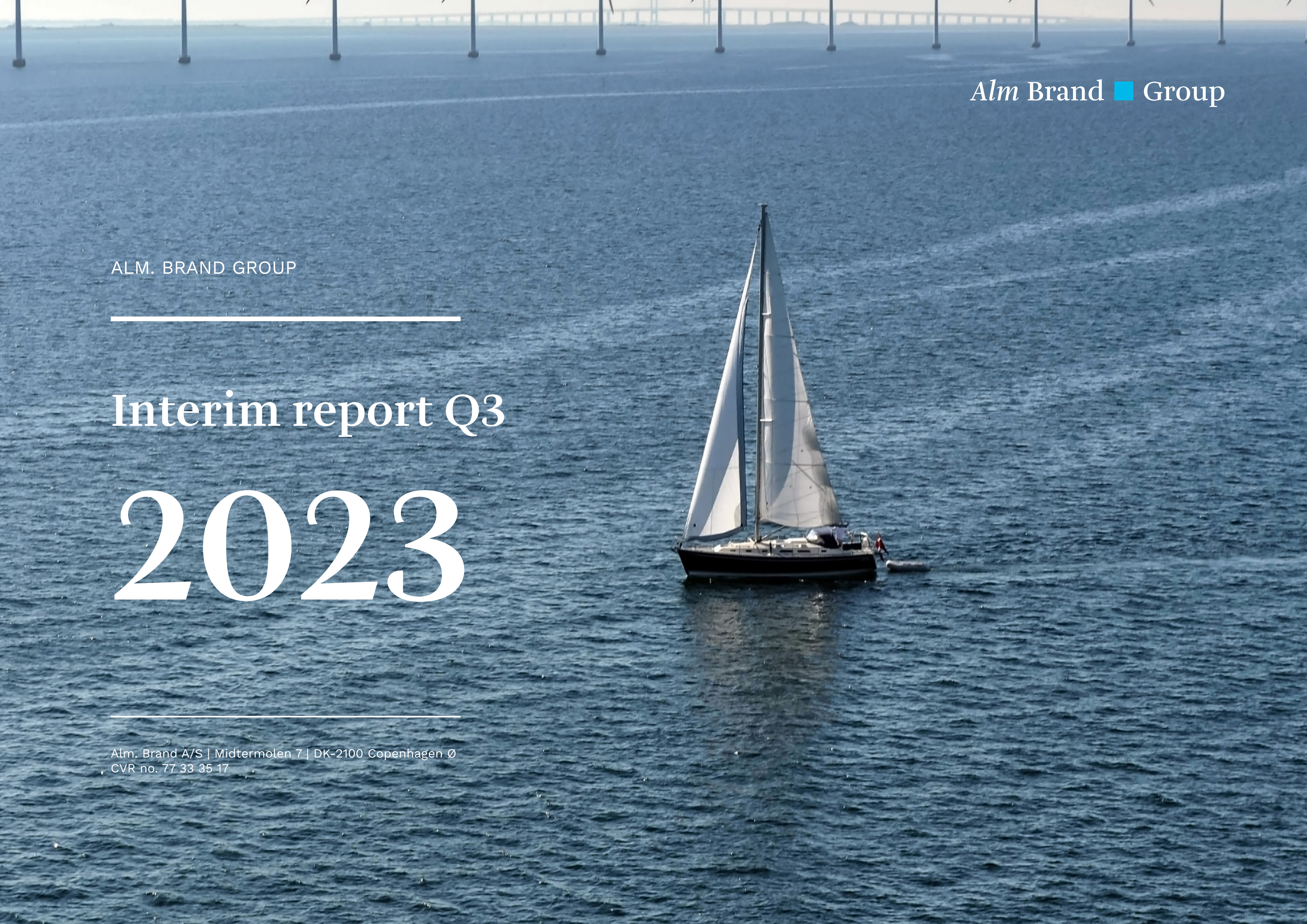

Alm Brand Group

ALM. BRAND GROUP

Interim report Q3

2023

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Statement by the Board of Directors and the Management Board

Alm. Brand Group

	DKKm	Q3 2023	Q3 2022	9M 2023	9M 2022	FY 2022
GROUP	Insurance service result	367	358	1,079	654	1,005
	Investment return	56	-80	224	-362	-373
	Other income and expenses	-28	-27	-100	-132	-174
	Profit/loss before tax, continuing activities excluding special costs	**395**	**251**	**1,203**	**160**	**458**
	Special costs	-193	-150	-517	-520	-694
	Profit/loss before tax, continuing activities	**202**	**101**	**686**	**-360**	**-236**
	Tax, continuing activities	-54	-23	-194	64	66
	Profit/loss after tax, continuing activities	**148**	**78**	**492**	**-296**	**-170**
	Profit/loss after tax, discontinued activities	-	-	-	544	544
	Profit after tax	**148**	**78**	**492**	**248**	**374**
	Total provisions for insurance contracts	17,154	17,062	17,154	17,062	16,633
	Consolidated shareholders' equity	13,847	13,725	13,847	13,725	13,845
	Total assets	36,390	35,930	36,390	35,930	35,590
	Return on equity before tax, continuing activities (% p.a.) *)	11.8	7.5	12.0	1.5	3.4
	Return on equity before tax (% p.a.) **)	11.8	7.5	12.0	6.9	7.4
	Return on equity after tax (% p.a.) **)	8.9	5.9	8.9	6.4	6.7

	DKKm	Q3 2023	Q3 2022	9M 2023	9M 2022	FY 2022
FINANCIAL RATIOS	Earnings per share	0.1	0.1	0.3	0.2	0.2
	Diluted earnings per share	0.1	0.1	0.3	0.2	0.2
	Net asset value per share	9.2	9.2	9.2	9.2	9.2
	Share price, end of period	10.6	9.3	10.6	9.3	11.3
	Price/NAV	1.15	1.02	1.15	1.02	1.22
	Average no. of shares (in millions)	1,541	1,540	1,541	1,540	1,540
	No. of shares, end of period, diluted (in millions)	1,540	1,541	1,540	1,541	1,541
	Average no. of shares, diluted (in millions)	1,541	1,540	1,541	1,540	1,540
	Dividend per share	0.00	0.00	0.00	0.00	0.30

Alm. Brand Group's financial results for FY 2022 include the acquired Danish business of Codan Forsikring ("Codan") for the period 1 May 2022 to 31 December 2022.

Profit/loss before tax for Q3 2023 excluding special costs includes income of DKK 21 million from the Transitional Service Agreement (TSA) related to the divestment of Alm. Brand Liv og Pension A/S and the divestment of Codan's activities to Tryg. Income of DKK 45 million was recognised for Q3 2022.

Profit/loss before tax for 9M 2023 excluding special costs includes income of DKK 64 million from the Transitional Service Agreement (TSA) related to the divestment of Alm. Brand Liv og Pension A/S and the divestment of Codan's activities to Tryg. Income of DKK 72 million was recognised for 9M 2022. For the full-year 2022, income of DKK 86 million was recognised.

*) The calculation of return on equity is based on the profit before tax on continuing activities and consequently does not include the profit on discontinued activities. In addition, adjustments for special costs have been made.

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

Alm. Brand Group

Satisfactory Q3 profit – full-year profit guidance maintained

Full-quarter profits of the acquired Danish business of Codan Forsikring were recognised for the first time in Q3 2022. This means that, for the profit of Alm. Brand Group (“Alm. Brand Group” or “the group”) for Q3 2023, comparative figures are now available for the Alm. Brand Group in its present form. As a result, this interim report has been prepared on the basis of the consolidated profit, and the previous separate reporting of results for Alm. Brand Forsikring and, to a lesser extent, Codan Forsikring will consequently cease.

Q3 PERFORMANCE

Alm. Brand Group’s insurance revenue grew to DKK 3,015 million in Q3 2023, from DKK 2,897 million in Q3 2022, marking a satisfactory performance with organic growth of 4.1%.

The insurance service result was a profit of DKK 367 million, against DKK 358 million in Q3 2022, driven by a positive result in Commercial Lines of DKK 229 million, whereas Personal Lines reported a profit of DKK 138 million, which was lower than in Q3 2022. The insurance service result reflects a generally satisfactory claims experience, although large amounts of precipitation in the final half of the quarter resulted in significant claims expenses. The continued focus on profitability generated positive results in Commercial Lines in Q3 as well, including in Energy, and the trend towards creating a more profitable and robust business is clearly continuing. As in the preceding quarter, there was a high frequency of motor claims in Q3, which is being addressed through various profitability-enhancing measures.

