

ALM. BRAND GROUP

Interim report

Q4

2022

Alm. Brand A/S | Midtermolen 7 | DK-2100 Copenhagen Ø
Company reg. (CVR) no. 77 33 35 17

Contents

03

Management's review

- 03 Financial highlights and key ratios →
- 04 Alm. Brand Group →
- 07 Non-life Insurance →

12

Statement by the Board of Directors and the Management Board

15

Interim financial statements

- 15 Income statement →
- 16 Statement of comprehensive income →
- 17 Balance sheet →
- 19 Statement of changes in equity →
- 20 Cash flow statement →
- 21 Segment reporting →
- 23 Notes →

30

Company information

Alm. Brand Group

	DKKm	Q4 2022	Q4 2021	FY 2022	FY 2021
GROUP	Technical result	411	207	1,163	803
	Investment return	-21	47	-411	101
	Other activities	-24	-5	-119	-65
	Profit/loss before tax, continuing activities excluding special costs	366	249	633	839
	Special costs	-178	-51	-694	-141
	Profit/loss before tax, continuing activities	188	198	-61	698
	Tax, continuing activities	-32	-39	23	-192
	Profit/loss after tax, continuing activities	156	159	-38	506
	Profit/loss after tax, discontinued activities	0	17	544	92
	Profit/loss after tax	156	176	506	598
	Total provisions for insurance contracts	17,649	7,828	17,649	7,828
	Consolidated shareholders' equity	13,765	13,706	13,765	13,706
	Total assets	36,869	42,247	36,869	42,235
	Average no. of employees			2,458	1,410
	Return on equity before tax, continuing activities (% p.a.) *)	2.7	23.5	4.6	19.1
	Return on equity before tax (% p.a.) **)	2.7	25.4	8.6	21.8
	Return on equity after tax (% p.a.) **)	2.1	21.3	7.7	16.9

	DKKm	Q4 2022	Q4 2021	FY 2022	FY 2021
FINANCIAL RATIOS	Earnings per share	0.1	0.3	0.3	2.4
	Diluted earnings per share	0.1	0.3	0.3	2.4
	Net asset value per share	9	9	9	9
	Share price, end of period	11.3	12.7	11.3	12.7
	Price/NAV	1.23	1.43	1.23	1.43
	Average no. of shares (in millions)	1,541	546	1,540	253
	No. of shares, end of period, diluted (in millions)	1,541	1,541	1,541	1,541
	Average no. of shares, diluted (in millions)	1,541	546	1,540	253
	Dividend per share	0.30	0.30	0.30	2.26

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. Comparative figures for 2021 are based on reported figures for the period excluding Codan.

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

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

Alm. Brand Group

Overview of 2022 results

The financial results of Alm. Brand Group (in this report referred to as “Alm. Brand Group” or “the group”) for 2022 include the FY results of Alm. Brand Forsikring (“Alm. Brand”) and other activities as well as the results of the acquired Danish business of Codan Forsikring and Privatsikring (“Codan”) for the period 1 May 2022 to 31 December 2022. Comparative figures for 2021 are based on reported figures excluding Codan, and organic growth thus only reflects developments in Alm. Brand’s continuing activities.

FULL-YEAR PERFORMANCE FOR THE GROUP

Alm. Brand Group’s gross premium income grew to DKK 9,591 million in 2022, from DKK 5,407 million in 2021, driven by the acquisition of Codan and highly satisfactory organic growth of 5.5% in Alm. Brand.

The technical result was a profit of DKK 1,163 million in 2022, against a profit of DKK 803 million in 2021, composed of a technical result of DKK 848 million for Alm. Brand and DKK 315 million for Codan, supported by savings on operating costs, a higher interest rate level and an overall satisfactory claims experience. However, a total net expense of DKK 85 million from the windstorms Malik and Nora as well as high expenses for major claims detracted from the FY performance. Rising inflation driven by high energy and raw materials prices resulted in higher average claims repair costs within building and motor insurance in particular. Against this background, Alm. Brand Group implemented premium increases on selected insurance products to reflect the rising claims payout levels. The sum of ongoing premium increases and the ordinary premium level indexation is expected to compensate for the inflationary effect on claims repair costs in 2023.

For most of the year, the financial markets were characterised by adverse developments across asset classes in the wake of Russia’s invasion of Ukraine and uncertainty triggered by rising prices and inflation fears. As a result of general market trends, Alm. Brand Group incurred a loss on investments of DKK 411 million in 2022, against a gain of DKK 101 million in 2021.

Other activities were a loss of DKK 119 million, consisting of group expenses as well as the return on the remaining mortgage deed and debt collection portfolio and costs related to the placement of the purchase consideration for Codan until the closing date.

Alm. Brand Group thus generated a pre-tax profit on continuing activities of DKK 633 million excluding special costs in 2022, against a pre-tax profit of DKK 839 million in 2021. Overall, and in the light of developments in the financial markets, the performance was satisfactory and in line with the guidance for a profit of DKK 600–650 million before tax announced in connection with the release of the interim report for Q3 2022.

Alm. Brand Group furthermore incurred special costs in a total amount of DKK 456 million in 2022, including costs in connection with the integration of Codan and realisation of synergies of DKK 376 million. The profit also comprises amortisation of intangible assets in an amount of DKK 238 million. The consolidated result of continuing activities was a pre-tax loss of DKK 61 million in 2022.

The group posted a profit on discontinued activities of DKK 544 million after tax, composed of a gain on the sale of Alm. Brand Liv og Pension A/S of DKK 537 million and that company’s profit for January and February in a total amount of DKK 7 million after tax.

The group thus generated a consolidated profit of DKK 506 million after tax in 2022, against DKK 598 million in 2021.

Based on the profit after tax adjusted for the effect of amortisation of intangible assets, costs related to the integration of Codan and the gain on the sale of Alm. Brand Liv og Pension, the Board of Directors recommends that an ordinary dividend of DKK 0.30 per share be paid in respect of 2022 in continuation of the general meeting scheduled to be held in April 2023. This means that Alm. Brand will distribute DKK 462 million for the 2022 financial year, corresponding to a payout ratio of 98% of the adjusted profit after tax.

Q4 PERFORMANCE

Alm. Brand Group’s gross premium income grew to DKK 2,900 million in Q4 2022, from DKK 1,362 million in the same period of 2021, driven by sustained satisfactory organic growth of 6.2% in Alm. Brand and the acquisition of Codan.

