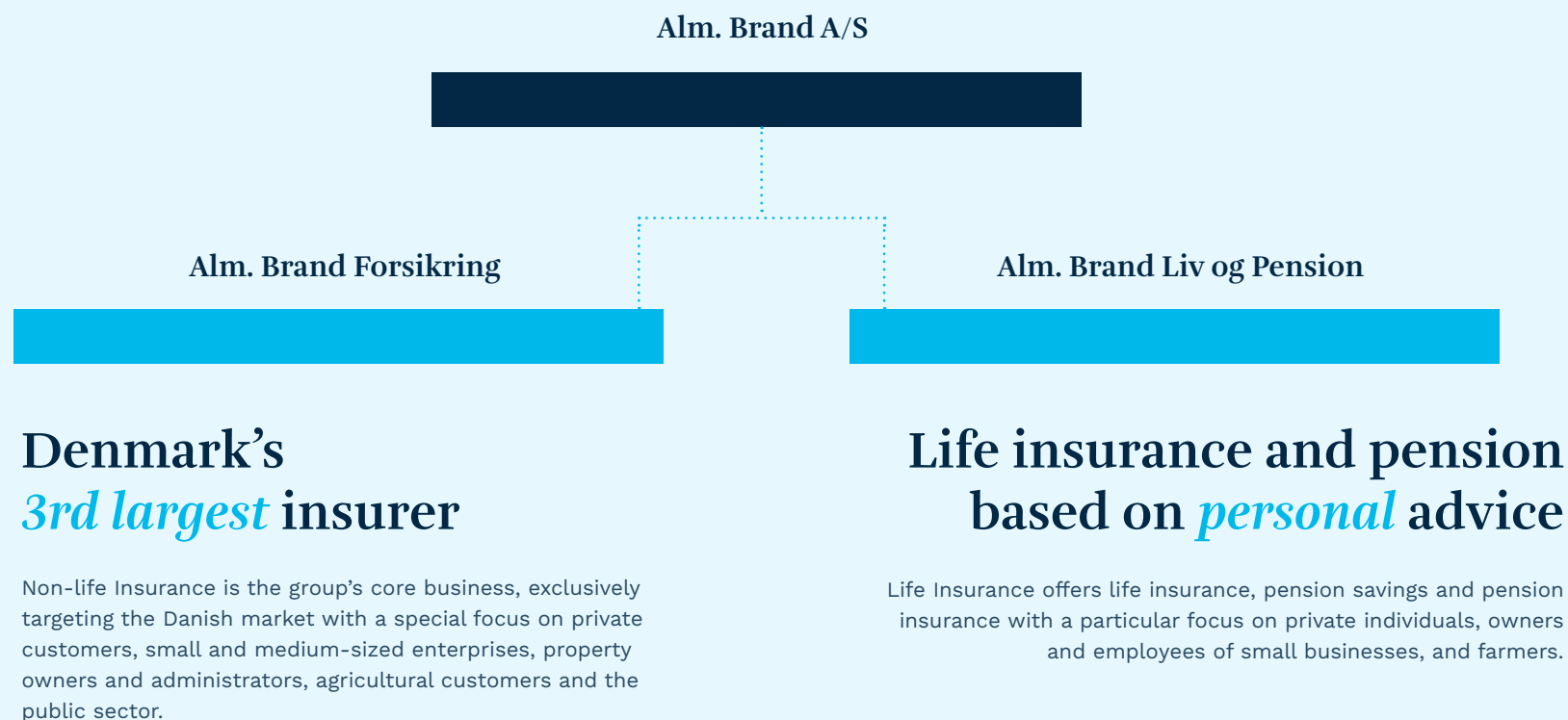
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# Group companies

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	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
GROUP	<b>Income</b>					
	Non-life Insurance	1,381	1,358	2,748	2,719	5,471
	Life Insurance	316	361	741	785	1,504
	Investment etc.	111	88	239	204	377
	<b>Total income</b>	<b>1,808</b>	<b>1,807</b>	<b>3,728</b>	<b>3,708</b>	<b>7,352</b>
	<b>Profit after tax</b>					
	Non-life Insurance	346	309	484	334	880
	Life Insurance	23	30	44	62	112
	Other activities	-125	-11	-147	-27	-159
	<b>Profit/loss before tax, continuing activities</b>	<b>244</b>	<b>328</b>	<b>381</b>	<b>369</b>	<b>833</b>
	Tax, continuing activities	-59	-76	-92	-86	-190
	<b>Profit/loss after tax, continuing activities</b>	<b>185</b>	<b>252</b>	<b>289</b>	<b>283</b>	<b>643</b>
	Profit/loss after tax, discontinued activities	-	37	-	31	-27
	<b>Profit/loss after tax</b>	<b>185</b>	<b>289</b>	<b>289</b>	<b>314</b>	<b>616</b>
	Total provisions for insurance contracts	24,882	24,348	24,882	24,348	24,698
	Consolidated shareholders' equity	3,143	4,856	3,143	4,856	5,167
	Total assets	30,164	42,645	30,164	42,645	32,780
	Average no. of employees	1,381	1,737	1,381	1,737	1,369
	Return on equity before tax (%) *)	28.6	31.5	20.2	17.1	18.8
	Return on equity after tax (%) *)	21.6	24.5	15.3	13.3	14.1

	DKKm	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
FINANCIAL RATIOS	Earnings per share	1.2	1.9	1.9	2.0	4.0
	Diluted earnings per share	1.2	1.9	1.9	2.0	4.0
	Net asset value per share	20	32	20	32	34
	Share price, end of period	46.6	64.3	46.6	64.3	73.4
	Price/NAV	2.33	1.47	2.33	2.04	2.20
	Average no. of shares (in thousands)	153,830	153,708	153,852	153,889	153,792
	No. of shares at year-end, diluted (in thousands)	153,822	153,905	153,822	153,719	153,887
	Average no. of shares, diluted (in thousands)	153,830	153,818	153,852	154,044	153,891
	Dividend per share	7.00	-	15.00	-	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 Q2 2020 is inclusive of bank employees.

## All parts of the business developed favourably

### Q2 PERFORMANCE

Alm. Brand generated a pre-tax profit of DKK 244 million in Q2 2021. Net of costs related to the acquisition of Codan, the pre-tax profit was DKK 334 million, against a pre-tax profit on continuing activities of DKK 328 million in Q2 2020. In the past quarter, Alm. Brand experienced a gradual normalisation of its operations in step with the easing of COVID-19 restrictions and the resulting reopening of Danish society.

The profit reflected highly satisfactory performances in Non-life Insurance and Life Insurance, which were overall better than expected, supported by increased sales activity following the reopening of Danish society. The collaboration with Sydbank contributed satisfactorily in Q2, and the partnership with VW Semler Finans Danmark launched in early May is also expected to lift the group's premiums growth going forward. The performance of other activities was impacted by costs related to the acquisition of Codan in a total amount of DKK 90 million.

The profit equalled a return on equity of 28.6% p.a. before tax.

As a result of the favourable trend in the financial markets, the group achieved a profit in the investment area in Q2 2021.

### Non-Life Insurance

Non-life Insurance reported a technical result of DKK 326 million in Q2 2021, against DKK 237 million in Q2 2020. The Q2 2021 result included a one-off effect of DKK 64 million due to changes in the risk margin. The result reflected a

strong performance in the underlying business, fewer than expected weather-related claims and a positive run-off result. Gross premium income was up 1.7% relative to Q2 2020 to a total of DKK 1,381 million, and the combined ratio excluding run-off gains and change in risk margin was 76.3, against 82.5 in the year-earlier period. The performance was highly satisfactory and better than expected.