In line with expectations, the annual indexation of the premium level supplemented by selected premium increases is seen to fully compensate for inflation in claims repair costs in Q3.

The financial markets developed favourably in the quarter, enabling Alm. Brand Group to post an investment result of DKK 56 million – including a satisfactory return on the portfolio not allocated to hedging of provisions as well as a positive return on the hedging portfolio after return on and value adjustment of provisions, against a loss of DKK 80 million in the same quarter of 2022.

Other income and expenses came to a net loss of DKK 28 million, composed of DKK 11 million in training and development expenses and a total of DKK 17 million in group expenses and return on the remaining mortgage deed and debt collection portfolio.

Alm. Brand Group thus generated a pre-tax profit of DKK 395 million excluding special costs in Q3 2023, against a pre-tax profit of DKK 251 million in Q3 2022.

The Q3 result includes special costs of DKK 103 million related to the integration of Codan and realisation of synergies as well as amortisation of intangible assets in the amount of DKK 90 million, bringing Alm. Brand Group’s consolidated profit for Q3 2023 to a pre-tax profit of DKK 202 million.

9M PERFORMANCE

Alm. Brand Group’s gross premiums rose to DKK 8,777 million in 9M 2023 from DKK 6,645 million in 9M 2022, driven partly by satisfactory organic growth, partly by the recognition of nine months of insurance revenue in Codan, against only five months in the same period of last year.

The insurance service result was a profit of DKK 1,079 million in 9M 2023, against DKK 654 million in 9M 2022, reflecting satisfactory developments through a normalised claims experience following the higher frequency of minor claims during the winter period, although an above-normal level of weather-related claims was reported in particular in the final part of Q3 2023. Moreover, the frequency of motor claims has been high for several months. The performance was lifted by continued cost savings, including the expected synergies related to the integration of Codan.

The investment result was a profit of DKK 224 million, driven by positive financial market developments throughout the reporting period with favourable contributions from the portfolio not allocated to hedging of provisions as well as from the hedging portfolio after technical interest.

Other income and expenses came to a net loss of DKK 100 million, composed of DKK 37 million in training and development expenses and a total of DKK 63 million in group expenses and return on the remaining mortgage deed and debt collection portfolio.

Alm. Brand Group thus generated a pre-tax profit of DKK 1,203 million excluding special costs in 9M 2023, against a pre-tax profit of DKK 160 million in 9M 2022.

The 9M result also includes scheduled special costs of DKK 249 million related to the integration of Codan and realisation of synergies as well as amortisation of intangible assets in the amount of DKK 268 million, bringing Alm. Brand Group's consolidated profit for 9M 2023 to a pre-tax profit of DKK 686 million.

CAPITALISATION

The solvency capital requirement for the group was DKK 3,015 million at 30 September 2023, calculated using a partial internal model for Alm. Brand and the standard formula for Codan, against DKK 3,072 million at 30 June 2023.

The total capital for coverage of the solvency capital requirement rose to DKK 6,525 million, including the profit for the period, for an excess cover of DKK 3,510 million relative to the solvency capital requirement. The group's total capital is assessed to be sufficiently robust to manage the risks associated with its activities.

Capitalisation

DKKm	**Q3 2023**	**Q2 2023**
Total capital for the group	6,525	6,430
Solvency capital requirement for the group	3,015	3,072
Solvency capital requirement excess	3,510	3,358
Total capital as a percentage of solvency capital requirement	216	209

At 30 September 2023, Alm. Brand Group had an SCR ratio of 216%, including funds to cover the expected restructuring costs in connection with the integration of Codan. Alm. Brand Group aims to have an SCR ratio of at least 170% going forward and will, with due consideration to this aim, be able to distribute a high proportion of future earnings to its shareholders. In consequence thereof, Alm. Brand Group has specified a payout ratio of at least 80% in its distribution policy and expects the distribution in the coming years to be a combination of dividend payments and share buy-backs.

SYNERGIES

Initiatives to realise synergies in a total amount of DKK 600 million by 2025 are progressing satisfactorily and slightly ahead of schedule. For the quarter, the synergies are calculated to have had a positive accounting effect of DKK 68 million.

As in the preceding quarters, focus has been on measures that will lead to efficiency enhancements of procurement and claims processing and elaboration of systems for screening claims reports with a view to reducing insurance fraud. By preparing and implementing these measures, we have created a foundation that makes Alm. Brand Group expect the synergies to contribute an accounting effect of DKK 260 million this year. The initiatives will subsequently have a full-year effect in 2024 of DKK 340-350 million and will provide a strong foundation for realising synergies of DKK 450 million in 2024.

OUTLOOK FOR 2023

Alm. Brand Group maintains its guidance for an insurance service result of DKK 1.35-1.45 billion excluding run-off gains and losses for Q4 2023.

The expense ratio is expected to stay unchanged at 18-18.5, and the combined ratio excluding run-offs is expected to be about 87.5-88.5 for Q4 2023.

The investment result is expected to be unchanged at the level of DKK 300 million, and other income and expenses are still expected to represent a loss of about DKK 125 million.

Alm. Brand Group thus expects to report a consolidated pre-tax profit of DKK 1,525-1,625 million excluding special costs.

Moreover, Alm. Brand Group expects to incur special costs of about DKK 300-350 million in 2023 for the integration of Codan and realisation of synergies. Amortisation of intangible assets is expected to affect the income statement by approximately DKK 360 million.

OTHER EVENTS

Over the past year, Alm. Brand Group has implemented a number of ESG initiatives, reflecting that with the acquisition of Codan, a larger group was created which has a larger platform for making a positive impact on society. As a result of these initiatives, MSCI has lifted Alm. Brand Group's ESG score from "BBB" to "A".

MAJOR EVENTS

No events of material importance to the company's financial position or business affairs have occurred in the period to 30 September 2023.

Non-life Insurance

	DKKm	Q3 2023	Q3 2022	9M 2023	9M 2022	FY 2022
INCOME STATEMENT	Insurance revenue	3,015	2,897	8,777	6,645	9,564
	Claims expenses *)	-1,903	-1,923	-5,601	-4,499	-6,467
	Insurance operating expenses *)	-503	-464	-1,600	-1,154	-1,680
	Profit/loss on reinsurance	-242	-152	-497	-338	-412
	Insurance service result	**367**	**358**	**1,079**	**654**	**1,005**
	Investment return after return on and value adjustment of provisions	56	-80	224	-362	-373
	Other costs	-11	-15	-37	-38	-55
	Profit/loss before tax excluding special costs, continuing activities	**412**	**263**	**1,266**	**254**	**577**
	Special costs	-103	-50	-248	-361	-447
	Profit/loss before tax, continuing activities	**232**	**213**	**1,018**	**-107**	**130**
	Tax, continuing activities	-	-46	-264	10	-12
	Profit/loss after tax, continuing activities	**232**	**167**	**754**	**-97**	**118**
	Profit/loss after tax, discontinued activities	-	-	-	544	544
	Profit after tax	**232**	**167**	**754**	**447**	**662**

	DKKm	Q3 2023	Q3 2022	9M 2023	9M 2022	FY 2022
BALANCE SHEET	Run-off gains/losses, net of reinsurance	44	61	182	42	157
	Technical provisions	17,153	17,062	17,153	17,062	16,633
	Insurance assets	619	509	619	509	457
	Total assets	25,310	24,297	25,310	24,297	24,143
FINANCIAL RATIOS	Gross claims ratio	63.1	66.4	63.8	67.7	67.6
	Net reinsurance ratio	8.0	5.2	5.7	5.1	4.3
	Claims ratio	**71.1**	**71.6**	**69.5**	**72.8**	**71.9**
	Gross expense ratio	16.7	16.0	18.2	17.4	17.6
	Combined ratio *)	**87.8**	**87.6**	**87.7**	**90.2**	**89.5**
	Combined ratio excluding run-off result	89.3	89.7	89.8	90.8	91.1
	Combined ratio	88.4	88.2	88.2	90.5	90.3

*) Claims expenses and insurance operating expenses for Q3 2023 include income from the Transitional Service Agreement (TSA) related to the divestment of Alm. Brand Liv og Pension A/S. In addition, income from the TSA related to the sale of Codan's activities to Tryg has been recognised. Claims expenses are stated less DKK 5 million and insurance operating expenses are stated less DKK 15 million. The Q3 2022 result included income from the TSA of DKK 23 million and DKK 20 million, respectively, while gross claims and insurance service expenses for FY 2022 were affected by DKK 26 million and DKK 50 million, respectively.