The technical result amounted to a profit of DKK 411 million in Q4 2022, against a profit of DKK 207 million in Q4 2021, composed of a technical result of DKK 298 million for Alm. Brand and a technical result of DKK 113 million for Codan and reflecting higher premium income and a highly favourable claims experience in Alm. Brand, including low claims expenses net of reinsurance for major claims and weather-related claims and a 1.8 percentage point reduction in the

expense ratio relative to Q4 2021. Codan's performance also reflected a highly satisfactory experience for minor claims, but, unlike Alm. Brand, high claims expenses net of reinsurance for major claims and a high level of costs. However, the expense ratio for Codan was 1.2 percentage points lower than in Q4 2021.

In the first part of the quarter, the financial markets developed favourably, but towards the end of the quarter, the sentiment reversed, resulting in a loss on investments of DKK 21 million in Q4 2022, against a gain of DKK 47 million in Q4 2021.

Other activities reported a loss of DKK 24 million, including group expenses and the result of the mortgage deed and debt collection portfolio.

Alm. Brand Group thus generated a pre-tax profit on continuing activities of DKK 366 million excluding special costs, against a pre-tax profit of DKK 249 million in Q4 2021.

The Q4 post-tax return on equity less intangible assets (Return on Tangible Equity) was 40% p.a.

The Q4 result includes special costs of DKK 89 million related to the integration of Codan and realisation of synergies. The profit also comprises amortisation of intangible assets in an amount of DKK 89 million. This made for a consolidated pre-tax profit of DKK 188 million in Q4 2022.

CAPITALISATION

The solvency capital requirement for Alm. Brand Group was DKK 3,112 million at 31 December 2022, calculated using a partial internal model for Alm. Brand and the standardised model for Codan, against DKK 2,998 million at 30 September 2022.

The total capital for coverage of the solvency capital requirement was DKK 5,858 million at 31 December 2022 for an excess cover of DKK 2,746 million relative to the solvency capital requirement.

At 31 December 2022, Alm. Brand Group had an SCR ratio of 188%, 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 thereto, be able to distribute a high proportion of its future earnings to its shareholders. In consequence thereof, Alm. Brand Group in 2022 changed its distribution policy to a payout ratio of at least 80% and expects the distribution in the coming years to be a combination of dividend payments and share buy-backs.

The group's total capital is assessed to be sufficiently robust to manage the risks associated with its activities.

Capitalisation

DKK m	Q4 2022	Q3 2022
Total capital for the group	5,858	5,952
Solvency capital requirement for the group	3,112	2,998
Solvency capital requirement excess	2,746	2,954
Total capital as a percentage of solvency capital requirement	188	199

The recommended dividend of DKK 0.30 per share for FY 2022, corresponding to DKK 462 million, has been included in the calculation of total capital for Q4 2022.

SYNERGIES

In connection with the acquisition of Codan, Alm. Brand Group announced that it expected to realise cost and claims repair synergies of DKK 600 million with accounting effect in 2025. After the acquisition of Codan, various initiatives have been implemented, primarily to eliminate duplicate group functions and to realise scale economies in claims services, which produced synergies of DKK 111 million with accounting effect in 2022. The realised synergies will have a positive effect of more than DKK 200 million on results in 2023.

Alm. Brand Group will regularly release information about developments in the realisation of synergies in the period until 2025.

FINANCIAL OUTLOOK FOR 2023

In 2023, Alm. Brand Group expects to realise a technical result of DKK 1,200-1,400 million excluding run-off gains and losses, including expected synergies of DKK 240 million in total. The expected increase relative to the result realised in 2022 is also driven by a lower level of both weather-related and major claims than in the year before as well as the full-year effects of other cost savings implemented. However, higher expenses for the group's reinsurance programme will have the opposite effect.

The guidance is based on continued growth in the group's gross premium income across the individual customer segments, supported by the ordinary indexation of the premium level and individual premium adjustments. The expense ratio is expected to be about 18-18.5%, and the combined ratio excluding run-offs is expected to be 88-90.

In addition, Alm. Brand Group expects an investment result of about DKK 250 million based on the current estimated holding period returns on the portfolio not allocated to the hedging of provisions, with other activities expected to generate a loss of about DKK 75 million.

Alm. Brand Group thus expects to report a consolidated pre-tax profit of DKK 1,375-1,575 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.

FINANCIAL TARGETS FOR THE PERIOD UNTIL 2025

In November 2022, Alm. Brand Group announced new financial targets for 2025, reflecting the financial potential offered by the new and enlarged insurance business. The group's targets for the period until 2025 are to increase the technical result to DKK 2.1 billion including run-offs and to reduce the combined ratio to 84, including a reduction of the expense ratio to 16.

Alm. Brand Group has also determined a new profitability target defined as the return on equity less intangible assets (Return on Tangible Equity) of more than 50% in 2025.

The financial targets are supported by the realisation of synergies from the acquisition of Codan in a total amount of DKK 600 million in the period towards 2025.

MAJOR EVENTS

Sale of Alm. Brand Liv og Pension A/S

In February 2022, the Danish Financial Supervisory Authority approved Nordic I&P's acquisition of Alm. Brand Liv og Pension, with closing of the transaction taking place on 1 March 2022.

Issue of Restricted Tier 1 capital

In April 2022, Alm. Brand issued Restricted Tier 1 capital in an amount of DKK 400 million as part of the overall financing needed to acquire Codan.

Acquisition of Danish business of Codan Forsikring ("Codan")

On 1 May 2022, Alm. Brand completed the acquisition of Codan immediately after having received all relevant regulatory and competition approvals. Due to its size, the acquisition had a significant effect on the financial statements for 2022. Reference is made to note 5 for a detailed description of the accounting effects on the income statement and the balance sheet.

Rating

During the year, the international credit rating agency Fitch Ratings affirmed Alm. Brand A/S' Long-Term Issuer Default Rating (IDR) of 'A' and Alm. Brand Forsikring A/S' and Codan Forsikring A/S' Insurer Financial Strength Rating (IFSR) of 'A+' with a 'stable outlook', reflecting Fitch Ratings' expectation that the rating will remain at the level assigned in the short to medium term.