The continued reopening of Danish society resulted in a further normalisation of the claims experience across the group's insurance products especially in the tail end of the quarter.

The financial markets remained buoyant in Q2, as a result of which Non-life Insurance achieved an investment return of DKK 20 million, against DKK 72 million in Q2 2020, bringing the pre-tax profit to DKK 346 million, against DKK 309 million in Q2 2020. The performance was highly satisfactory.

### Life Insurance

Life Insurance generated a pre-tax profit of DKK 23 million in Q2 2021, against DKK 30 million in Q2 2020. Total pension contributions amounted to DKK 316 million in Q2 2021, against DKK 361 million in the same period of last year, covering an unchanged level of regular premium payments but a reduction in single payments. The performance was satisfactory and in line with expectations.

The total bonus rate was 17.5% at 30 June 2021, an increase of 0.5 of a percentage point relative to 30 June 2021. In the light of current interest rate levels, the bonus rate was still highly satisfactory.

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

### Other activities

The result of other activities consisted primarily of corporate expenses and a small contribution from the remaining mortgage deed and debt collection portfolios and the portfolio of unlisted shares. The Q2 result furthermore included a negative value adjustment of unlisted shares, a capital loss in connection with the repayment of subordinated capital and significant costs related to the acquisition of Codan. The overall Q2 performance was consequently a pre-tax loss of DKK 125 million, against a loss of DKK 11 million in the same period of 2020.

### H1 PERFORMANCE

Alm. Brand generated a profit of DKK 381 million in H1 2021, against a profit on continuing activities of DKK 369 million in the year-earlier period. The performance equalled a return on equity of 20.2% p.a. before tax, which was satisfactory and better than expected.

The financial results of Non-life Insurance and Life Insurance were highly satisfactory overall. The reopening of Danish society in the final part of the H1 period fuelled sales after a long period with only limited possibility of holding face-to-face customer meetings. Non-life Insurance reported a pre-tax profit of DKK 484 million, against DKK 334 million in H1 2020, and Life Insurance generated a pre-tax profit of DKK 44 million, against DKK 62 million in H1 2020 based on an exceptionally strong risk result.

From an overall perspective, the initiatives implemented, including the initiation of the partnership agreements with Sydbank and Volkswagen Semler Finans Danmark, respectively, are seen to contribute favourably to the realisation of Alm. Brand's strategy of focusing on profitable growth.

## 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 3.7 billion at 30 June 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 353% 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 driven by earnings in Q2 2021 as well as by the repayment of the group's subordinated loan of DKK 400 million, as the loans provided by Alm. Brand af 1792 fmba could not be included in the total capital of the ultimate insurance holding company of the group.

New tier 2 capital for the group will be sourced as part of the financing of the acquisition of Codan.

When calculating the solvency capital requirement using the standard formula on all of the group's risks, the result is a claim of DKK 1,476 million.

## MAJOR EVENTS

### 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 regulatory approval. The acquisition will be financed mainly through a rights issue.

Preparations for the transaction are progressing according to plan.

### Initiation of investigation of strategic alternatives for Alm. Brand Liv & Pension A/S

On 17 June 2021, Alm. Brand announced (see company announcement no. 13/2021) that it has decided to investigate strategic alternatives for Alm. Brand Liv & Pension A/S. The investigation is intended to identify the strategic alternative, including potentially a sale of the company or formation of strategic partnerships, that will create the strongest market position for the Alm. Brand Group from an overall perspective.

### Approval of expansion of partial internal model for non-life insurance risk

As mentioned in the "Capitalisation" section of the 2020 Annual Report, Alm. Brand has submitted an application to the Danish Financial Supervisory Authority for approval of an expansion of the company's partial internal model for non-life insurance risk in personal accident and workers' compensation lines. This application for expansion has now been approved, entailing a DKK 176 million reduction of the total solvency capital requirement at 30 June 2021.

## Capitalisation

DKKmn	Q2 2021	Q1 2021
Total capital for the group	3,707	3,930
Solvency capital requirement for the group	1,050	1,239
Solvency capital requirement excess	2,657	2,691
Total capital as a percentage of solvency capital requirement	353%	317%

## MAJOR EVENTS AFTER THE BALANCE SHEET DATE

### Change to the Board of Directors

On 12 July 2021, Alm. Brand announced (see company announcement no. 17/2021) that Flemming Fuglede Jørgensen had resigned from the Board of Directors of Alm. Brand. Flemming Fuglede Jørgensen's vacancy on the Board of Directors will be filled by alternate Tina Schmidt Madsen (director).

### Notice to convene an extraordinary general meeting of Alm. Brand A/S

On 11 August 2021, Alm. Brand convened (see company announcement no. 18/2021) an extraordinary general meeting to be held on Thursday, 2 September 2021. At the general meeting, a proposal will be tabled to amend the articles of association for purposes of increasing the company's capital by completing a rights issue to finance the acquisition of Codan.

## OUTLOOK FOR 2021

Alm. Brand expects to generate a pre-tax profit of DKK 700-750 million for 2021, excluding the run-off result for the next two quarters. Overall, the outlook is unchanged from company announcement no. 12/2021 of 11 June 2021, in which the guidance was upgraded from the previously guided range of DKK 650-700 million.

However, the guidance for the individual results components is changed as set out below.

The guidance for Non-life Insurance is lifted by DKK 75 million to a pre-tax profit of DKK 800 million, against the previous guidance of a pre-tax profit of DKK 725 million. The upgrade is the result of a favourable results impact from an expansion of the partial internal model. The guidance for premiums growth is maintained at 1.5%-2.0%, with focus still being on generating profitable growth. 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 about 87, against the previous guidance of 89.

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%.

The guidance for other activities is changed to a pre-tax loss of DKK 175 million, against the previous guidance of a pre-tax loss of DKK 100 million. The change is due to negative value adjustments of unlisted shares and a capital loss in connection with the repayment of subordinated capital as well as higher-than-expected insurance costs relating to the Codan transaction (warranty & indemnity insurance).

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 FINANCIAL TARGETS FOR 2022

Alm. Brand has previously defined a number of financial targets for the period until 2022. The ambition was 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.

Due to the acquisition of Codan and the resulting formation of a new and enlarged Alm. Brand, the group's targets will be redefined to reflect the value which the transaction is expected to create. Seen in isolation, the acquisition of Codan is expected to deliver value for the shareholders in the form of an expected return on investment (ROI) of approximately 7% after tax, EPS accretion of more than 15% by 2024 and, consequently, a subsequent significant potential to increase ordinary dividends over time.