Claims expenses for 9M 2023 are stated less DKK 15 million and insurance operating expenses are stated less DKK 42 million from the TSA. The 9M 2022 result included income from the TSA of DKK 31 million and DKK 34 million, respectively, while gross claims and insurance service expenses for FY 2022 were affected by DKK 26 million and DKK 50 million, respectively.

Financial ratios for 2022 have been restated accordingly.

Non-life Insurance

Q3 PERFORMANCE

Alm. Brand Group's insurance service result for Q3 2023 was a profit of DKK 367 million driven by sustained highly satisfactory developments in Commercial Lines. The performance reflects favourable developments in insurance revenue, a generally satisfactory underlying claims experience and a positive contribution from synergies across all group functions.

The combined ratio was 87.8 and unchanged relative to the same period of last year. However, this covers both an improvement in the underlying claims experience and a lower level of major claims but also higher weather-related claims expenses relative to last year and a break-even result from risk margin changes, against a gain last year. Moreover, Q3 2023 saw slightly fewer run-off gains compared with last year.

Combined ratio

	Q3 2023[1]	Q3 2022[2]	Change
Underlying claims ratio	59.7	60.2	-0.5
Expense ratio	16.7	16.0	0.7
Combined ratio, underlying business	**76.4**	**76.2**	**0.2**
Weather-related claims, net of reinsurance	4.5	1.3	3.2
Major claims, net of reinsurance	8.4	12.6	-4.2
Run-off gains/losses, net of reinsurance	-1.5	-2.1	0.6
Change in risk margin	0.0	-0.4	0.4
Combined ratio	**87.8**	**87.6**	**0.2**

1) Calculated taking into account an income of DKK 20 million from the TSA.
2) Calculated taking into account an income of DKK 43 million from the TSA.

Insurance revenue

Insurance revenue rose to DKK 3,015 million from DKK 2,897 million in Q3 2022, equivalent to an organic growth rate of 4.1%, which includes ordinary indexation of premiums as well as selective price adjustments in Commercial Lines in particular and to a lesser extent in Personal Lines.

Claims

The claims experience was 71.2, against 71.4 in Q3 2022, including a reduction of the claims ratio but also an increase in the reinsurance ratio.

Underlying business

The underlying claims ratio was 59.7 against 60.2 in Q3 2022, marking a year-on-year improvement driven by favourable developments in Commercial Lines, whereas Personal Lines, as in the past quarter, recorded a higher underlying claims ratio in particular due to a higher frequency of motor claims.

This development was driven by a number of opposing factors. Effective from the beginning of the year, Alm. Brand Group implemented a uniform threshold for inclusion of claims expenses in the major claims category. If the same thresholds had been applied in Q3 2022, the underlying claims ratio for the period would have been 0.4 of a percentage point lower, that is 59.8. Nevertheless, due to a higher interest rate level, technical provisions were lower this year, all other things being equal. Adjusted for these factors, the underlying claims ratio deteriorated by 0.7 of a percentage point due to higher costs for reinsurance, which overshadowed the favourable effects of cost savings and synergies.

Weather-related claims

At the beginning of July, many Danish travellers to northern Italy sustained damage to their motor vehicles due to severe hailstorms. In addition, the summer period in Denmark was affected by heavy rainfall and cloudbursts, particularly in the final part of August and parts of September. As a result, the number of weather-related claims was at a seasonably high level, and claims expenses net of reinsurance rose to DKK 137 million against a mere DKK 37 million in Q3 2022, equivalent to 4.5 percentage points against 1.3 percentage points in Q3 2022.

Major claims

Net of reinsurance, major claims expenses totalled DKK 252 million in Q3 2023, against DKK 366 million in Q3 2022. In Q3 2023, the level of major claims was within the expected range, and claims expenses for major claims thus affected the combined ratio by 8.4 percentage points against 12.6 percentage points a year earlier. Already last year, Alm. Brand Group strengthened claims prevention efforts in respect of selected customer segments and tightened underwriting requirements in order to reduce claims expenses to a more satisfactory level.

Run-off result

The run-off result on claims net of reinsurance was a gain of DKK 44 million in Q3 2023, with positive contributions from motor insurance and personal accident insurance in particular. Overall, run-off gains came to 1.5 percentage points, which is slightly below the average level realised for the past few quarters.

Insurance operating expenses

Insurance operating expenses totalled DKK 503 million, bringing the expense ratio to 16.7 against 16.0 in Q3 2022, primarily due to higher commission payments in Commercial Lines.

Reinsurance result
At the beginning of the new year, the reinsurance market was marked by capacity constraints, resulting in tighter terms and conditions and a general increase in premium levels in connection with renewal of reinsurance programmes. Alm. Brand Group's reinsurance costs are thus higher this year at a net cost of DKK 242 million.

Discounting
The yield curve, which is used for discounting claims provisions, increased by about 0.7 of a percentage point including the VA premium at the mid-point of the curve from the level reported at 30 September 2022, which, seen in isolation, is believed to have improved the combined ratio by 0.8 percentage points relative to Q3 2022.

PERSONAL LINES
The insurance service result in Personal Lines was a profit of DKK 138 million in Q3 2023, against DKK 220 million in Q3 2022. The combined ratio increased to 89.7 from 82.8, including a negative effect of higher claims expenses for weather-related claims in particular as a result of the large amounts of precipitation in the final part of the quarter and a sustained high frequency of motor claims. In addition, the sum of run-off gains was lower relative to Q3 2022.

Insurance revenue rose to DKK 1,338 million from DKK 1,281 million in Q3 2022 for satisfactory growth of 4.4%, including sustained highly satisfactory developments in sales through partnerships.

The sum of claims expenses and the reinsurance result was an expense of DKK 950 million in total, corresponding to a claims ratio net of reinsurance of 71.0 against 63.1 in Q3 2022, primarily reflecting a combination of higher weather-related claims expenses and a higher frequency of motor claims as well as fewer run-off gains relative to last year.

Due to very rainy weather conditions, weather-related claims expenses quadrupled relative to Q3 2022 at DKK 79 million net of reinsurance, corresponding to a 5.9 percentage point effect on the combined ratio.

However, expenses for major claims were at a modest level, amounting to a mere DKK 8 million net of reinsurance, equivalent to an effect of 0.6 of a percentage point on the combined ratio.

Insurance operating expenses amounted to DKK 250 million against DKK 253 million in Q3 2022, causing the expense ratio to fall to 18.7 from 19.7 in Q3 2022 due to sustained operating efficiencies.

The run-off result net of reinsurance was a gain of DKK 18 million, driven mainly by personal accident insurance.

Personal Lines

DKKm	Q3 2023[1]	Q3 2022[2]	Change
Insurance revenue	1,338	1,281	57
Claims expenses	-920	-780	-140
Insurance operating expenses	-250	-253	3
Profit/loss on reinsurance	-29	-28	-1
Insurance service result	**138**	**220**	**-82**
Run-off gains/losses, net of reinsurance	18	40	-22
Gross claims ratio	68.8	60.9	7.9
Net reinsurance ratio	2.2	2.2	0.0
Claims ratio	**71.0**	**63.1**	**7.9**
Gross expense ratio	18.7	19.7	-1.1
Combined ratio	**89.7**	**82.8**	**6.9**
Underlying claims ratio	65.5	62.7	2.8
Combined ratio, underlying business	84.2	82.4	1.8
Weather-related claims, net of reinsurance	5.9	1.4	4.5
Major claims, net of reinsurance	0.6	2.2	-1.6
Run-off gains/losses, net of reinsurance	-1.2	-3.1	1.9
Change in risk margin	0.2	-0.1	0.3
Combined ratio	**89.7**	**82.8**	**6.9**

1) Consolidated insurance revenue and the reinsurance result include a DKK 2 million elimination related to the intra-group reinsurance programme, and gross claims expenses are stated less DKK 2 million and insurance operating expenses are stated less DKK 4 million from the TSA.
2) Gross claims expenses are stated less DKK 8 million and insurance operating expenses are stated less DKK 5 million from the TSA.