Changes to the Executive Board and Board of Directors

Henriette Pedersen (employee representative) was elected to the Board of Directors on 27 April 2022.

On 1 September 2022, Anne Mette Toftegaard was appointed Deputy CEO of Alm. Brand A/S and joined CEO Rasmus Werner Nielsen on the Management Board.

Share-based remuneration scheme

The group's senior employees are comprised by a mandatory share-based remuneration scheme. In November 2022, like in previous years, all employees were offered to participate in a non-mandatory share-based remuneration scheme running for a period of one year with effect from 1 January 2023. The shares are granted on a quarterly basis, the first grant taking place in May 2023. The total market value of the scheme is DKK 45 million, including shares to cover agreements previously entered into in Codan. Shares to be granted under the share-based remuneration scheme will be purchased in the open market, and the scheme has been individually approved by the Danish Financial Supervisory Authority.

Non-life Insurance

DKKm		Q4 2022	Q4 2021	FY 2022	FY 2021
INCOME STATEMENT	Gross premium income	2,900	1,362	9,591	5,407
	Claims expenses *)	-1,883	-972	-6,315	-3,738
	Insurance operating expenses *)	-537	-234	-1,728	-933
	Profit/loss on reinsurance	-69	51	-385	67
	Technical result	411	207	1,163	803
	Interest and dividends, etc.	19	9	102	79
	Value adjustments	127	38	-1,253	-125
	Investment management expenses	-9	-3	-32	-13
	Return on and value adjustment of technical provisions	-158	3	772	160
	Investment return after return on and value adjustment of provisions	-21	47	-411	101
	Profit/loss before tax excluding special costs, continuing activities	390	254	752	904
	Special costs	-90	-34	-447	-34
	Profit/loss before tax, continuing activities	300	220	305	870
	Tax, continuing activities	-55	-47	-55	-194
Profit/loss after tax, continuing activities	245	173	250	676	
Profit/loss after tax, discontinued activities	-	-1	544	18	
Profit/loss after tax	245	172	794	694	

DKKm		Q4 2022	Q4 2021	FY 2022	FY 2021
BALANCE SHEET	Run-off result, claims	115	38	244	109
	Technical provisions	17,649	7,828	17,649	7,828
	Insurance assets	598	337	598	337
	Total assets	25,432	10,910	25,432	10,910
FINANCIAL RATIOS	Gross claims ratio	64.9	71.4	65.8	69.1
	Net reinsurance ratio	2.4	-3.9	4.0	-1.3
	Claims experience	67.3	67.5	69.8	67.8
	Gross expense ratio	18.5	17.2	18.0	17.3
	Combined ratio *)	85.8	84.7	87.8	85.1
	Combined ratio excluding run-off result	89.8	87.5	90.3	87.1
	Combined ratio	86.2	84.9	88.6	86.4

*) Claims expenses and insurance operating expenses for Q4 2022 include income from the Transitional Service Agreement (TSA) related to the divestment of Alm. Brand Liv og Pension A/S. In addition, income from the TSA related to the sale of Codan's activities to Tryg has been recognised. Claims expenses are stated less DKK 3 million, and insurance operating expenses are stated less DKK 9 million. Financial ratios for 2022 have been restated accordingly.

Claims expenses and insurance operating expenses for 2021 include income from the Transitional Service Agreement (TSA) related to the divestment of Alm. Brand Bank A/S. Claims expenses are stated less DKK 22 million, and insurance operating expenses are stated less DKK 50 million. In Q4 2021, this item covers claims expenses of DKK 2 million and insurance operating expenses of DKK 2 million, respectively. Financial ratios for 2021 have been restated accordingly.

Non-life Insurance

FULL-YEAR PERFORMANCE

The technical result was a profit of DKK 1,163 million in 2022, reflecting satisfactory insurance operations for Alm. Brand and a positive profit contribution from Codan. The result was composed of a technical result of DKK 848 million for Alm. Brand, against DKK 804 million in 2021, and DKK 315 million for Codan.

For Alm. Brand Group, the total combined ratio was 87.8 in 2022. Alm. Brand reported a combined ratio of 85.1, which was unchanged from 2021, which included a positive effect from COVID-19 restrictions. The trend reflects a favourable development in the underlying business driven by cost savings as a result of realised synergies and a positive effect on claims provisions due to a higher interest rate level, which compensated for the inflationary effect on claims repair costs. The performance also included higher claims expenses

for weather-related claims due the windstorms Malik and Nora at the beginning of the year.

Premiums

Gross premiums increased to DKK 9,591 million, from DKK 5,407 million in 2021, driven by highly satisfactory and higher-than-expected organic growth in Alm. Brand of 5.5% to DKK 5,702 million and the acquisition of Codan, which contributed an amount of DKK 3,889 million. The organic growth trend in Alm. Brand was seen in both Personal Lines and Commercial Lines, reporting growth of 5.1% and 5.8%, respectively, and was supported by a number of sales-oriented initiatives, including additional sales to existing customers, and satisfactory contributions from partnerships as well as the ordinary premium level indexation. In Codan, in particular sales through Privatsikring contributed to a positive trend in premiums.

Customer loyalty as measured by the retention rate remained at a satisfactory level in both Commercial Lines and Personal Lines.

Claims experience

The claims ratio totalled 69.8 in 2022. In Alm. Brand, the claims ratio was 68.8, against 67.9 in 2021, reflecting marginal movements in the underlying claims ratio and in the sum of claims expenses for major claims and weather-related claims, but also a slightly less positive impact from the risk margin than in the year before. In Codan, the claims ratio was 71.4 based on a low underlying claims ratio, but also significantly higher claims expenses for major claims compared with Alm. Brand's business.

Underlying business

The underlying claims ratio totalled 60.1 in 2022. In Alm. Brand, the underlying claims ratio increased marginally to 61.5, from 61.3 in 2021, as a result of a higher number of minor claims after lifting of the COVID-19 restrictions and higher average claims repair costs. On the other hand, a positive derivative effect from a higher interest rate level served to compensate for a part of the inflationary effects. The sum of announced premium increases and the premium level indexation is believed to fully compensate for the price increases in claims repair costs in 2023.