# Non-life Insurance

	DKKkm	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
INCOME STATEMENT	Gross premium income	1,381	1,358	2,748	2,719	5,471
	Claims expenses	-757	-826	-1,718	-1,755	-3,537
	Insurance operating expenses	-236	-237	-479	-476	-926
	Profit/loss on reinsurance	-62	-58	-116	-120	-193
	<b>Technical result</b>	<b>326</b>	<b>237</b>	<b>435</b>	<b>368</b>	<b>815</b>
	Interest and dividends, etc.	30	32	64	57	123
	Value adjustments	-21	146	-159	-9	70
	Investment management expenses	-4	-6	-7	-14	-28
	Return on and value adjustment of technical provisions	15	-100	151	-68	-100
	<b>Investment return after return on and value adjustment of provisions</b>	<b>20</b>	<b>72</b>	<b>49</b>	<b>-34</b>	<b>65</b>
	<b>Profit/loss before tax</b>	<b>346</b>	<b>309</b>	<b>484</b>	<b>334</b>	<b>880</b>
	Tax	-77	-71	-109	-78	-198
	<b>Profit/loss after tax</b>	<b>269</b>	<b>238</b>	<b>375</b>	<b>256</b>	<b>682</b>

	DKKkm	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
BALANCE SHEET	Run-off result, claims	25	37	27	63	113
	Run-off result, risk margin	69	15	88	29	46
	Technical provisions	8,277	7,961	8,277	7,961	7,754
	Insurance assets	212	140	212	140	195
	Shareholders' equity	1,468	2,682	1,468	2,682	3,108
	Total assets	10,511	11,422	10,511	11,422	11,810
FINANCIAL RATIOS	Gross claims ratio	54.8	60.8	62.5	64.5	64.6
	Net reinsurance ratio	4.4	4.3	4.3	4.5	3.6
	<b>Claims experience</b>	<b>59.2</b>	<b>65.1</b>	<b>66.8</b>	<b>69.0</b>	<b>68.2</b>
	Gross expense ratio	17.1	17.4	17.4	17.5	16.9
	<b>Combined ratio</b>	<b>76.3</b>	<b>82.5</b>	<b>84.2</b>	<b>86.5</b>	<b>85.1</b>
	Combined ratio excluding run-off result	78.2	85.3	85.2	88.8	87.2
	Return on equity before tax (%)	54.0	48.5	33.4	26.2	31.8
	Return on equity after tax (%)	41.9	37.2	25.8	20.0	24.6



# Non-life Insurance

## Financial performance highly satisfactory and better than expected

### Q2 PERFORMANCE

Non-life Insurance generated a pre-tax profit of DKK 346 million in Q2 2021, against DKK 309 million in Q2 2020. The performance was highly satisfactory and better than expected.

The technical result was DKK 326 million, against DKK 237 million in Q2 2020, equivalent to a combined ratio of 76.3, against 82.5 in the same period of last year. The Q2 technical result was favourably affected by a DKK 64 million positive one-off effect on the risk margin mainly as a result of the expansion of Alm. Brand's partial internal model for non-life insurance risk, see also "Major events". Net of the change in risk margin, the technical result was DKK 263 million, equivalent to an improvement of DKK 25 million relative to Q2 2020.

The underlying combined ratio excluding COVID-19 effects was 77.9 in Q2 2021, a year-on-year improvement of 3.8 percentage points. 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 the continued focus on enhancing the efficiency of claims services.

The combined ratio excluding run-off gains and change in risk margin was 82.8 in Q2 2021, a year-on-year improvement of 2.6 percentage points. The improvement was driven by a favourable trend in the underlying business, whereas the sum of weather-related claims and major claims was in line with Q2 2020.

### Combined ratio

	Q2 2021	Q2 2020	FY 2020
Combined ratio, underlying business ex COVID-19	77.9	81.7	81.3
COVID-19 effect, estimated	-1.4	-2.5	-2.2
Combined ratio, underlying business	76.5	79.2	79.1
Weather-related claims, net of reinsurance	1.0	0.3	1.5
Major claims, net of reinsurance	5.3	5.9	6.2
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-1.8	-2.8	-2.1
Change in risk margin, run-off result and current year	-4.7	-0.1	0.4
<b>Combined ratio</b>	<b>76.3</b>	<b>82.5</b>	<b>85.1</b>

The investment result was an income of DKK 20 million in Q2 2021, which was better than expected.

### Premiums

Gross premiums rose by 1.7% to DKK 1,381 million in Q2 2021 from DKK 1,358 million in the same period of 2020. Sales picked up in the wake of the reopening of society, combining with positive results from the collaboration with Sydbank, implemented pricing initiatives and additional customer retention initiatives to create renewed growth momentum. Alm. Brand will remain focused primarily on generating profitable growth.

### Claims experience

The claims experience for Q2 2021 was better than expected at 65.7% excluding run-off gains and change in risk margin, against 67.9% in the year-earlier period, corresponding to an improvement of 2.2% percentage points. This development reflects a favourable trend in the underlying business, including a favourable claims experience on minor claims and positive effects of the implemented profitability-enhancing initiatives.

### Weather-related claims

Expenses for weather-related claims net of reinsurance amounted to DKK 14 million in Q2 2021, against DKK 5 million in Q2 2020. Weather-related claims affected the combined ratio by 1.0%, against an expected normal level of 3-4%, with most weather-related claims events typically occurring in the first and fourth quarters.

### Major claims

Net of reinsurance, major claims expenses totalled DKK 74 million in Q2 2021, against DKK 80 million in the same period of 2020. Major claims affected the combined ratio by 5.3 percentage points, against 5.9 percentage points in Q2 2020, which was better than the normal level of 7-8%.

### Underlying business

The underlying claims ratio was 59.4% in Q2 2021, against 61.7% in the year-earlier period. The claims ratio was affected by a lower level of claims expenses in April and May during the general lockdown of society, driving the claims frequency below normal.

### Run-off result

The run-off result on claims net of reinsurance was a gain of DKK 25 million, against DKK 37 million in the same period of last year. The Q2 2021 result was primarily attributable to a favourable trend in contents and personal accident insurance but a negative trend in building insurance.

### Risk margin

The change in the overall risk margin in Q2 was a net income of DKK 64 million, equivalent to 4.7% of gross premiums. The change was due to a recalculation based on Alm. Brand's partial internal model, which was expanded to include worker's compensation and personal accident insurance. As a result of the expanded model, which provides a more a true and fair view of the risk involved, the overall total capital requirement was lowered by DKK 176 million, while the risk margin was lowered by DKK 64 million.

### Costs

Total costs amounted to DKK 236 million in Q2 2021, equivalent to an expense ratio of 17.1. Costs remained largely unchanged in the quarter, despite the continued payment of costs in connection with the establishment of the partnership agreements.

### Net reinsurance ratio

The net reinsurance ratio was 4.4, which was in line with expectations.

### Discounting

Due to the composition of expected cash flows, the technical provisions are affected the most by movements in short-term interest rates. In Q2 2021, interest rates increased by 5-9 bps at the short end of the curve (including VA premium). The interest rate change is assessed to have marginally improved the combined ratio by about 0.1

of a percentage point relative to Q1 2021.

### PRIVATE

The technical result amounted to a profit of DKK 138 million in Q2 2021, against DKK 114 million in the year-earlier period. The combined ratio was highly satisfactory at 79.7, against 83.4 in Q2 2020. The result was significantly better than expected and was favourably affected by a generally good claims experience on minor claims and a continued low level of weather-related claims.

Gross premium income was down by 0.9% to DKK 682 million in Q2 2021 from DKK 688 million in the same period of 2020. As expected, the development was marked by the continued lockdown of society in April and May, but following the reopening of society it became possible to hold face-to-face customer meetings again, which, combined with the positive results of the collaboration with Sydbank and targeted motor insurance campaigns, is seen to support more favourable developments.

In addition, Alm. Brand's partnership with VW Semler Finans Danmark was launched at the beginning of May. Major efforts have been made to ensure, among other things, in-dealership visibility and staff training in selling insurance products.

The claims experience excluding run-off gains on claims was 61.1%, against 67.9% in Q2 2020. Adjusted to reflect the change in risk margin, the claims experience was 63.5%.