Financial ratios have been restated accordingly.

COMMERCIAL LINES

The insurance service result in Commercial Lines was a profit of DKK 229 million in Q3 2023, against DKK 138 million in Q3 2022. The combined ratio thus improved to 86.3 from 91.5 in Q3 2022, reflecting a low underlying claims ratio and a more favourable major claims experience relative to last year. The favourable developments continued to be supported by a range of price and profitability initiatives, including premium increases and exposure changes among the largest customers.

Insurance revenue increased to DKK 1,677 million, mainly as a result of premium growth achieved through continued inflow of new customers and indexation of premiums, but also higher premium income in Energy relative to Q3 2022 as a result of the project implemented in parts of the business and thus movements in premium volume.

The sum of claims expenses and the reinsurance result was an expense of DKK 1,195 million in total, corresponding to a claims ratio of 71.2 against 78.4 in Q3 2022, including a lower gross claims ratio but a higher net reinsurance ratio relative to Q3 2022.

Developments in Q3 2023 were driven by favourable trends in the underlying claims ratio as well as lower expenses for major claims and sustained positive contributions from the higher interest rate level, which especially served to reduce the need to make provisions for long-term claims obligations in Commercial Lines.

The Energy segment delivered yet another strong performance in Q3, in isolation reporting a combined ratio of 82.8, for yet another quarter with satisfactory profitability achieved through targeted portfolio composition and repricing efforts.

The large amounts of precipitation in Q3 2023 affected the claims experience in Commercial Lines in the same way as in Personal Lines – but on a slightly smaller scale. Claims expenses for weather-related claims net of reinsurance thus amounted to DKK 58 million and affected the combined ratio by 3.5 percentage points against 1.2 percentage points in Q3 2022.

Net of reinsurance, expenses for major claims amounted to DKK 244 million in Q3 2023, against DKK 339 million in Q3 2022. The favourable developments were supported by claims prevention initiatives aimed at selected customer segments and tighter underwriting requirements. Major claims affected the combined ratio by 14.5 percentage points in total, against 21.0 percentage points in Q3 2022.

Insurance operating expenses totalled DKK 253 million, against DKK 211 million in Q3 2022, bringing the expense ratio to 15.1, against 13.1 in Q3 2022, due to higher commission payments.

Net of reinsurance, the run-off result was a gain of DKK 26 million in Q3 2023, which was slightly higher than in Q3 2022.

Commercial Lines

DKKm	Q3 2023[1]	Q3 2022[2]	Change
Insurance revenue	1,677	1,616	61
Claims expenses	-983	-1,143	160
Insurance operating expenses	-253	-211	-42
Profit/loss on reinsurance	-212	-124	-88
Insurance service result	**229**	**138**	**91**
Run-off gains/losses, net of reinsurance	26	21	5
Gross claims ratio	58.6	70.7	-12.1
Net reinsurance ratio	12.6	7.7	4.9
Claims ratio	**71.2**	**78.4**	**-7.2**
Gross expense ratio	15.1	13.1	2.0
Combined ratio	**86.3**	**91.5**	**-5.2**
Underlying claims ratio	54.9	58.2	-3.3
Combined ratio, underlying business	70.0	71.3	-1.3
Weather-related claims, net of reinsurance	3.5	1.2	2.3
Major claims, net of reinsurance	14.5	21.0	-6.5
Run-off gains/losses, net of reinsurance	-1.6	-1.3	-0.3
Change in risk margin	-0.1	-0.7	0.6
Combined ratio	**86.3**	**91.5**	**-5.2**

1) Consolidated insurance revenue and the reinsurance result include a DKK 15 million elimination related to the intra-group reinsurance programme, and gross claims expenses are stated less DKK 5 million and insurance operating expenses are stated less DKK 8 million from the TSA.
2) Gross claims expenses are stated less DKK 15 million and insurance operating expenses are stated less DKK 15 million from the TSA.

Financial ratios have been restated accordingly.

INVESTMENT RESULT

The investment result after interest on technical provisions was a gain of DKK 56 million, including interest expenses on Tier 2 capital, against a loss of DKK 80 million in Q3 2022.

The investment result is composed of a return on the portfolio not allocated to hedging of provisions of DKK 34 million and a net return on the hedging portfolio of DKK 47 million before administrative expenses. The investment result also includes interest expenses on Tier 2 capital of DKK 19 million and administrative expenses of DKK 6 million.

The result was driven by positive returns on bonds and illiquid credit and was generally satisfactory in light of neutral financial market developments throughout the quarter across the asset classes in which Alm. Brand Group is invested. In Q3 2023, the hedging portfolio generated a positive return after technical interest which was within the expected range for fluctuations in the investment result which the hedging portfolio may cause from one quarter to the next relative to the return on and value adjustment of technical provisions.

Investment return

DKKm	Q3 2023			Q3 2022		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	19,585	64	0.3%	19,446	-456	-2.1%
Illiquid credit including mortgage deeds	1,434	21	1.5%	1,478	-5	-0.3%
Shares	545	-8	-1.5%	472	-36	-7.2%
Properties	363	-5	-1.4%	384	3	0.8%
Total investment return	**21,927**	**72**	**0.3%**	**21,780**	**-494**	**-2.3%**
Interest, Tier 2 capital		-19			-5	
Administrative expenses related to investment activities		-6			-11	
Return on and value adjustment of technical provisions		9			430	
Net investment return		**56**			**-80**	

The global economy remains very robust and the leading indicators were remarkably stable, albeit with a slight downward tilt. US indicators continued to exceed expectations, whereas economic growth in China and in the eurozone was trending lower. The latest inflation figures generally confirmed that inflation is primarily declining due to price developments within food and energy in particular.

The Danish economy remains strong and the full-year growth outlook has been lifted to 1.2% in the latest forecast in the Economic Survey released by the Danish Ministry of Finance. Inflation has softened, employment is still increasing and housing prices are developing better than anticipated.

Total investment assets amounted to DKK 21.9 billion, against DKK 21.8 billion at 30 September 2022, distributed on Danish and international bonds, mortgage deeds and illiquid credit, shares and property investments. The overall goal is to achieve a satisfactory risk-return balance. The financial risk is adjusted using derivative financial instruments.

The return on technical provisions is calculated using the EIOPA (European Insurance and Occupational Pensions Authority) discount curve plus a volatility adjustment (VA) premium. The asset portfolio for hedging 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.

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 2023.

The consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU.
In addition, the condensed interim report has been prepared in accordance with additional Danish disclosure requirements for listed financial enterprises.
The management’s review has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the interim report gives a true and fair view of the group’s assets, liabilities and financial position at 30 September 2023 and of the group’s cash flows for the period 1 January to 30 September 2023.

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, 9 November 2023

Rasmus Werner Nielsen
CEO

Anne Mette Toftegaard
Deputy CEO

Board of Directors

Copenhagen, 9 November 2023

Jørgen Hesselbjerg Mikkelsen
Chairman

Jan Skytte Pedersen
Deputy Chairman

Anette Eberhard

Boris Nørgaard Kjeldsen

Pia Laub

Tina Schmidt Madsen

Jørn Pedersen

Jais Valeur

Brian Egested

Claus Nexø Jensen

Henriette Pedersen

Lotte Kathrine Sørensen

Income statement

DKKm	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Group FY 2022
Insurance revenue	3,654	3,923	10,740	8,491	12,262
Insurance service expenses	-3,065	-3,456	-9,226	-7,564	-10,921
Reinsurance result	-242	-152	-497	-338	-412
Insurance service result	**347**	**315**	**1,017**	**589**	**929**
Interest income and dividens, ect.	93	30	209	115	163
Value adjustments	19	-514	311	-1,342	-1,249
Interest expenses	-53	-13	-124	-31	-55
Other income	5	6	14	20	26
Administrative expenses related to investment activities	-34	-36	-114	-100	-150
Total investment return	**30**	**-527**	**296**	**-1,338**	**-1,265**
Return on and value adjustment of technical provisions, gross	2	438	-149	881	764
Return on and value adjustment of technical provisions, reinsurance	5	-6	11	-7	-1
Total investment return after return on and value adjustment on technical provisions	**37**	**-95**	**158**	**-464**	**-502**
Other income	41	101	179	101	172
Other expenses	-223	-221	-668	-587	-835
Profit/loss before tax	**202**	**100**	**686**	**-361**	**-236**
Tax	-54	-22	-194	65	66
Profit/loss after tax, continuing activities	**148**	**78**	**492**	**-296**	**-170**
Profit/loss after tax, discontinuing activities *)	0	0	0	544	544
Profit/loss after tax	**148**	**78**	**492**	**248**	**374**
Earnings per share, DKK, continuing activities	0.1	0.1	0.3	-0.2	-0.1
Diluted earnings per share, DKK, continuing activities	0.1	0.1	0.3	-0.2	-0.1
Earnings per share, DKK	0.1	0.1	0.3	0.2	0.2
Diluted earnings per share, DKK	0.1	0.1	0.3	0.2	0.2