Weather-related claims

Claims expenses for weather-related claims net of reinsurance amounted to DKK 207 million. At the beginning of 2022, Denmark was hit by a severe windstorm, Malik, and later also by the windstorm Nora, resulting in a total expense of DKK 85 million for Alm. Brand. However, the rest of the year was predominantly characterised by mild weather conditions resulting in only few claims. Alm. Brand accounted for DKK 160 million of total weather-related claims expenses, against DKK 86 million in 2021, while Codan, which in 2022

Combined ratio

	Alm.Brand Group		Alm. Brand Forsikring			2018
	2022 ¹	2022 ²	2021 ³	2020	2019 ⁴	
Combined ratio, underlying business ex COVID-19	78.1	77.8	79.6	81.1	82.4	82.1
COVID-19 effects, estimated	-	-	-1.1	-2.2	-	-
Combined ratio, underlying business	78.1	77.8	78.5	78.9	82.4	82.1
Weather-related claims, net of reinsurance	2.2	2.8	1.6	1.5	2.7	1.2
Major claims, net of reinsurance	10.4	6.7	7.7	6.3	5.9	7.4
Run-off result, claims	-2.5	-1.9	-2.0	-1.9	-1.3	-3.4
Change in risk margin	-0.4	-0.3	-0.7	0.3	-0.1	-0.2
Combined ratio	87.8	85.1	85.1	85.1	89.6	87.1

(1) Calculated taking into account an income of DKK 76 million from the TSA as per the overview of financial highlights and key ratios.

(2) Calculated taking into account an income of DKK 37 million from the TSA as per the overview of financial highlights and key ratios.

(3) Calculated taking into account an income of DKK 72 million from the TSA as per the overview of financial highlights and key ratios.

(4) Calculated exclusive of special costs in a total amount of DKK 44 million.

applied other criteria for claims classification than Alm. Brand, accounted for DKK 47 million of total claims expenses. Overall, weather-related claims expenses affected the combined ratio by 2.2 percentage points, distributed on 2.8 percentage points in Alm. Brand and 1.2 percentage points in Codan.

Major claims

Claims expenses for major claims net of reinsurance amounted to DKK 993 million. Expenses for major claims totalled DKK 381 million in Alm. Brand, against DKK 416 million in 2021, and DKK 612 million in Codan. During the year, the number of large claims reported in the energy and industrial customer segment was higher than expected, and claims expenses for major claims affected the combined ratio by 10.4 percentage points for the group, distributed on 6.7 percentage points in Alm. Brand and 15.7 percentage points in Codan. As a direct consequence thereof, Alm. Brand Group has strengthened its claims prevention efforts for selected customer segments and tightened underwriting requirements to ensure that claims expenses will be reduced to a more satisfactory level in future. In addition, a number of initiatives have been introduced with a view to reducing and sharing exposure to isolated major risks in order to improve profitability.

Run-off result

The run-off result on claims net of reinsurance was a gain of DKK 244 million. For Alm. Brand, the run-off result was a gain of DKK 107 million, or 1.9 percentage points. For Codan, the run-off result was a gain of DKK 137 million, or 3.5 percentage points. Overall, run-off gains came to 2.5 percentage points.

Risk margin

The change in the overall risk margin lifted the full-year performance by DKK 36 million, equivalent to a 0.4 percentage point improvement of the combined ratio. By comparison, the changes in risk margin affected the 2021 result in Alm. Brand by DKK 36 million, or 0.7 of a percentage point, after the expansion of the partial internal model in workers' compensation and personal accident lines.

Costs

Insurance operating expenses amounted to DKK 1,728 million, and the expense ratio thus came to 18.0. Following the acquisition of Codan, the cost initiatives already implemented in Alm. Brand were supplemented by a number of measures aimed at realising synergies. As a result, the expense ratio was reduced by 1.0 percentage point to 16.3 in Alm. Brand, while Codan's expense ratio was 20.5.

Reinsurance

Costs of reinsurance were a net amount of DKK 385 million, equivalent to a reinsurance ratio of 4.0.

In Alm. Brand, the reinsurance expense was DKK 185 million, against a gain of DKK 68 million in 2021, which included significant coverage received under the reinsurance programme. In Codan, the reinsurance expense was DKK 200 million, including significant payouts under the reinsurance programme due to major claims reported.

Discounting

The yield curve, which is used for discounting premium and claims provisions, increased by 2.5-3 percentage points including the VA premium at the mid-part of the curve from the level reported at 31 December 2021. The effect of interest rate movements over the year is assessed to have resulted in a 2.0 percentage point improvement of the combined ratio in 2022.

Personal Lines

DKKm	Alm. Brand Group Alm. Brand Forsikring			
	2022 ¹	2022 ²	2021 ³	Change
Gross premium income	4,301	2,724	2,592	132
Gross claims expenses	-2,649	-1,775	-1,577	-198
Insurance operating expenses	-896	-502	-514	12
Profit/loss on reinsurance	-71	-43	-41	-2
Technical result	685	404	460	-56
Run-off result, claims	127	63	63	0
Gross claims ratio	61.4	65.2	60.8	4.3
Net reinsurance ratio	1.7	1.6	1.6	0.0
Claims experience	63.1	66.8	62.4	4.3
Gross expense ratio	21.0	18.4	19.8	-1.4
Combined ratio	84.1	85.2	82.2	2.9
Combined ratio, underlying business	83.7	82.5	81.5	1.0
Weather-related claims, net of reinsurance	1.4	2.1	1.0	1.1
Major claims, net of reinsurance	2.0	3.0	2.6	0.3
Run-off result, claims	-3.0	-2.3	-2.4	0.1
Change in risk margin	0.0	-0.1	-0.5	0.4
Combined ratio	84.1	85.2	82.2	2.9

(1) Gross claims expenses are stated less DKK 10 million and insurance operating expenses are stated less DKK 19 million from the TSA.
(2) Gross claims expenses are stated less DKK 6 million and insurance operating expenses are stated less DKK 12 million from the TSA.
(3) Gross claims expenses are stated less DKK 10 million and insurance operating expenses are stated less DKK 23 million from the TSA. Financial ratios have been restated accordingly.

PERSONAL LINES

The technical result amounted to a profit of DKK 685 million, of which DKK 404 million was attributable to Alm. Brand, against DKK 486 million in 2021, and DKK 281 million to Codan. The combined ratio was 84.1, against 82.2 in 2021, reflecting a higher underlying claims experience due to an increase in the number of minor claims – partly as a result of a normalisation of claims levels after the reopening of society post COVID-19 – combined with a higher average claims expense, but also a positive effect from the acquired personal lines activities of Codan.