Aggregate expenses for weather-related claims and major claims were unchanged from the year-earlier period. Expenses for weather-related claims totalled DKK 3 million net of reinsurance in Q2 2021, against DKK 1 million in Q2 2020, affecting the combined ratio by 0.5 of a percentage

## Private

	Q2 2021	Q2 2020	FY 2020
<b>DKKm</b>			
Gross premium income	682	688	2,761
Gross claims expenses	-395	-435	-1,692
Insurance operating expenses	-134	-126	-506
Profit/loss on reinsurance	-15	-13	-56
<b>Technical result</b>	<b>138</b>	<b>114</b>	<b>507</b>
Run-off result, claims	7	20	118
Run-off result, risk margin	17	6	23
Gross claims ratio	57.8	63.1	61.3
Net reinsurance ratio	2.3	1.9	2.0
<b>Claims experience</b>	<b>60.1</b>	<b>65.0</b>	<b>63.3</b>
Gross expense ratio	19.6	18.4	18.3
<b>Combined ratio</b>	<b>79.7</b>	<b>83.4</b>	<b>81.6</b>
Combined ratio, underlying business	80.3	83.7	82.6
Weather-related claims, net of reinsurance	0.5	0.2	1.1
Major claims, net of reinsurance	2.3	2.5	2.1
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-1.0	-2.9	-4.3
Change in risk margin, run-off result and current year	-2.4	-0.1	0.1
<b>Combined ratio</b>	<b>79.7</b>	<b>83.4</b>	<b>81.6</b>

point. Expenses for major claims totalled DKK 15 million net of reinsurance in Q2 2021, against DKK 17 million in Q2 2020, affecting the combined ratio by 2.3 percentage points.

The change in risk margin produced an income of 2.4% of gross premiums as a result of the expansion of the partial internal model.

The expense ratio was 19.6 in Q2 2021, against 18.4 in the year-earlier period, as a result of the continued payment of costs in connection with the establishment of partnership agreements and lower premium income.

Run-off gains on claims net of reinsurance amounted to DKK 7 million in Q2 2021, against DKK 20 million in Q2 2020.

## COMMERCIAL

The technical result was a profit of DKK 188 million in Q2 2021, against a profit of DKK 123 million in the same period of 2020, reflecting a favourable trend in the underlying business and a significant positive one-off effect of the change in risk margin of DKK 51 million. The performance was highly satisfactory.

The combined ratio was 73.0, against 81.6 in Q2 2020.

Gross premium income was up by 4.3% to DKK 699 million in Q2 2021 from DKK 670 million in the same period of 2020, driven by price adjustments on selected insurance products, among other things.

Following the reopening of Danish society, it once again became possible to meet with customers face to face, and the advice provided by Alm. Brand to many commercial customers was focused in particular on changes

in the companies' insurance requirements as a result of COVID-19. Moreover, many customers were contacted and encouraged to get an insurance check.

Alm. Brand has previously initiated a profitability enhancement programme, under which a number of customers will have their policy premiums adjusted. The programme is aimed at customers for whom the price paid on one or more of their policies does not fully match the future expected risk. This programme will continue as part of Alm. Brand's focus on profitability.

The claims experience excluding run-off result was 60.9% in Q2 2021, against 67.8% in Q2 2020. Adjusted to reflect the change in risk margin, the claims experience was 67.8%, which was unchanged from the year-earlier period.

Net of reinsurance, expenses for weather-related claims amounted to DKK 11 million in Q2 2021, against DKK 3 million in the year-earlier period. Expenses for weather-related claims were once again at the low end of the expected range, albeit higher than in Q2 2020. Weather-related claims affected the combined ratio by 1.5 percentage points, against 0.5 of a percentage point last year.

Net of reinsurance, expenses for major claims amounted to DKK 58 million in Q2 2021, against DKK 63 million in Q2 2020. Total expenses for major claims were in line with expectations for the quarter. Major claims affected the Q2 2021 combined ratio by 8.3 percentage points, as compared with 9.4 percentage points last year.

The underlying claims ratio for Q2 2021 was 58.0%, which was unchanged from the year-earlier period.

## Commercial

DKKm	Q2 2021	Q2 2020	FY 2020
Gross premium income	699	670	2,710
Gross claims expenses	-362	-391	-1,845
Insurance operating expenses	-102	-111	-420
Profit/loss on reinsurance	-47	-45	-137
<b>Technical result</b>	<b>188</b>	<b>123</b>	<b>308</b>
Run-off result, claims	18	18	-5
Run-off result, risk margin	51	9	23
Gross claims ratio	51.8	58.4	68.1
Net reinsurance ratio	6.5	6.7	5.0
<b>Claims experience</b>	<b>58.3</b>	<b>65.1</b>	<b>73.1</b>
Gross expense ratio	14.7	16.5	15.5
<b>Combined ratio</b>	<b>73.0</b>	<b>81.6</b>	<b>88.6</b>
Combined ratio, underlying business	72.7	74.5	75.6
Weather-related claims, net of reinsurance	1.5	0.5	1.9
Major claims, net of reinsurance	8.3	9.4	10.3
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-2.6	-2.7	0.2
Change in risk margin, run-off result and current year	-6.9	-0.2	0.6
<b>Combined ratio</b>	<b>73.0</b>	<b>81.6</b>	<b>88.6</b>

The expense ratio developed favourably, dropping to 14.7% from 16.5% in Q2 2020, which was mainly due to the cost measures previously implemented.

The run-off result on claims net of reinsurance amounted to a gain of DKK 18 million, which was unchanged relative to Q2 2020.

The change in the overall risk margin reduced the Q2 performance by a net income of DKK 51 million, equivalent to a positive effect on the combined ratio of 6.9 percentage points. The change was attributable to the expansion of Alm. Brand's partial internal model for non-life insurance risk.

## INVESTMENT RESULT

The investment result after interest on technical provisions was a gain of DKK 20 million in Q2 2021, against a gain of DKK 72 million in Q2 2020. The result should be seen in the light of renewed growth in the global economy, with the US and China already having regained the ground lost, while the euro area and developing countries in particular still have some way to go before reaching their pre-COVID-19 economic growth levels.

The Q2 2021 investment return was favourably affected by equity market developments and adversely impacted by 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 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. The hedging of provisions produced a favourable return in the second quarter.

## Investment return

DKKmn	Q2 2021			Q2 2020		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	7,961	-20	-0.2%	9,220	119	1.3%
Mortgage deeds etc.	559	1	0.1%	720	-1	-0.2%
Illiquid credit	48	0	0.0%	-	-	-
Equities	384	26	7.1%	353	60	22.4%
Properties	274	2	0.7%	44	0	0.5%
<b>Total return on investments</b>	<b>9,226</b>	<b>9</b>	<b>0.3%</b>	<b>10,337</b>	<b>178</b>	<b>1.7%</b>
Administrative expenses related to investment activities		-4			-6	
Return on and value adjustment of technical provisions		-15			-100	
<b>Net investment return</b>		<b>20</b>			<b>72</b>	

## H1 PERFORMANCE

Non-life Insurance generated a highly satisfactory pre-tax profit of DKK 484 million in H1 2021, as compared with a DKK 334 million profit in H1 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. In addition, the performance was affected by a positive investment result, reflecting the financial market developments in the reporting period.

The technical result amounted to a profit of DKK 435 million in H1 2020, against DKK 368 million in H1 2020, corresponding to a combined ratio of 84.2 in H1 2021, against 86.5 in the year-earlier period.

Premium income rose 1.1% to DKK 2,748 million in H1 2020 from DKK 2,719 million in the year-earlier period.



Net of reinsurance, expenses for weather-related claims amounted to DKK 21 million in H1 2021, against DKK 59 million in H1 2020. Weather conditions in the first part of 2021 only resulted in few weather-related claims. Overall, the first six 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 0.8 of a percentage point, against 2.2 percentage points in H1 2020.

Expenses for major claims totalled DKK 191 million in H1 2021, against DKK 132 million in the same period of last year. Major claims expenses were overall in line with expectations. Overall, major claims affected the combined ratio by 7.0 percentage points in H1 2021, against 4.8 percentage points in H1 2020.