Statement of comprehensive income

DKKm	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Group FY 2022
Comprehensive income					
Profit for the period	148	78	492	248	374
Items that are or may be reclassified to profit or loss					
Foreign currency translation adjustments related to foreign entities	0	0	0	0	-2
Total other comprehensive income	**0**	**0**	**0**	**0**	**-2**
Comprehensive income	**148**	**78**	**492**	**248**	**372**
Proposed allocation of profit/loss:					
Proposed dividend	0	0	0	0	462
Additional Tier 1 capital holders	7	2	18	3	7
Share attributable to Alm. Brand	141	76	474	245	-97
Comprehensive income	**148**	**78**	**492**	**248**	**372**

Balance sheet

DKKm	30 September 2023	30 September 2022	31 December 2022
			Group
Assets			
Intangible assets	**10,415**	**10,920**	**10,764**
Tangible assets	**826**	**964**	**914**
Investments in associates	**135**	**144**	**144**
Equities	364	848	722
Unit trust units	20,875	19,357	19,469
Bonds	704	429	535
Mortage deeds	370	439	433
Other loans and advances	275	336	311
Deposits in credit institutions	88	64	31
Other	452	521	491
Other investments assets	**23,128**	**21,994**	**21,992**
Reinsurance deposits	3	3	0
Investments assets	**23,131**	**21,997**	**21,992**
Reinsurers' share of insurance contract provisions	**603**	**510**	**457**
Current tax assets	0	122	67
Deferred tax assets	0	11	0
Other assets	1,039	712	794
Cash in hand and demand deposits	241	550	458
Total assets	**36,390**	**35,930**	**35,590**

Balance sheet

DKKm	30 September 2023	30 September 2022	Group 31 December 2022
Liabilities and equity			
Share capital	1,541	1,541	1,541
Reserves, retained earnings, ect.	11,909	11,787	11,445
Propsed dividend	0	0	462
Consolidated shareholders' equity	13,450	13,328	13,448
Tier 1 capital	397	397	397
Total consolidated equity	**13,847**	**13,725**	**13,845**
Subordinated debt	**1,294**	**1,294**	**1,294**
Provisions for insurance contracts	**17,154**	**17,062**	**16,633**
Deferred tax liabilities	875	992	904
Other provisions	46	89	57
Provisions	**921**	**1,081**	**961**
Issued bonds	150	150	150
Payables to credit institutions and central banks	183	1	143
Current tax liabilities	118	0	0
Other payables	2,723	2,617	2,564
Payables	**3,174**	**2,768**	**2,857**
Total liabilities	**36,390**	**35,930**	**35,590**

Note 1 Own shares
Note 2 Contractual obligation and leasing
Note 3 Fair value measurement of financial instruments
Note 4 Accounting policies
Note 5 Financial highlights and key ratios

Statement of changes in equity

DKKm	Share capital	Contin-gency funds	Other provi-sions etc.	Retained profit	Proposed dividend	Share-holders equity	Additional tier 1 capital	Consoli-dated equity
Consolidated equity, 1 January 2022	**1,541**	**182**	**0**	**11,521**	**462**	**13,706**	**0**	**13,706**
Change in accounting policies				79		79		79
Adjusted shareholders' equity at 1 January 2022	**1,541**	**182**	**0**	**11,600**	**462**	**13,785**	**0**	**13,785**
Changes in equity Q1-Q3 2022:								
Profit/loss for the period				245		245	3	248
Comprehensive income	0	0	0	245	0	245	3	248
Dividend distributed				0	-462	-462	0	-462
Disposals relating to divestment of Alm. Brand Liv og Pension		-101		101		0		0
Additions relating to acquisition of Codan		1,395		-1,262		133		133
Tax on contingency funds		-384		18		-366		-366
Tier 1 kapital				0		0	397	397
Interest paid on Tier 1 capital				0		0	-3	-3
Purchase and sale of treasury shares				-7		-7		-7
Changes in equity	**0**	**910**	**0**	**-905**	**-462**	**-457**	**397**	**-60**
Consolidated equity, 30 September 2022	**1,541**	**1,092**	**0**	**10,695**	**0**	**13,328**	**397**	**13,725**
Adjusted shareholders' equity at 1 January 2022	**1,541**	**182**	**0**	**11,600**	**462**	**13,785**	**0**	**13,785**
Changes in equity 2022:								
Profit/loss for the year				367	0	367	7	374
Foreign currency translation adjustments related to foreign entities			-2	0		-2		-2
Comprehensive income	0	0	-2	367	0	365	7	372
Disposals relating to divestment of Alm. Brand Liv og Pension		-101		101		0		0
Additions relating to acquisition of Codan		1,395	2	-1,397		0		0
Effect of changed accounting policies on Codan addition				133		133		133
Tax on contingency funds		-384		18		-366		-366
Tier 1 capital							397	397
Interest paid on Tier 1 capital							-7	-7
Proposed dividend				-462	462	0		0
Dividend distributed				0	-462	-462		-462
Purchase and sale of treasury shares				-7		-7		-7
Changes in equity	**0**	**910**	**0**	**-1,247**	**0**	**-337**	**397**	**60**
Consolidated equity, 31 December 2022	**1,541**	**1,092**	**0**	**10,353**	**462**	**13,448**	**397**	**13,845**

Statement of changes in equity

DKKm	Share capital	Contin-gency funds	Other provi-sions etc.	Retained profit	Proposed dividend	Share-holders equity	Additional tier 1 capital	Consoli-dated equity
Consolidated equity, 1 January 2023	**1,541**	**1,092**	**0**	**10,353**	**462**	**13,448**	**397**	**13,845**
Changes in equity Q1-Q3 2023:								
Profit/loss for the period				474		474	18	492
Comprehensive income	0	0	0	474	0	474	18	492
Dividend distributed				0	-462	-462		-462
Interest paid on Tier 1 capital				0		0	-18	-18
Purchase and sale of treasury shares				-10		-10		-10
Changes in equity	**0**	**0**	**0**	**464**	**-462**	**2**	**0**	**2**
Consolidated equity, 30 September 2023	**1,541**	**1,092**	**0**	**10,817**	**0**	**13,450**	**397**	**13,847**

Cash flow statement

DKKm	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Cash flows from operating activities			
Insurance revenue	9,234	6,287	8,286
Insurance service expenses	-7,245	-6,368	-8,370
Payments concerning reinsurance	-646	14	9
Cash flows from insurance activities	**1,343**	**-67**	**-75**
Interest receivable, dividends, etc.	192	180	218
Interest expenses	-124	-30	-55
Other income and expenses	-221	63	117
Taxes paid/received	-38	-27	-19
Cash flows from operating activities, continuing activities	**1,152**	**119**	**186**
Cash flows from operating activities, discontinuing activities	0	-38	-38
Cash flows from operating activities	**1,152**	**81**	**148**
Change in investment placement (net)			
Acquisition of intangible assets, furniture, equipment, etc.	-1	-19	3
Sale/aquisition of equity investments	-671	-10,835	-10,651
Acquisition of group enterprise	0	-13,385	-13,347
Divestment of group enterprise	0	1,107	1,107
Sale/repayment of mortgage deeds and loans	106	-192	-161
Sale/aquisition of bonds	-291	23,526	23,332
Change in investment placement, continuing activities	**-857**	**202**	**283**
Change in investment placement, discontinuing activities	0	164	164
Change in investment placement	**-857**	**366**	**447**

Group	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Change in financing			
Change in Tier capital	-18	394	390
Sale/purchase of treasury shares	-3	-7	-7
Dividend distributed	-462	-462	-462
Repayment of subordinated debt	-1	-1	-1
Change in payables to credit institutions	40	-321	-179
Change in other liabilities	-11	437	26
Change in financing, continuing activities *)	**-455**	**40**	**-233**
Change in financing, discontinuing activities	0	-150	-150
Change in financing	**-455**	**-110**	**-383**
Net change in cash and cash equivalents, continuing activities	**-160**	**361**	**236**
Net change in cash and cash equivalents, discontinuing activities	**0**	**-24**	**-24**
Disposals relating to divestment	**0**	**-154**	**-154**
Cash and cash equivalents, beginning of period, discontinuing activities	**0**	**178**	**178**
Additions relating to acquisition of Codan	**0**	**143**	**143**
Cash and cash equivalents, beginning of period, continuing activities	488	110	110
Cash and cash equivalents, end of period	**329**	**614**	**489**

*) The amount of DKK 455 million consists only of cash inflows og outflows.