Gross premium income was DKK 4,301 million, supported by satisfactory organic growth of 5.1% to DKK 2,724 million in Alm. Brand, which was driven by an inflow of new customers and increased sales to existing customers. Codan contributed gross premium income of DKK 1,577 million, including a sustained positive trend in Privatsikring. Across the Personal Lines business, partnerships contributed significantly to the overall growth in premiums.

The sum of gross claims expenses and the reinsurance result was an expense of DKK 2,720 million in total, corresponding to a claims ratio net of reinsurance of 63.1. In Alm. Brand, the claims ratio increased to 66.8 from 62.4 in 2021, reflecting a higher number of claims across home, contents and motor insurance lines than in 2021, among other things due to a normalisation of the activity level after the reopening of society post COVID-19. In addition, inflation is seen to have resulted in higher average claims expenses for building and motor claims, among other lines.

Expenses for weather-related claims amounted to DKK 58 million net of reinsurance, the full amount of which was attributable to Alm. Brand. Except for the windstorms Malik and Nora at the beginning of the year, there were no major weather-related incidents in 2022, and the overall effect on

the combined ratio for Alm. Brand Group therefore came to a mere 1.4 percentage points.

Net of reinsurance, major claims amounted to DKK 85 million in 2022, of which DKK 80 million was attributable to Alm. Brand, against DKK 67 million in 2021, and DKK 5 million to Codan. For Alm. Brand Group, claims expenses for major claims in Personal Lines affected the combined ratio by 2.0 percentage points overall.

Insurance operating expenses amounted to DKK 896 million in total. In Alm. Brand, costs were reduced to DKK 502 million, from DKK 514 million in 2021, in spite of rising business volume measured in terms of premium income. The reduction was driven by general operational efficiencies and cost savings from realised synergies. In Codan, costs amounted to DKK 394 million, including costs related to Privatsikring. Overall, the expense ratio was 21.0, with Alm. Brand accounting for 18.4, against 19.8 in 2021, and Codan accounting for 25.6.

The run-off result net of reinsurance amounted to a gain of DKK 127 million, of which DKK 63 million was attributable to Alm. Brand, which was unchanged from the year before, and DKK 64 million was attributable to Codan. The run-off result was mainly supported by a positive result on motor and personal accident insurance.

COMMERCIAL LINES

The technical result amounted to a profit of DKK 478 million, of which DKK 444 million was attributable to Alm. Brand, against DKK 343 million in 2021, and DKK 34 million to Codan. The combined ratio was 90.9, against 87.8 in 2021, reflecting an improvement in Alm. Brand supported by a higher interest rate level and consequently a reduced need to make technical provisions. However, a somewhat higher combined ratio in the acquired Commercial Lines business in Codan due to a high level of major claims detracted.

Commercial Lines

DKKm	Alm. Brand Group Alm. Brand Forsikring			
	2022 ¹	2022 ²	2021 ³	Change
Gross premium income	5,290	2,978	2,815	143
Gross claims expenses	-3,666	-1,968	-2,162	203
Insurance operating expenses	-832	-424	-419	-6
Profit/loss on reinsurance	-314	-142	109	-250
Technical result	478	444	343	89
Run-off result, claims	117	44	46	-2
Gross claims ratio	69.4	66.1	76.8	-10.6
Net reinsurance ratio	5.9	4.8	-3.9	8.7
Claims experience	75.3	70.9	72.9	-1.9
Gross expense ratio	15.6	14.3	14.9	-0.5
Combined ratio	90.9	85.2	87.8	-2.4
Combined ratio, underlying business	73.8	73.6	75.8	-1.8
Weather-related claims, net of reinsurance	2.8	3.4	2.1	1.3
Major claims, net of reinsurance	17.2	10.1	12.4	-2.3
Run-off result	-2.2	-1.5	-1.6	-0.1
Change in risk margin	-0.7	-0.4	-0.8	0.4
Combined ratio	90.9	85.2	87.8	-2.4

(1) Gross claims expenses are stated less DKK 16 million and insurance operating expenses are stated less DKK 31 million from the TSA.
(2) Gross claims expenses are stated less DKK 6 million and insurance operating expenses are stated less DKK 13 million from the TSA.
(3) Gross claims expenses are stated less DKK 12 million and insurance operating expenses are stated less DKK 27 million from the TSA. Financial ratios have been restated accordingly.

Gross premium income was DKK 5,290 million, supported by a satisfactory trend of sustained strong organic premium growth of 5.8% to DKK 2,978 million in Alm. Brand, driven by a continuous inflow of new customers, additional sales to existing customers, indexation of workers' compensation insurance and high customer retention. In addition, Codan contributed gross premium income of DKK 2,312 million.

The sum of gross claims expenses and the reinsurance result totalled DKK 3,980 million in 2022, equivalent to a claims experience of 75.3. In Alm. Brand, the claims experience improved to 70.9 from 72.9 in 2021, driven by the positive effects of a higher interest rate level as well as by the fact that continuous initiatives to improve the claims experience compensated for the rising claims inflation. These initiatives include, among others, continued positive effects of already implemented profitability-enhancing measures to lift profitability on building insurances in the residential segment and on motor insurance.

Net of reinsurance, weather-related claims amounted to DKK 146 million in 2022, of which DKK 102 million was attributable to Alm. Brand, against DKK 59 million in 2021, and DKK 44 million to Codan. Except for the windstorms Malik and Nora, 2022 was predominantly characterised by mild weather conditions, with only the cloudbursts in August standing out. The overall effect on the combined ratio for Alm. Brand Group due to weather-related claims was 2.8 percentage points.

Claims expenses for major claims came to DKK 908 million net of reinsurance. In Alm. Brand, claims expenses fell to DKK 301 million from DKK 349 million in 2021, supported by a generally favourable claims experience. In Codan, claims expenses for major claims totalled DKK 607 million, with energy and industrial lines in particular reporting a higher-than-expected frequency of major claims. Major claims affected the combined ratio by 17.2 percentage points overall.