## Combined ratio

	H1 2021	H1 2020	FY 2020
Combined ratio, underlying business ex COVID-19	81.4	82.6	81.3
COVID-19	-1.8	-1.1	-2.2
Combined ratio, underlying business	79.6	81.5	79.1
Weather-related claims, net of reinsurance	0.8	2.2	1.5
Major claims, net of reinsurance	7.0	4.8	6.2
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-1.0	-2.3	-2.1
Change in risk margin, run-off result and current year	-2.2	0.3	0.4
<b>Combined ratio</b>	<b>84.2</b>	<b>86.5</b>	<b>85.1</b>

The strong operating performance was reflected in the underlying combined ratio, which was 79.6 in H1 2021, against 81.5 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 at the level of DKK 50 million for each of the six-month periods.

The run-off result on claims net of reinsurance was a gain of DKK 27 million, against DKK 63 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 88 million in H1 2021, against an income of DKK 29 million in H1 2020. The higher income was attributable to the expansion of Alm. Brand's partial internal model for non-life insurance risk.

The expense ratio was 17.4 in H1 2021, against 17.5 in the same period of 2020, and was in line with expectations.

The investment result after interest on technical provisions was a gain of DKK 53 million in H1 2021, against a loss of DKK 34 million in H1 2020. The H1 2021 investment result was favourably affected by the portfolio of equities in particular. The prospects of stronger growth and higher inflation rates were the key drivers of fixed-income markets in Q1 and in early Q2, while also showing resilience later on. Equity markets were generally seen to be buoyant in the first six months of the year.

## CAPITALISATION

The solvency capital requirement of Alm. Brand Forsikring A/S amounted to DKK 915 million at 30 June 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 2,205 million at 30 June 2021, an excess cover of DKK 1,290 million relative to the solvency capital requirement, corresponding to a solvency ratio of 241%.

At 30 June 2021, shareholders' equity allocated to Non-life Insurance was DKK 1,468 million.

In Q2 2021, the capital structure of Alm. Brand Forsikring A/S was adjusted to prepare for the financing of the acquisition of Codan. The subordinated loan capital of DKK 150 million was repaid, and an extraordinary dividend payment of DKK 1,265 million was made to the parent company Alm. Brand A/S. In H2 2021, new bond loans will be issued to finance the acquisition of Codan, after which the loan capital of Alm. Brand Forsikring A/S will be finally adjusted.

# Life Insurance

	DKKkM	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
INCOME STATEMENT	Regular premiums	174	175	419	422	819
	Single payments	142	186	322	363	685
	Premiums	316	361	741	785	1,504
	Investment return after allocation of interest	67	574	-265	213	799
	Benefits paid	-332	-316	-726	-711	-1,354
	Total insurance operating expenses	-26	-25	-55	-55	-107
	Result of ceded business	0	0	-2	-1	-3
	Change in life insurance provisions	1	-555	340	-152	-702
	Change in profit margin	1	-13	21	-17	26
	<b>Technical result</b>	<b>27</b>	<b>26</b>	<b>54</b>	<b>62</b>	<b>111</b>
	Return on investment allocated to equity	-4	4	-10	0	1
	<b>Profit/loss before tax</b>	<b>23</b>	<b>30</b>	<b>44</b>	<b>62</b>	<b>112</b>
	Tax	-6	-7	-10	-14	-25
	<b>Profit/loss after tax</b>	<b>17</b>	<b>23</b>	<b>34</b>	<b>48</b>	<b>87</b>
	<b>Return requirement for shareholders' equity</b>					
	Return on investment allocated to equity	-4	4	-10	0	1
	Result of portfolios without bonus entitlement	-1	0	-1	0	2
	Gruppeliv	3	4	6	7	9
	Interest result	12	12	24	24	47
	Expense result	2	2	2	3	7
	Risk result	11	8	23	28	46
	<b>Profit/loss before tax</b>	<b>23</b>	<b>30</b>	<b>44</b>	<b>62</b>	<b>112</b>

	DKKkM	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
BALANCE SHEET	Total provisions for insurance contracts	16,605	16,387	16,605	16,387	16,944
	Total shareholders' equity	447	674	447	674	713
	Total assets	17,489	17,999	17,489	17,999	19,134
FINANCIAL RATIOS	Return on equity before tax (%)	12.8	18.2	12.4	18.9	16.7
	Return on equity after tax (%)	10.0	14.2	9.6	14.8	12.9
	Bonus rate (%)	17.5	13.0	17.5	13.0	15.2

# Life Insurance

## Satisfactory performance driven by interest rate result

### Q2 PERFORMANCE

Life Insurance posted a pre-tax profit of DKK 23 million in Q2 2021, against DKK 30 million in Q2 2020. The operating profit as calculated by way of the technical result was in line with the year-earlier period, but the investment return on assets allocated to equity had an adverse effect on the overall result.

In Q2 2021, the expense and risk result was DKK 13 million, against DKK 10 million in the same period of 2020, which was highly satisfactory, driven by a continued strong risk result.

The interest rate result was DKK 12 million in Q2 2021, which was on a par with the year-earlier period.

The bonus rate was 17.5% at 30 June 2021, marking an increase of 0.5 of a percentage point relative to 31 March 2021. This development was mainly driven by the continued strong performance of equity markets in 2021. The bonus rate was highly satisfactory, ensuring that Alm. Brand Pension may continue to offer competitive rates on policyholders' savings.

The company's total assets under management grew by 1.3% year on year to stand at DKK 16.6 billion at 30 June 2021.

### Pension contributions

#### Payments into guaranteed schemes

Premiums totalled DKK 316 million in Q2 2021, against DKK 361 million in the year-earlier period. This figure covers an unchanged level of regular premiums and a decline in single payments of 24%.

The reason for the decline in single payments was mainly restraint due to the uncertainty triggered by COVID-19. Alm. Brand Pension's customers are predominantly small businesses, business owners and private individuals, who were among the most exposed groups during the partial lockdown of society during COVID-19.

#### Benefits paid

Total benefits paid amounted to DKK 332 million in Q2 2021, against DKK 316 million in Q2 2020, and were in line with expectations.

### Risk result

Net of reinsurance, the risk result, which expresses the difference between premiums charged and actual claims expenses, was an income of DKK 11 million in Q2 2021, against DKK 8 million in Q2 2020. The risk result is still among the best in the industry.

### Costs

Acquisition and administrative expenses totalled DKK 26 million in Q2 2021, which was unchanged year on year.

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was positive at DKK 2 million, which was on a par with the year-earlier period. The result was satisfactory considering 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 4 million, which 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 a subordinated loan with a principal of DKK 150 million. This loan was repaid at the end of the quarter, with an extension planned to take place in H2 2021.

### Investment return on policyholders' funds

The Q2 2021 investment return was affected by optimistic sentiment in the financial markets, which caused equity markets to rally and long-term yields in particular to move higher.

The investment return on policyholders' funds was a gain of DKK 79 million (before tax on pension returns) in Q2 2021, distributed on a gain of DKK 163 million from equities and a loss of DKK 104 million on the interest-bearing part of the portfolio. The property portfolio generated a return of DKK 20 million in Q2 2021.

## Investment return

DKKmn	Investment assets	Return Q2 2021	Return Q2 2020
Bonds	11,613	-0.9%	2.4%
Equities	2,236	7.5%	23.4%
Properties	2,205	1.0%	1.0%
Illiquid credit	48	0.0%	-
<b>Total</b>	<b>16,102</b>	<b>-2.3%</b>	<b>4.1%</b>

### Bonus rate and life insurance provisions

The bonus rate increased by 0.5 of a percentage point to 17.5% in Q2 2021, which was mainly attributable to slightly rising interest rates and buoyant equity markets. The bonus rate remains satisfactory.