Segment reporting

DKKm	Personal	Commercial	Non-life	Other	Elimi-nation	Group before adjustments	IFRS 3 adjustments	Group
								Q1-Q3 2023
Insurance revenue	3,913	4,864	8,777	0	0	8,777	1,963	10,740
Claims paid	-2,584	-3,037	-5,621	0	0	-5,621	-1,963	-7,584
Net operating expenses	-851	-791	-1,642	0	0	-1,642	0	-1,642
Insurance service expenses	**-3,435**	**-3,828**	**-7,263**	**0**	**0**	**-7,263**	**-1,963**	**-9,226**
Reinsurance result	-92	-405	-497	0	0	-497	0	-497
Insurance service result	**386**	**631**	**1,017**	**0**	**0**	**1,017**	**0**	**1,017**
Interest income and dividens, ect.			201	60	-52	209	0	209
Value adjustments			310	1	0	311	0	311
Interest expenses			-123	-53	52	-124	0	-124
Other income			0	14	0	14	0	14
Administrative expenses related to investment activities			-28	-86	0	-114	0	-114
Total investment return			**360**	**-64**	**0**	**296**	**0**	**296**
Return on and value adjustment of technical provisions, gross			-149	0	0	-149	0	-149
Return on and value adjustment of technical provisions, reinsurance			11	0	0	11	0	11
Total investment return after return on and value adjustment on technical provisions			**222**	**-64**	**0**	**158**	**0**	**158**
Other income			179	0	0	179	0	179
Other expenses			-400	-268	0	-668	0	-668
Profit/loss before tax			**1,018**	**-332**	**0**	**686**	**0**	**686**
Tax			-264	70	0	-194	0	-194
Profit/loss after tax			**754**	**-262**	**0**	**492**	**0**	**492**

Segment reporting

								Q1-Q3 2022
DKKm	**Personal**	**Commercial**	**Non-life**	**Other**	**Elimi-nation**	**Group before adjustments**	**IFRS 3 adjustments**	**Group**
Insurance revenue	2,982	3,663	6,645	0	0	6,645	1,846	8,491
Claims paid	-1,882	-2,648	-4,530	0	0	-4,530	-1,846	-6,376
Net operating expenses	-622	-566	-1,188	0	0	-1,188	0	-1,188
Insurance service expenses	**-2,504**	**-3,214**	**-5,718**	**0**	**0**	**-5,718**	**-1,846**	**-7,564**
Reinsurance result	-57	-281	-338	0	0	-338	0	-338
Insurance service result	**421**	**168**	**589**	**0**	**0**	**589**	**0**	**589**
Interest income and dividens, ect.			99	22	-6	115	0	115
Value adjustments			-1,295	-47	0	-1,342	0	-1,342
Interest expenses			-17	-20	6	-31	0	-31
Other income			0	20	0	20	0	20
Administrative expenses related to investment activities			-30	-70	0	-100	0	-100
Total investment return			**-1,243**	**-95**	**0**	**-1,338**	**0**	**-1,338**
Return on and value adjustment of technical provisions, gross			881	0	0	881	0	881
Return on and value adjustment of technical provisions, reinsurance			-7	0	0	-7		-7
Total investment return after return on and value adjustment on technical provisions			**-369**	**-95**	**0**	**-464**	**0**	**-464**
Other income			101	0	0	101	0	101
Other expenses			-428	-159	0	-587	0	-587
Profit/loss before tax, continuing activities			**-107**	**-254**	**0**	**-361**	**0**	**-361**
Tax, continuing activities			10	55	0	65	0	65
Profit/loss after tax, continuing activities			**-97**	**-199**	**0**	**-296**	**0**	**-296**
Profit/loss after tax, discontinuing activities *)			544	0	0	544	0	544
Profit/loss after tax			**447**	**-199**	**0**	**248**	**0**	**248**

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

Notes

DKKm	30 September 2023	30 September 2022	Group FY 2022
Note 1 Treasury shares			
Nominal value, beginning of year	0	0	0
Acquired during the year	3	2	3
Sold during the year	-2	-2	-3
Nominal value, end of year	**1**	**0**	**0**
Holding number of shares ('000), beginning of period	117	49	49
Additions, number of shares	3,402	2,075	3,150
Disposals, number of shares	-2,483	-1,625	-3,082
Holding number of shares ('000), end of year	**1,036**	**499**	**117**
Percentage of share capital, end of year	**0.1%**	**0.0%**	**0.0%**
Note 2 Contractual obligation and leasing			
Contractual obligation	565	1,162	664

The Alm. Brand Group is contractually obliged to pay rent of DKK 382 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 315 million.

Notes

DKKm	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
			30 September 2023				31 December 2022	
Note 3 Fair value measurement of financial instruments								
Financial assets								
Loans and advances	0	0	645	645	0	0	744	744
Bonds	0	704	0	704	0	535	0	535
Shares and unit trust units	20,016	0	1,223	21,239	19,004	0	1,187	20,191
Other assets	0	613	0	613	0	564	0	564
Total financial assets	**20,016**	**1,317**	**1,868**	**23,201**	**19,004**	**1,099**	**1,931**	**22,034**
Financial liabilities								
Subordinated debt	0	0	1,691	1,691	0	0	1,691	1,691
Issued bonds	0	0	150	150	0	0	150	150
Other payables	0	863	0	863	0	827	0	827
Total financial liabilities	**0**	**863**	**1,841**	**2,704**	**0**	**827**	**1,841**	**2,668**

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

Level 1 is based on quoted (unadjusted) prices in active markets.
Level 2 is used where no quoted price is available but where the use of another official price is deemed to best reflect the fair value. In the case of listed securities for which the closing price does not represent fair value, valuation techniques or other observable data are used to determine fair value. Depending on the nature of the asset or liability, these may be calculations based on underlying parameters such as yields, exchange rates and volatility or with reference to transaction prices for similar instruments.
Level 3 is used for financial assets and liabilities the valuation of which cannot be based on observable data due to such data not being available or not being deemed to be usable for the determination of fair value. Instead recognised techniques, including discounted cash flows, and internal models and assumptions are used for the determination of fair value.

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

Transfer between the categories of the fair value hierarchy is only effected in case of changes to available data for use in measurement. The portfolio is reviewed on an ongoing basis to identify any changes in available data and any other changes which may have prompted recategorisation. There were no transfers between categories in the fair value hierarchy in 2022 or 2023.

Notes

DKKm	Loans and advances	Shares and unit trust units	Issued bonds (liability)	Subor-dinated debt (liability)
				30 September 2023
Development in level 3 financial instruments				
Carrying amount, beginning of period	744	1,187	150	1,691
Additions during the year	6	101	0	0
Additions during the year relating to acquisition of subsidiary	0	0	0	0
Disposals during the year	-195	-24	0	0
Realised value adjustments	2	-1	0	0
Unrealised value adjustments	88	-40	0	0
Carrying amount, end of period	**645**	**1,223**	**150**	**1,691**
Value adjustments recognised in the income statement	90	-41	0	0

DKKm	Loans and advances	Shares and unit trust units	Issued bonds (liability)	Subor-dinated debt (liability)
				31 December 2022
Development in level 3 financial instruments				
Carrying amount, beginning of year	583	400	150	1,295
Additions during the year	4	291	0	400
Additions during the year relating to acquisition of subsidiary	360	644	0	0
Disposals during the year	-104	-152	0	0
Disposals relating to the divestment of Alm. Brand Liv og Pension	0	0	0	0
Realised value adjustments	7	-1	0	0
Unrealised value adjustments	-106	5	0	-4
Carrying amount, year-end	**744**	**1,187**	**150**	**1,691**
Value adjustments recognised in the income statement	-99	4	0	-4

Notes

NOTE 4 ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and with the requirements of the Danish Financial Business Act and NASDAQ Copenhagen A/S for interim reports of listed financial enterprises. The application of IAS 34 means that the scope of the report is limited relative to the presentation of a full annual report.