Insurance operating expenses amounted to DKK 832 million in total. In Alm. Brand, costs increased only marginally from DKK 419 million to DKK 424 million. As the business volume increased over the year, the expense ratio dropped from 14.9 to 14.3. In Codan, costs amounted to DKK 408 million, equivalent to an expense ratio of 17.4. Alm. Brand Group's expense ratio thus came to 15.6, with initiatives to realise synergies seen to reduce operating costs across the group more and more.

The run-off result on claims net of reinsurance was a gain of DKK 117 million, of which DKK 44 million was attributable to Alm. Brand, against DKK 46 million in 2021, and DKK 73 million was attributable to Codan. The run-off result reflected a positive result on building and contents insurance in particular as well as a negative contribution from workers' compensation insurance due to changed expectations for future wage developments.

INVESTMENT RESULT

The investment result after interest on technical provisions was a loss of DKK 411 million, including interest expenses for the group's tier 2 capital, against a gain of DKK 101 million in 2021. The result comprises the group's combined investment portfolio after the acquisition of Codan. The result for 2022 was not satisfactory, but should be seen in the light of the exceptionally adverse conditions characterising the financial markets, with price falls on shares and bonds and widening credit spreads for Danish mortgage bonds and European credit bonds.

Total investment assets amounted to DKK 21.8 billion after the acquisition of Codan, against DKK 9.1 billion at 31 December 2021, distributed on Danish and international bonds, mortgage deeds and illiquid credit, equities and property investments. The overall goal is to achieve a satisfactory 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 the hedging of interest rate risk on provisions is composed so as to match the fluctuations on provisions occurring in step with market changes in the underlying components of the yield curve. In 2022, the hedging strategy was challenged by the exceptionally large interest rate increases and the resulting deviations between the composition of the most important component of the VA adjustment – mortgage bonds with the largest proportion of bonds in circulation – and the coupon on callable bonds.

Overall, the return on the portfolio not allocated to the hedging of provisions and the long-horizon shareholdings detracted DKK 234 million from the investment result.

From an investment perspective, 2022 was generally a challenging year, mainly due to the war in Ukraine, monetary retrenchment and rising inflation, which triggered substantial market volatility and led to negative returns on shares and bonds alike.

Alm. Brand Group generally manages its investments on the basis of a conservative investment strategy with relatively limited exposure to equities. Normally, the group's investment result will track the return on the portfolio not allocated to the hedging of provisions and only to a lesser extent developments in the result of interest hedging in the hedging portfolio.

Investment return

DKKm	2022			2021		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	19,419	-1,053	-5.4%	7,782	-149	-1.9%
Illiquid credit including mortgage deeds	1,488	-29	-1.9%	597	7	1.2%
Shares	522	-74	-14.2%	405	77	24.0%
Properties	373	5	1.5%	289	19	7.2%
Total return on investments	21,802	-1,151	-5.3%	9,073	-46	-0.5%
Administrative expenses related to investment activities		-32			-13	
Return on and value adjustment of technical provisions		772			160	
Net investment return		-411			101	

Q4 PERFORMANCE

Alm. Brand Group's gross premium income rose in Q4 2022 to DKK 2,900 million, of which DKK 1,446 million was attributable to Alm. Brand and DKK 1,454 million to Codan. Premium income for the quarter thus reflected sustained satisfactory organic growth of 6.2% in Alm. Brand, marking a continuation of the favourable trend building up in the previous quarters. Codan also experienced favourable developments, reporting growth of 7.0% relative to pro-forma calculated premium income for the same quarter of 2021. The positive trends in the group are broadly based across Personal Lines and Commercial Lines.

The group's non-life insurance activities generated a pre-tax profit of DKK 390 million excluding special costs, against DKK 254 million in Q4 2021, affected by an increase in the technical result to DKK 411 million from DKK 207 million in Q4 2021, but also by a negative result from the investment portfolio. This development reflects a strong trend in Alm. Brand, supported by a favourable claims experience and a satisfactory profit contribution from Codan.

Combined ratio

	Alm. Brand Group		Alm. Brand Forsikring	
	Q4 2022	Q4 2022	Q4 2021	Change
Combined ratio, underlying business	76.8	75.6	78.8	-3.2
Weather-related claims, net of reinsurance	0.6	1.0	1.2	-0.2
Major claims, net of reinsurance	13.3	5.1	7.5	-2.4
Run-off result, claims	-4.0	-1.7	-2.8	1.1
Change in risk margin	-0.9	-0.6	0.1	-0.7
Combined ratio	85.8	79.4	84.7	-5.4

For Alm. Brand Group, the combined ratio was 85.8, reflecting a highly satisfactory improvement in Alm. Brand to 79.4 from 84.7 in Q4 2021, which was driven by a favourable claims experience with a reduction in the claims ratio to 64.0 from 67.5 and a decline in the expense ratio to 15.4 from 17.2 in Q4 2021. Codan's result equalled a combined ratio of 92.2, including a highly satisfactory result of Personal Lines with a combined ratio of 82.8, but also only a modest positive result from Commercial Lines in a quarter marked by high claims expenses for major claims.

Total claims expenses for weather-related claims and major claims amounted to DKK 404 million, reflecting a quarter with mild weather conditions and consequently only very few weather-related claims, but also significant expenses for major claims reported in Codan. Overall, claims expenses for weather-related and major claims affected the combined ratio by 13.9 percentage points.

The Q4 investment result was a loss of DKK 21 million, against a gain of DKK 47 million in the year-earlier period. On the one hand, the result reflected a positive return on the portfolio not allocated to the hedging of provisions as a result of general market trends, but also a loss on interest hedging of technical provisions due to the extraordinary interest rate movements relative to the hedging portfolio benchmark.

Investment return

DKKm	Q4 2022			Q4 2021		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	19,419	99	0.5%	7,782	12	0.2%
Illiquid credit including mortgage deeds	1,488	5	0.4%	597	3	0.5%
Shares	522	53	10.1%	405	24	6.0%
Properties	373	-11	-3.0%	289	8	2.6%
Total return on investments	21,802	146	0.7%	9,073	47	0.5%
Administrative expenses related to investment activities		-9			-3	
Return on and value adjustment of technical provisions		-158			3	
Net investment return		-21			47	

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 31 December 2022.

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

In our opinion, the interim report gives a true and fair view of the group’s assets, liabilities and financial position at 31 December 2022 and of the group’s cash flows for the period 1 January to 31 December 2022.