Total life insurance provisions amounted to DKK 16.3 billion, which was unchanged relative to Q1 2021. Life insurance provisions were adversely affected by interest rate developments, but favourably affected by equity market developments.

New policyholders are placed in interest rate group A, which had a bonus rate of 18% at 30 June 2021.

### H1 PERFORMANCE

The group's life insurance activities generated a pre-tax profit of DKK 44 million in H1 2021, against DKK 62 million in H1 2020. The performance was satisfactory, considering that 2020 was affected by an exceptionally good risk result and an investment return on policyholders' funds that was DKK 10 million better than in H1 2021.

The expense and risk result was DKK 25 million, against DKK 31 million in H1 2020, which was satisfactory, reflecting a more normalised risk experience compared with the very favourable result reported in H1 2020.

The interest rate result was DKK 24 million, which was unchanged from H1 2020.

Total benefits paid amounted to DKK 741 million in H1 2021, against DKK 785 million in H1 2020. The lower amount reported in H1 2021 was due to a reduction in

single contributions, while regular premiums were at an unchanged level.

Benefits paid amounted to DKK 726 million, against DKK 711 million in H1 2020.

Insurance operating expenses totalled DKK 55 million, which was unchanged from the year-earlier period. It is highly satisfactory that costs have remained unchanged in spite of the increased compliance requirements imposed on the industry, which is attributable to the company's efficiency enhancements in underlying operating processes.

The investment return on policyholders' funds was a loss of DKK 360 million (before tax on pension returns), equivalent to a negative return of 1.9%, being adversely impacted by rising yields. However, this was fully offset by the company's gains from having to make smaller provisions for policyholders' guarantees.

The technical result was DKK 54 million in H1 2021, against DKK 62 million in H1 2020.

	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 (%)	18.0	14.1	20.1	12.6	18.8	17.5
Return (% YTD annualised)	-3.1	-8.6	-4.0	-3.9	-3.2	-3.7
<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



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## CAPITALISATION

The solvency capital requirement of Alm. Brand Liv og Pension A/S amounted to DKK 138 million at 30 June 2021, against DKK 147 million at 30 June 2020.

In Q2 2021, the capital structure of Alm. Brand Liv og Pension A/S was adjusted to prepare for the financing of the acquisition of Codan Denmark. The subordinated loan capital of DKK 150 million was repaid, and an extraordinary dividend payment of DKK 250 million was made to the parent company Alm. Brand Forsikring A/S.

The total capital for coverage of the solvency capital requirement was DKK 813 million at 30 June 2021, an excess cover of DKK 675 million relative to the solvency capital requirement, corresponding to a solvency ratio of 591%. The company's solvency capital requirement is quite low as a result of the decent bonus potentials at 30 June 2021.

Equity allocated to Life Insurance was DKK 538 million at 30 June 2021.

## OTHER 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 entered into force on 1 July 2021. Alm. Brand Liv og 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. The company requested and was subsequently granted extension until end-2021, as a new interest rate group needs to be established. At the end of 2021/the beginning of 2022, a new interest rate group will be established according to the same principles as at end-2019, ensuring that Alm. Brand Liv og Pension may continue to offer its average rate product at an attractive rate on policyholders' savings.

# 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 30 June 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 30 June 2021 and of the group’s cash flows for the period 1 January to 30 June 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, 19 August 2021

**Rasmus Werner Nielsen**  
Chief Executive Officer

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## Board of Directors

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Copenhagen, 19 August 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**

# Income statement

DKKm	Group				
	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
<b>Income</b>					
Premium income	1,697	1,719	3,489	3,504	6,975
Interest income etc.	101	86	214	200	363
Other income from investment activities	4	2	10	4	6
Other income	6	0	15	0	5
<b>Total income</b>	<b>1,808</b>	<b>1,807</b>	<b>3,728</b>	<b>3,708</b>	<b>7,349</b>
<b>Costs</b>					
Claims incurred	-1,089	-1,142	-2,444	-2,466	-4,891
Interest expenses	-12	-6	-19	-18	-11
Other cost from investment activities	-110	-27	-133	-59	-214
Acquisition and administrative costs	-253	-246	-517	-500	-973
<b>Total costs</b>	<b>-1,464</b>	<b>-1,421</b>	<b>-3,113</b>	<b>-3,043</b>	<b>-6,089</b>
Profit from business ceded	-62	-58	-118	-121	-196
Change in life insurance provisions	1	-555	338	-152	-700
Change in profit margin, Life Insurance	1	-13	21	-17	-26
Exchange rate adjustments	-34	677	-540	35	629
Tax on pension investment returns	-6	-109	65	-41	-134
<b>Profit/loss before tax, continuing activities</b>	<b>244</b>	<b>328</b>	<b>381</b>	<b>369</b>	<b>833</b>
Tax, continuing activities	-59	-76	-92	-86	-190
<b>Profit/loss after tax, continuing activities</b>	<b>185</b>	<b>252</b>	<b>289</b>	<b>283</b>	<b>643</b>
Profit/loss after tax, discontinuing activities	0	37	0	31	-27
<b>Profit/loss after tax</b>	<b>185</b>	<b>289</b>	<b>289</b>	<b>314</b>	<b>616</b>
Earnings per share, DKK, continuing activities	1.2	1.6	1.9	1.8	4.3
Diluted earnings per share, DKK, continuing activities	1.2	1.6	1.9	1.8	4.3
Earnings per share, DKK	1.2	1.9	1.9	2.0	4.0
Diluted earnings per share, DKK	1.2	1.9	1.9	2.0	4.0

# Statement of comprehensive income

DKKm	Group				
	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
<b>Comprehensive income</b>					
Profit for the period	185	289	289	314	616
<i>Items that may be recycled to profit or loss</i>	0	0	0	0	0
<i>Items that may not be recycled to profit or loss:</i>	0	0	0	0	0
Revaluation of owner-occupied properties	0	0	0	0	4
Transferred to collective bonus potential	0	0	0	0	-2
Tax on other comprehensive income	0	0	0	0	0
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Comprehensive income</b>	<b>185</b>	<b>289</b>	<b>289</b>	<b>314</b>	<b>618</b>
<b>Proposed allocation of profit/loss:</b>					
Share attributable to Alm. Brand	185	289	289	314	618
<b>Comprehensive income</b>	<b>185</b>	<b>289</b>	<b>289</b>	<b>314</b>	<b>618</b>