Change in accounting policies

Alm. Brand Group has implemented IFRS 17 Insurance contracts effective from 1 January 2023. IFRS 17 replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts issued and held.

IFRS 17 defines an insurance contract as a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder). Insurance contract services are services that the issuer provides to a policyholder as coverage for an insured event. According to IFRS 17, significant insurance risk must be involved. All insurance contracts issued by Alm. Brand Group are assessed to involve significant risk and consequently fall within the scope of the rules and provisions applicable under IFRS 17.

In connection with the implementation of IFRS 17, the calculation of claims provisions and premium provisions will be amended, and new concepts will be introduced relative to the previous standard ‘IFRS 4 Insurance contracts’ (IFRS 4). IFRS 17 prescribes two methods of measuring insurance contracts, the General Measurement Model (GMM) and the Premium Allocation Approach (PAA).

The GMM is the standard approach to calculating insurance contracts, according to which insurance contracts with similar characteristics (risk) are to be grouped and the present value of future cash flows from the insurance contracts to be calculated.

The PAA is a simplified version of the GMM which may be used if a number of conditions have been met.

Generally speaking, the key differences between the two methods is, for example, that the PAA involves simpler calculation of provisions for the remaining coverage period in line with the previous policies as well as fewer reporting requirements. The PAA entails methods and requirements which in many ways are consistent with IFRS 4.

The PAA may be used for insurance contracts with a coverage period of one year or less as the effect of discounting on the provision for these will be limited. However, the PAA can also be used for insurance contracts with a coverage period of more than one year, provided it can be documented that measurement of technical provisions according to the PAA will not produce a materially different result than measurement according to the GMM.

Alm. Brand Group recognises all policies with a coverage period of one year or less under the PAA. The product groups Change of Ownership, Construction Policies and Technical Lines (construction policies for renewable energy) have contracts with a coverage period of more than one year. For these groups of contracts, PAA tests have been carried out to assess whether the conditions for using the PAA have been met. All product groups have proved to meet the conditions for using the PAA.

Alm. Brand Group has thus chosen to use the PAA for the entire insurance portfolio, which in many ways is similar to Alm. Brand Group’s previous accounting policies. This means that the future insurance service results of Alm. Brand Group are not expected to change significantly as a result of the transition to IFRS 17. Changes will primarily be in the form of changes in the presentation of the income statement and the balance sheet.

In 2022, Alm. Brand Group sold Alm. Brand Liv & Pension A/S, the results and gains from which were classified under ‘Assets held for sale’ throughout 2022. The transition to IFRS 17 has had no effect on this.

The effect of the transition to IFRS 17 recognised in equity as a result of changes in accounting policies. The changed format is reflected on page 27.

Effect of new accounting policies

	Shareholder’s equity			Financial results
	1 January	1 May	31 December	FY
DKKm	**2022**	**2022**	**2022**	**2022**
Accounting policies, Annual Report 2022	13,706		13,765	506
Changes, IFRS 17	79	133	80	-132
Accounting policies, 2023	**13,785**	**133**	**13,845**	**374**

Notes

Effects of recognition under IFRS 17 are based on updated estimates. These assumptions, assessments and actuarial methods may be changed in the period until the release of Alm. Brand Group's annual report for 2023. Significant accounting estimates and assumptions for Alm. Brand Group are described in note 41 to the financial statements for 2022.

Presentation

Balance sheet

As compared with IFRS 4, the balance sheet presentation under IFRS 17 is generally unchanged from prior years, with a few exceptions. Receivables and payables related to insurance and reinsurance contracts are now included in the measurement of technical provisions and reinsurance assets and will therefore no longer be presented as independent line items. Whereas technical provisions were previously split on different components in the balance sheet, they are now combined in one line item and presented separately in the notes. In addition, a few line items have been renamed.

Income statement

The income statement under IFRS 17 has not changed significantly compared with IFRS 4. IFRS 17 requires few recognition and measurement changes and a limited number of reclassifications as described below.

Insurance revenue

Insurance revenue replaces 'gross premium income' and comprises premium income earned during the reporting period. Insurance revenue contains the following changes relative to the previously applied policies:

Bonus and premium discounts

Bonus and premium discounts were previously presented in a separate line item in the income statement and were included in premiums in the calculation of technical key figures. Under IFRS 17, bonus and premium discounts are no longer to be included in premiums, but to be recognised in the line item 'Insurance service expenses'. This means that bonus and premium discounts are not presented separately and will now be recognised in insurance service expenses instead of premiums in connection with the calculation of technical key figures. The effect of this change is not expected to have any significant impact on Alm. Brand Group.

Discounting

Under IFRS 4, discounting of premium provisions had opposing effects on premium provisions and the investment result. Under IFRS 17, Alm. Brand Group has chosen not to discount premium provisions, except for loss components.

Onerous contracts

Under IFRS 4, loss components related to onerous contracts were recognised in premium provisions, and subsequent changes were recognised in gross premiums. Under IFRS 17, loss components are no longer to be included under premium provisions, but are to be accounted for separately as an independent element of technical provisions. Subsequent changes to onerous contracts are to be included under insurance service expenses in future.

Insurance service expenses

Insurance service expenses comprises claims expenses, administrative expenses and acquisition costs. The transition to IFRS 17 has resulted in a few classification changes within claims expenses, administrative expenses and acquisition costs.

Under IFRS 4, inflation swaps used to hedge wage indexation on workers' compensation insurance were presented under claims expenses. Under IFRS 17, however, inflation swaps must be presented under the investment result instead of under the insurance service result. As a result, inflation swaps entered into for the purpose of reducing the inflation effect have been reclassified from gross claims expenses to investment result. This only affects the 2022 figures, as Alm. Brand Group currently has no inflation swaps.

Under IFRS 17, training and development expenses not directly attributable to the insurance portfolio must be reclassified from insurance service result to the line item 'Other costs', which is presented after the insurance service result.

Alm. Brand Group will make no changes to its existing policies, thus expensing acquisition costs as incurred for the majority of the insurance contracts. For construction policies involving multiyear contracts, acquisition costs are expensed over the life of the contract.

Acquired portfolio

The insurance contracts taken over in connection with the acquisition of Codan on 1 May 2022 are to be treated in accordance with the provisions of IFRS 3 and IFRS 17 concerning acquired insurance contracts. This will affect the consolidated income statement and the consolidated balance sheet.

As the date of acquisition of Codan is within the transition period from 1 January 2022 to 31 December 2022, IFRS 17 requires the insurance contracts to be measured in accordance with the conditions and assumptions prevailing at the date of acquisition and not the original conditions and assumptions.

IFRS 17 does not permit that the acquired contracts are grouped together with newly issued contracts going forward. This means that the acquired insurance contracts may be grouped and measured together as a separate portfolio during the entire coverage period.

Notes

The requirement under IFRS 17 furthermore affects provisions in the acquired portfolio in case a claim has already occurred.

Codan originally wrote the policies based on a risk assessment that a given insured event/claim could occur. At the time when Alm. Brand acquired the portfolio, the acquisition was deemed to constitute the conclusion of a new contract. The risk acquired by Alm. Brand was thus the risk that inadequate provisions had been made to cover the run-off on claims incurred, not the risk of incurring the claims.

The acquired claims provisions must thus be treated as a provision for the remaining coverage period (premium provision) at the date of acquisition and not as claims provisions. In simple terms, the claims provisions were reclassified as at 1 May 2022 to premium provisions.

As the acquired claims provisions according to IFRS 17 are to be classified as premium provisions, this also means that the PAA can no longer be used for the acquired portfolio, as the coverage period of the acquired contracts now equals the payout period. For the product ‘loss of earning capacity/workers’ compensation’, for instance, for which the coverage period far exceeds one year, discounting thus becomes material. The acquired claims provisions should therefore be measured as insurance contracts according to the GMM.