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

Management Board

Copenhagen, 9 February 2023

Rasmus Werner Nielsen
Chief Executive Officer

Anne Mette Toftegaard
Deputy CEO

Board of Directors

Copenhagen, 9 February 2023

Jørgen Hesselbjerg Mikkelsen
Chairman

Jan Skytte Pedersen
Deputy Chairman

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Boris Nørgaard Kjeldsen

Pia Laub

Tina Schmidt Madsen

Brian Egested

Claus Nexø Jensen

Lotte Kathrine Sørensen

Henriette Pedersen

Income statement

DKKm	Group			
	Q4 2022	Q4 2021	FY 2022	FY 2021
Gross premiums written	2,339	1,164	8,380	5,442
Premiums ceded to reinsurers	-95	-22	-308	-230
Change in premium provision	1,046	332	1,384	-1
Change in profit margin and risk margin	-485	-135	-178	-34
Change in provision for unearned premiums, reinsurers' share	-111	-35	-335	-3
Earned premiums, net of reinsurance	2,694	1,304	8,943	5,174
Claims paid, gross	-1,973	-804	-6,215	-3,080
Claims paid, reinsurers' share	124	5	441	16
Change in the provision for claims	59	-169	-190	-716
Change in risk margin	36	-1	64	36
Change in provision for claims, reinsurers' share	13	104	-189	283
Claims incurred, net of reinsurance	-1,741	-865	-6,089	-3,461
Bonus and premium discounts	0	0	5	0
Acquisition costs	-415	-197	-1,361	-761
Administrative expenses	-138	-39	-417	-222
Reinsurance commissions and profit participation	0	0	6	1
Net operating expenses	-553	-236	-1,772	-982
Technical result	400	203	1,087	731
Interest income and dividends, ect.	48	11	163	102
Value adjustments	131	55	-1,296	-143
Interest expenses	-25	1	-55	-15
Other income	6	11	26	29
Administrative expenses related to investment activities	-50	-35	-150	-97
Total investment return	110	43	-1,312	-124
Return on and value adjustments on technical provisions	-158	3	772	160
Total investment return after return on and value adjustment on technical provisions	-48	46	-540	36
Other income	71	0	172	72
Other expenses	-235	-51	-780	-141
Profit/loss before tax, continuing activities	188	198	-61	698
Tax, continuing activities	-32	-39	23	-192
Profit/loss after tax, continuing activities	156	159	-38	506

Statement of comprehensive income

DKKm	Group			
	Q4 2022	Q4 2021	FY 2022	FY 2021
Profit/loss after tax, discontinuing activities	0	17	544	92
Profit/loss after tax	156	176	506	598
Earnings per share, DKK, continuing activities	0.1	0.3	0.0	2.0
Diluted earnings per share, DKK, continuing activities	0.1	0.3	0.0	2.0
Earnings per share, DKK	0.1	0.3	0.3	2.4
Diluted earnings per share, DKK	0.1	0.3	0.3	2.4
Comprehensive income				
Profit for the period	156	176	506	598
<i>Items that are or may be reclassified to profit or loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Items that will not be reclassified to profit or loss:</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total other comprehensive income	0	0	0	0
Comprehensive income	156	176	506	598
Proposed allocation of profit/loss:				
Proposed dividend	462	0	462	462
Additional Tier 1 capital holders	4	0	7	0
Share attributable to Alm. Brand	-310	176	37	136
Comprehensive income	156	176	506	598

Balance sheet

DKKm	Group	
	31 December 2022	31 December 2021
Assets		
Intangible assets	10,764	43
Tangible assets	914	132
Tangible assets	914	132
Investments in associates	144	0
Equities	722	599
Unit trust units	19,469	9,024
Bonds	535	11,980
Mortgage deeds	433	581
Other loans and advances	311	0
Deposits in credit institutions	31	0
Other	491	140
Investments assets	21,992	22,324
Reinsurers' share of provision for unearned premiums	24	1
Reinsurers' share of provision for claims	574	336
Reinsurers' share of insurance contract provisions	598	337
Receivables related to direct insurance contracts	791	117
Receivables from insurance companies	371	28
Other receivables	565	255
Receivables	1,727	400
Current tax assets	67	21
Assets held for sale	0	18,725
Cash in hand and demand deposits	458	110
Other assets	525	18,856
Interest receivable	42	74
Other prepayments	163	69
Prepayments	205	143
Total assets	36,869	42,235

Balance sheet

DKKm	Group	
	31 December 2022	31 December 2021
Liabilities and equity		
Share capital	1,541	1,541
Reserves, retained earnings, ect.	11,365	11,703
Proposed dividend	462	462
Consolidated shareholders' equity	13,368	13,706
Tier 1 capital	397	0
Total consolidated equity	13,765	13,706
Subordinated debt	1,294	1,295
Premium provisions	1,252	1,128
Profit margin on general insurance contracts	1,623	486
Provision for outstanding claims	14,101	5,968
Risk margin on general insurance contracts	620	246
Provision for bonuses and premium discounts	53	0
Provision for insurance contracts	17,649	7,828
Pension obligations ect.	11	13
Deferred tax liabilities	891	19
Other provisions	69	0
Provisions	971	32
Payables related to direct insurance	218	83
Payables related to reinsurance	170	15
Issued bonds	150	150
Payables to credit institutions and central banks	143	322
Current tax liabilities	0	0
Liabilities related to assets held for sale	0	18,146
Other payables	2,480	643
Payables	3,161	19,359
Accruals and deferred income	29	15
Liabilities	36,869	42,235
Note 1	Own shares	
Note 2	Contractual obligation and leasing	
Note 3	Fair value measurement of financial instruments	
Note 4	Accounting policies - Group	
Note 5	Acquisition of activities	
Note 6	Financial highlights and key ratios	