# Balance sheet

DKKm	Group		
	30 June 2021	30 June 2020	30 June 2020
<b>Assets</b>			
Intangible assets	21	174	9
Owner-occupied properties	717	752	743
Deferred tax assets	88	0	0
Reinsurers' share of insurance contracts	244	165	222
Current tax assets	0	0	0
Other assets	891	1,864	861
Loans	640	5,450	738
Investment properties	793	742	790
Investment assets	26,291	32,096	28,893
Amounts due from credit institutions and central banks	100	1,161	0
Cash in hand and demand deposits	379	241	524
<b>Total assets</b>	<b>30,164</b>	<b>42,645</b>	<b>32,780</b>
<b>Liabilities and equity</b>			
Share capital	1,541	1,577	1,541
Reserves, retained profit etc.	1,602	3,279	2,547
Proposed dividend	0	0	1,079
<b>Consolidated shareholders' equity</b>	<b>3,143</b>	<b>4,856</b>	<b>5,167</b>
Subordinated debt	0	575	400
Provisions for insurance contracts	24,882	24,348	24,698
Other provisions	16	35	16
Deferred tax liabilities	0	66	0
Issued bonds	157	150	152
Current tax liabilities	59	28	5
Other liabilities	1,403	1,760	1,424
Deposits	0	9,610	0
Payables to credit institutions and central banks	504	1,217	918
<b>Total liabilities and equity</b>	<b>30,164</b>	<b>42,645</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 H1 2020:</b>						
Profit/loss for the period				314		314
Overført kollektivt bonuspotentiale						0
Total income	0	0	0	314	0	314
Cancellation of proposed dividend				460	-460	0
Share option scheme, exercise				7		7
Purchase and sale of treasury shares				-41		-41
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>740</b>	<b>-460</b>	<b>280</b>
<b>Shareholders' equity, 30 June 2020</b>	<b>1,577</b>	<b>182</b>	<b>1,215</b>	<b>1,422</b>	<b>0</b>	<b>4,856</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 H1 2021:</b>						
Profit/loss for the year				289		289
Total income	0	0	0	289	0	289
Dividend distributed				-1,229	-1,079	-2,308
Purchase and sale of treasury shares				-5		-5
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-945</b>	<b>-1,079</b>	<b>-2,024</b>
<b>Shareholders' equity, 30 June 2021</b>	<b>1,541</b>	<b>182</b>	<b>1,215</b>	<b>205</b>	<b>0</b>	<b>3,143</b>

# Cash flow statement

DKK m				Group		
	H1 2021	H1 2020	FY 2020	H1 2021	H1 2020	FY 2020
<b>Cash flows from operating activities</b>						
Premiums received	4,098	3,925	6,792			
Claims paid	-2,371	-2,377	-4,485			
Dividends received	59	35	42			
Interest receivable, dividends, etc.	257	175	318			
Payments concerning reinsurance	-164	-146	-252			
Expences paid	-569	-618	-1,239			
Tax on pension investment returns paid	-131	-87	-89			
Taxes paid/received	-22	-6	-162			
<b>Cash flows from operating activities, continuing</b>	<b>1,157</b>	<b>901</b>	<b>925</b>			
Cash flows from operating activities, discontinuing acti	0	278	297			
<b>Cash flows from operating activities</b>	<b>1,157</b>	<b>1,179</b>	<b>1,222</b>			
<b>Change in investment placement</b>						
Acquisition of intangible assets, furniture, equipment,	-13	-1	-1			
Properties acquired or converted	22	11	4			
Sale/aquisition of equity investments	-20,114	-680	-542			
Sale/repayment of mortgage deeds and loans	100	186	-53			
Sale/aquisition of bonds	21,925	-469	-519			
<b>Change in investment placement, continuing acti</b>	<b>1,920</b>	<b>-953</b>	<b>-1,111</b>			
Change in investment placement, discontinuing activit	0	534	2,353			
<b>Change in investment placement</b>	<b>1,920</b>	<b>-419</b>	<b>1,242</b>			
<b>Change in financing</b>						
Sale/purchase of treasury shares	-5	-33	-29			
Dividend distributed	-2,308	0	0			
	-400	0	0			
Change in deposits	0	-146	332			
Change in payables to credit institutions	-409	256	398			
Change in other liabilities	0	-3	-2			
<b>Change in financing, continuing activities *)</b>	<b>-3,122</b>	<b>74</b>	<b>699</b>			
Change in financing, discontinuing activities *)	0	-468	-652			
<b>Change in financing</b>	<b>-3,122</b>	<b>-394</b>	<b>47</b>			
<b>Net change in cash and cash equivalents, continuing activities</b>	<b>-45</b>	<b>22</b>	<b>513</b>			
<b>Net change in cash and cash equivalents, discontinuing activities</b>	<b>0</b>	<b>344</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>479</b>	<b>1,402</b>	<b>524</b>			

\*) The amount of DKK 3,122 million consists only of cash inflows og outflows.

# Segment reporting

DKKm	H1 2021				
	Non-life	Life	Other	Elimi- nation	Group
Premium income	2,748	741	0		3,489
Interest income etc.	72	135	8	-1	214
Other investment income	0	36	0	-26	10
Other income	0	0	15		15
<b>Total income</b>	<b>2,820</b>	<b>912</b>	<b>23</b>	<b>-27</b>	<b>3,728</b>
Claims incurred	-1,718	-726	0		-2,444
Interest expenses	-14	-2	-4	1	-19
Other investment expenses	-7	-11	-115	0	-133
Acquisition and administrative expenses	-479	-55	-9	26	-517
<b>Total expenses</b>	<b>-2,218</b>	<b>-794</b>	<b>-128</b>	<b>27</b>	<b>-3,113</b>
Result of business ceded	-116	-2	0		-118
Change in life insurance provisions	0	340	0	-2	338
Change in profit margin, Life Insurance	0	21	0		21
Exchange rate adjustments	-2	-498	-42	2	-540
Tax on pension investment returns	0	65	0		65
<b>Profit/loss before tax</b>	<b>484</b>	<b>44</b>	<b>-147</b>	<b>0</b>	<b>381</b>
Tax	-109	-10	27	0	-92
<b>Profit/loss after tax</b>	<b>375</b>	<b>34</b>	<b>-120</b>	<b>0</b>	<b>289</b>



# Segment reporting

DKKm	H1 2020				
	Non-life	Life	Other	Elimi- nation	Group
Premium income	2,719	785	0		3,504
Interest income etc.	73	129	2	-4	200
Other investment income	0	35	0	-31	4
<b>Total income</b>	<b>2,792</b>	<b>949</b>	<b>2</b>	<b>-35</b>	<b>3,708</b>
Claims incurred	-1,755	-711	0		-2,466
Interest expenses	-16	-2	-4	4	-18
Other investment expenses	-14	-19	-26	0	-59
Acquisition and administrative expenses	-476	-55	0	31	-500
<b>Total expenses</b>	<b>-2,261</b>	<b>-787</b>	<b>-30</b>	<b>35</b>	<b>-3,043</b>
Result of business ceded	-120	-1	0		-121
Change in life insurance provisions	0	-152	0	0	-152
Change in profit margin, Life Insurance	0	-17	0		-17
Exchange rate adjustments	-77	111	1	0	35
Tax on pension investment returns	0	-41	0		-41
<b>Profit/loss before tax, continuing activities</b>	<b>334</b>	<b>62</b>	<b>-27</b>	<b>0</b>	<b>369</b>
Tax, continuing activities	-78	-14	6	0	-86
<b>Profit/loss after tax, continuing activities</b>	<b>256</b>	<b>48</b>	<b>-21</b>	<b>0</b>	<b>283</b>
Profit/loss after tax, discontinuing activities	0	0	31	0	31
<b>Profit/loss after tax</b>	<b>256</b>	<b>48</b>	<b>10</b>	<b>0</b>	<b>314</b>

# Notes

DKKm	Group		
	30 June 2021	30 June 2020	30 June 2020
<b>Note 1 Own shares</b>			
Nominal value, beginning of year	3	34	34
Acquired during the year	2	10	12
Sold during the year	-2	-3	-8
Cancellation of treasury shares	0	0	-35
<b>Nominal value, end of year</b>	<b>4</b>	<b>41</b>	<b>3</b>
Holding number of shares ('000), beginning of period	227	3,349	3,349
Additions, number of shares	247	995	1,229
Disposals, number of shares	-182	-304	-805
Cancellation of treasury shares	0	0	-3,546
<b>Holding number of shares ('000), end of year</b>	<b>292</b>	<b>4,040</b>	<b>227</b>
<b>Percentage of share capital, end of year</b>	<b>0.2%</b>	<b>2.6%</b>	<b>0.1%</b>

## Note 2 Contingent liabilities and leasing

Contingent liabilities and leasing	763	4,042	1,310
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The Alm. Brand Group is contractually obliged to pay rent of DKK 47 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.