The measurement of Codan’s provisions at the date of acquisition will be identical using the GMM method and the PAA method, the only difference thus being in the classification in the balance sheet between premium and claims provisions.

In the subsequent recognition in the income statement, ‘Insurance revenue’ and ‘Insurance service expenses’ will increase as and when the liabilities are settled. This will have an effect on ‘Insurance revenue’ and ‘Insurance service expenses’, which will be particularly high in the first year, after which the effect will decrease.

Under IFRS 17, the acquisition of an insurance company with an associated claims provision is considered as a new insurance risk which occurs and is transferred in the transaction with the seller, and the total compensation for the risk transfer is thus included in the purchase price. Such a contract is treated on an equal footing with individual contracts in the legal entities, only for the consolidated financial statements in isolation. The balance sheet will be largely unaffected, but in the group’s income statement, revenue will increase for a number of years by the run-off on the compensation amount and claims expenses will be increased by the run-off on the liability. The accrual takes place in step with the expected cash flows on the acquired liability. The effect on the consolidated financial statements will be that, over time, the acquired claims provision from Codan will be included in the consolidated income statement under both income and expenses until the claims provisions have been fully settled.

This recognition and measurement of the acquired portfolio in the consolidated income statement will result in artificially high insurance revenue and insurance service expenses. In future, when commenting on and presenting financial results in the management’s review, Alm. Brand Group will thus disregard this effect. The special rules for acquired claims provisions are not expected to have any significant effect on the group’s consolidated financial results or equity.

The presentation of financial results will thus be similar to the existing financial highlights and key ratios for both Alm. Brand Forsikring and Codan under the current IFRS 4.

Capitalisation and dividend

Alm. Brand Group’s solvency and financial condition are not expected to be affected by the transition to IFRS 17, as provisions and total capital are still to be calculated in accordance with the Solvency II provisions.

Similarly, the group’s dividend potential is expected to remain unchanged.

Notes

FY 2022

DKKm	IFRS 4	Change	IFRS 17
Gross premiums written	8,380		
Change in premium provisions, profitmargin and risk margin	1,206		
Insurance revenue	**9,586**	**2,676**	**12,262**
Claims paid, gross	-6,215		
Change in provisions for claims and risk margin	-126		
Bonus og premium discounts	5		
Acquisition costs and administrativ expenses	-1,778		
Insurance service expenses	**-8,114**	**-2,807**	**-10,921**
Premium ceded to reinsurers	-308		
Change in provisions for unearned premiumsn reinsurers' share	-335		
Claims paid, reinsurers' share	441		
Change in provisions for claims, reinsurers' share	-189		
Reinsurance commissions and profit participation	6		
Profit/loss on reinsurance	**-385**	**-27**	**-412**
Insurance service result	**1,087**	**-158**	**929**
Total investmen return after return on and value adjustment on on technical provisions	**-540**	**38**	**-502**
Other income	172		172
Other expenses	-780	-55	-835
Profit/loss before tax, continuing activities	**-61**	**-175**	**-236**
Tax, continuing activities	23	43	66
Profit/loss after tax, continuing activities	**-38**	**-132**	**-170**
Profit/loss after tax, discontinuing activities	544		544
Profit/loss after tax	**506**	**-132**	**374**

Group	IFRS 4	Change	IFRS 17
Intangible assets	10,764		10,764
Tangible assets	914		914
Investments in associates	144		144
Investment assets	21,992		21,992
Reinsurers' share of insurance contract provisions	598	-141	457
Receivables	1,727	-1,148	579
Other assets	525	10	535
Prepayments	205		205
Total assets	**36,869**	**-1,279**	**35,590**
Total consolidatede equity	13,765	80	13,845
Subordinated debt	1,294		1,294
Provisions for insurance contracts	17,649	-1,017	16,632
Provisions	971	11	982
Payables	3,161	-353	2,808
Accruals ande deferred income	29		29
Total liabilities	**36,869**	**-1,279**	**35,590**

Notes

Intangible assets

Goodwill

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

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

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

Brand value and customer relationships

Brand and customer relationships acquired in connection with the business combination are recognised as separate identifiable intangible assets. The fair value of brands is calculated based on the relief from royalty method using a percentage rate of two and an expected useful life of 10 years. The fair value of customer relationships is calculated based on expected earnings and the useful life of customer relationships and expected future earnings. Customer relationships are amortised over a period of eight years, reflecting their expected useful life.

Additional Tier 1 capital

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

NOTE 5 FINANCIAL HIGHLIGHTS AND KEY RATIOS

See the management's review.

DISCLAIMER

The forecast is based on the interest rate and price levels prevailing at the beginning of November 2023. 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 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 events, 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. In the review, income from the TSA is included in the insurance service result of Non-life Insurance. In the financial statements, such income is included under 'Other income'.

Run-off gains/losses, net of reinsurance
The run-off result net of reinsurance reflects the gains and/or losses relating to prior-year technical provisions which affect the result for the current year.

Insurance revenue
Gross premium income is calculated as gross premiums adjusted for changes in premium provisions.

Gross claims ratio

$$\frac{\text{Gross claims expenses x 100}}{\text{Insurance revenue}}$$

Gross expense ratio

$$\frac{\text{Insurance operating expenses x 100}}{\text{Insurance revenue}}$$

Price/NAV

$$\frac{\text{Share price}}{\text{Net asset value per share}}$$

Combined ratio

$$\frac{\text{(Gross claims expenses + Insurance operating expenses + Profit/loss on reinsurance) x 100}}{\text{Insurance revenue}}$$

Return on equity after tax*

$$\frac{\text{Profit for the year x 100}}{\text{Average shareholders' equity}}$$

Return on equity before tax*

$$\frac{\text{Profit before tax x 100}}{\text{Average shareholders' equity}}$$

Net asset value per share**

$$\frac{\text{Shareholders' equity x 100}}{\text{No. of shares at year-end}}$$

Net reinsurance ratio

$$\frac{\text{Profit/loss on reinsurance x 100}}{\text{Insurance revenue}}$$

Earnings per share**

$$\frac{\text{Profit for the year after tax x 100}}{\text{Average no. of shares}}$$

Claims ratio

$$\frac{\text{Sum of claims ratio and reinsurance ratio}}{\text{Insurance revenue}}$$

Dividend per share

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

Payout ratio
The payout ratio is calculated as proposed dividend as a percentage of the profit after tax adjusted for integration costs, amortisation of intangible assets and other special circumstances, if relevant.

RoTe (Return on Tangible Equity)
Profit after tax adjusted for amortisation and impairment of intangible assets as a percentage of consolidated equity excluding Tier 1 capital and intangible assets.

ALTERNATIVE PERFORMANCE MEASURES (APM)

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

Underlying claims ratio
Underlying combined ratio less expense ratio

Major claims, net of reinsurance

$$\frac{\text{Major claims, net of reinsurance}}{\text{Insurance revenue}}$$

Weather-related claims, net of reinsurance

$$\frac{\text{Weather-related claims, net of reinsurance}}{\text{Insurance revenue}}$$

Change in risk margin

$$\frac{\text{Change in risk margin}}{\text{Insurance revenue}}$$

COVID-19 effect

$$\frac{\text{Estimated effect of COVID-19 on claims expenses}}{\text{Insurance revenue}}$$

*) In the calculation of return on equity, consideration is made for capital increases in the year and any other equity entries to the effect that such changes are included on a pro rata basis.
**) In the determination of the average number of shares, any stock options and warrants are taken into consideration.

Company information

Board of Directors

Jørgen Hesselbjerg Mikkelsen
Chairman

Jan Skytte Pedersen
Deputy Chairman

Anette Eberhard

Boris Nørgaard Kjeldsen

Pia Laub

Tina Schmidt Madsen

Jørn Pedersen

Jais Valeur

Brian Egested
Employee representative

Claus Nexø Jensen
Employee representative

Henriette Pedersen
Employee representative

Lotte Kathrine Sørensen
Employee representative

Management Board

Rasmus Werner Nielsen
CEO

Anne Mette Toftegaard
Deputy CEO

Auditors

EY
Godkendt Revisionspartnerselskab

Internal auditor

Morten Bendtsen
Group Chief Auditor

Registration

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