### 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 June 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	640	640	0	0	738	738
Bonds	208	0	5	213	15,828	7,072	6	22,906
Shares	24,217	0	1,025	25,242	4,204	0	496	4,700
Investment properties	0	0	793	793	0	0	790	790
Other assets	0	999	0	999	0	1,531	0	1,531
<b>Total financial assets</b>	<b>24,425</b>	<b>999</b>	<b>2,463</b>	<b>27,887</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	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	529	0	529	0	537	0	537
<b>Total financial liabilities</b>	<b>0</b>	<b>529</b>	<b>157</b>	<b>686</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.

DKKm	30 June 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	542	0	0	0
Disposals during the year	-75	-1	0	0	0	-400
Realised value adjustments	-5	0	0	0	0	0
Unrealised value adjustments	-18	0	-13	3	5	0
<b>Carrying amount, end of period</b>	<b>640</b>	<b>5</b>	<b>1,025</b>	<b>793</b>	<b>157</b>	<b>0</b>
Value adjustments recognised in the income statement	-23	0	-13	3	5	0

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 in mid-August 2021. All other forward-looking statements are based exclusively on the information available when this report was released. This announcement contains forward-looking statements regarding the company’s expectations for future financial developments and results and other statements which are not historical facts.

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

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

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

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

# Income and comprehensive income statement

DKK <b>m</b>	Note	Parent company				
		Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
<b>Income statement</b>						
Income from group enterprises	2	295	261	421	304	771
Value adjustments		-34	1	-43	1	-13
Interest income and dividends etc.		1	1	2	2	7
Interest expenses		-2	-2	-4	-4	-8
Administrative expenses related to investment activities		-101	-11	-117	-26	-148
<b>Profit/loss before tax, continuing activities</b>		<b>159</b>	<b>250</b>	<b>259</b>	<b>277</b>	<b>609</b>
Tax, continuing activities		26	2	30	6	34
<b>Profit/loss after tax, continuing activities</b>		<b>185</b>	<b>252</b>	<b>289</b>	<b>283</b>	<b>643</b>
Profit/loss after tax, discontinuing activities		0	37	0	31	-27
<b>Profit/loss after tax</b>		<b>185</b>	<b>289</b>	<b>289</b>	<b>314</b>	<b>616</b>
<b>Comprehensive income</b>						
Profit/loss for the period		185	289	289	314	616
<b>Comprehensive income</b>		<b>185</b>	<b>289</b>	<b>289</b>	<b>314</b>	<b>616</b>
Proposed allocation of loss:						
Proposed dividend		0	0	0	0	1,079
Retained earnings		185	289	289	314	-463
<b>Comprehensive income</b>		<b>185</b>	<b>289</b>	<b>289</b>	<b>314</b>	<b>616</b>
Accounting policies	3					



# Balance sheet

		Parent company		
		30 June	30 June	30 June
DKKkm	Note	2021	2020	2020
<b>Assets</b>				
Investment in group enterprises	1	2,070	5,282	3,964
Loans to group enterprises		0	150	0
<b>Total investments in group enterprises and associates</b>		<b>2,070</b>	<b>5,432</b>	<b>3,964</b>
Equity investments		1,268	1	30
Bonds		0	0	1,600
Other loans and advances		2	2	2
Cash in hand and balances at call		26	1	38
<b>Total other financial investment assets</b>		<b>1,296</b>	<b>4</b>	<b>1,670</b>
<b>Total investment assets</b>		<b>3,366</b>	<b>5,436</b>	<b>5,634</b>
Receiveables from group enterprises		5	8	3
Other receivables		50	50	49
<b>Total receivables</b>		<b>55</b>	<b>58</b>	<b>52</b>
Current tax assets		37	30	15
Deferred tax assets		0	0	0
Other assets		515	650	550
<b>Total other assets</b>		<b>552</b>	<b>680</b>	<b>565</b>
Total prepayments		3	8	6
<b>Total assets</b>		<b>3,976</b>	<b>6,182</b>	<b>6,257</b>

# Balance sheet

DKKm	Parent company		
	30 June 2021	30 June 2020	30 June 2020
<b>Liabilities and equity</b>			
Share capital	1,541	1,577	1,541
Other provisions	1,215	1,215	1,215
Proposed dividend	0	0	1,079
Retained earnings	387	2,064	1,332
<b>Total shareholders' equity</b>	<b>3,143</b>	<b>4,856</b>	<b>5,167</b>
Subordinated debt	0	250	250
<b>Subordinated debt</b>	<b>0</b>	<b>250</b>	<b>250</b>
Deferred tax liabilities	10	38	18
<b>Total provisions</b>	<b>10</b>	<b>38</b>	<b>18</b>
Payables to group enterprises	8	231	1
Issued bonds	157	150	152
Other payables	658	657	669
<b>Total payables</b>	<b>823</b>	<b>1,038</b>	<b>822</b>
<b>Total liabilities and equity</b>	<b>3,976</b>	<b>6,182</b>	<b>6,257</b>

# Statement of changes in equity

DKK m	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 H1 2020:</b>					
Profit/loss for the period			314	0	314
Comprehensive income			314	0	314
Cancellation of proposed dividend			460	-460	0
Share option scheme, exercise			7		7
Purchase and sale of treasury shares			-41		-41
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>740</b>	<b>-460</b>	<b>280</b>
<b>Shareholders' equity at 30 June 2020</b>	<b>1,577</b>	<b>1,215</b>	<b>2,064</b>	<b>0</b>	<b>4,856</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 H1 2021:</b>					
Profit/loss for the period			289	0	289
Comprehensive income	0		289		289
Dividend distributed			-1,229	-1,079	-2,308
Purchase and sale of treasury shares			-5		-5
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>-945</b>	<b>-1,079</b>	<b>-2,024</b>
<b>Shareholders' equity at 30 June 2021</b>	<b>1,541</b>	<b>1,215</b>	<b>387</b>	<b>0</b>	<b>3,143</b>

# Notes

DKKm	30 June 2021	30 June 2020	30 June 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	-2,315	0	0
Profit/loss for the period	421	335	851
Revaluation	0	0	0
Reversal of impairment on disposals	0	0	3,663
Revaluation and impairment of treasury shares in subsidiaries	0	-1	4
Revaluation and impairment, end of period	-1,369	-3,659	525
<b>Investment in group enterprises, end of period</b>	<b>2,070</b>	<b>5,282</b>	<b>3,964</b>
Specification of carrying amount:			
Alm. Brand Bank A/S (DKK 1,021 million nominal value wholly owned )	0	1,925	0
Alm. Brand PIA A/S (DKK 400 thousand nominal value wholly owned )	155	0	143
Alm. Brand Forsikring A/S (DKK 1,032 million nominal value wholly owned )	1,915	3,357	3,821
Investment in group enterprises, end of period	2,070	5,282	3,964
	<b>H1 2021</b>	<b>H1 2020</b>	<b>FY 2020</b>
<b>Note Income from group enterprises</b>			
Alm. Brand PIA A/S	11	0	3
Alm. Brand Forsikring A/S	410	304	768
<b>Total income from group enterprises</b>	<b>421</b>	<b>304</b>	<b>771</b>
The results are recognised in the following items:			
Income from group enterprises	421	341	771
Total income from group enterprises	421	341	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**

**Boris Nørgaard Kjeldsen**

**Pia Laub**

**Tina Schmidt Madsen**

**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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DK-2100 Copenhagen Ø  
Phone: +45 35 47 47 47

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E-mail: almbrand@almbrand.dk