Statement of changes in equity

DKKm	Share capital	Contingency funds	Other provisions etc.	Retained profit	Proposed dividend	Shareholders equity	Additional tier 1 capital	Consolidated equity
Consolidated equity at 1 January 2021	1,541	164	1,215	1,168	1,079	5,167	0	5,167
Changes in equity 2021:								
Profit/loss for the year				598	0	598	0	598
Comprehensive income	0	0	0	598	0	598	0	598
Reduction of capital	-1,387		-1,215	2,602		0		0
Issue of new shares pr. 2. december 2021	1,387		0	9,085		10,472		10,472
Cost related to the issue of new shares				-231		-231		-231
Proposed dividend				-462	462	0		0
Dividend distributed				-1,229	-1,079	-2,308		-2,308
Purchase and sale of treasury shares				8		8		8
Changes in equity	0	0	-1,215	10,371	-617	8,539	0	8,539
Consolidated equity, 31 December 2021	1,541	164	0	11,539	462	13,706	0	13,706
Consolidated equity, 1 January 2022	1,541	164	0	11,539	462	13,706	0	13,706
Changes in equity FY 2022:								
Profit/loss for the period				499		499	7	506
Comprehensive income	0	0	0	499	0	499	7	506
Dividend distributed				0	-462	-462		-462
Proposed dividend				-462	462	0		0
Disposals relating to divestment of Alm. Brand Liv og Pension		-101		101		0		0
Additions relating to acquisition of Codan		1,395		-1,395		0		0
Tax on contingency funds		-366		0		-366		-366
Tier 1 capital				0		0	397	397
Interest paid on Tier 1 capital				0		0	-7	-7
Reserve for exchange rate adjustment				-2		-2		-2
Purchase and sale of treasury shares				-7		-7		-7
Changes in equity	0	928	0	-1,266	0	-338	397	59
Consolidated equity, 31 December 2022	1,541	1,092	0	10,273	462	13,368	397	13,765

Cash flow statement

DKKm			Group	
	FY 2022	FY 2021	FY 2022	FY 2021
Cash flows from operating activities				
Premiums received	9,301	5,572		
Claims paid	-6,914	-3,080		
Dividends received	55	12		
Interest , etc. received	169	78		
Interest expenses	-55	-14		
Payments concerning reinsurance	9	-210		
Expenses paid	-2,532	-1,245		
Other ordinary income received	172	66		
Taxes paid/received	-19	-187		
Cash flows from operating activities, continuing activities	186	992		
Cash flows from operating activities, discontinuing activities	-38	-70		
Cash flows from operating activities	148	922		
Change in investment placement (net)				
Acquisition of intangible assets, furniture, equipment, etc.	3	-38		
Properties acquired or converted	0	0		
Sale/aquisition of equity investments	-10,651	-8,300		
Acquisition of group enterprise	-13,347	0		
Divestment of group enterprise	1,107	0		
Sale/repayment of mortgage deeds and loans	-161	156		
Sale/aquisition of bonds	23,332	-2,008		
Change in investment placement, continuing activities	283	-10,190		
Change in investment placement, discontinuing activities	164	891		
Change in investment placement	447	-9,299		
Change in financing				
Change in Tier capital			390	0
Sale/purchase of treasury shares			-7	8
Dividend distributed			-462	-2,308
Issue of new shares			0	10,241
Repayment of subordinated debt			-1	895
Change in payables to credit institutions			-179	215
Change in other liabilities			26	-6
Change in financing, continuing activities *)			-233	9,045
Change in financing, discontinuing activities			-150	-904
Change in financing			-383	8,141
Net change in cash and cash equivalents, continuing activities			236	-153
Net change in cash and cash equivalents, discontinuing activities			-24	-83
Cash and cash equivalents, beginning of period, discontinuing activities			178	0
Cash in hand and demand deposits presented within assets held for sale			0	-178
Additions relating to acquisition of Codan			143	0
Disposals relating to divestment			-154	0
Cash and cash equivalents, beginning of period			110	524
Cash and cash equivalents, end of period			489	110

*) The amount of DKK 233 million consists only of cash inflows og outflows.

Segment reporting

DKKm						FY 2022
	Personal	Commercial	Non-life	Other	Elimi- nation	Group
Gross premiums written	3,850	4,530	8,380	0	0	8,380
Premiums ceded to reinsurers	-52	-256	-308	0	0	-308
Change in premium provision	523	861	1,384	0	0	1,384
Change in profit margin and risk margin	-64	-114	-178	0	0	-178
Change in provision for unearned premiums, reinsurers' share	-28	-307	-335	0	0	-335
Earned premiums, net of reinsurance	4,229	4,714	8,943	0	0	8,943
Claims paid, gross	-2,624	-3,591	-6,215	0	0	-6,215
Claims paid, reinsurers' share	5	436	441	0	0	441
Change in the provision for claims	-24	-166	-190	0	0	-190
Change in risk margin	-11	75	64	0	0	64
Change in provision for claims, reinsurers' share	4	-193	-189	0	0	-189
Claims incurred, net of reinsurance	-2,650	-3,439	-6,089	0	0	-6,089
Bonus and premium discounts	-8	13	5	0	0	5
Acquisition costs	-776	-585	-1,361	0	0	-1,361
Administrative expenses	-139	-278	-417	0	0	-417
Reinsurance commissions and profit participation	0	6	6	0	0	6
Net operating expenses	-915	-857	-1,772	0	0	-1,772
Technical result	656	431	1,087	0	0	1,087
Interest income and dividends, ect.			145	37	-19	163
Value adjustments			-1,253	-43	0	-1,296
Interest expenses			-43	-31	19	-55
Other income			0	26	0	26
Administrative expenses related to investment activities			-42	-108	0	-150
Total investment return			-1,193	-119	0	-1,312
Return on and value adjustments on technical provisions			772	0	0	772
Total investment return after return on and value adjustment on technical provisions			-421	-119	0	-540
Other income			172	0	0	172
Other expenses			-533	-247	0	-780
Profit/loss before tax, continuing activities			305	-366	0	-61
Tax, continuing activities			-55	78	0	23
Profit/loss after tax, continuing activities			250	-288	0	-38
Profit/loss after tax, discontinuing activities *)			544	0	0	544
Profit/loss after tax			794	-288	0	506

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

Segment reporting

DKKm	FY 2021					
	Personal	Commercial	Non-life	Other	Elimi- nation	Group
Gross premiums written	2,584	2,858	5,442	0	0	5,442
Premiums ceded to reinsurers	-44	-186	-230	0	0	-230
Change in premium provision	29	-30	-1	0	0	-1
Change in profit margin and risk margin	-21	-13	-34	0	0	-34
Change in provision for unearned premiums, reinsurers' share	-1	-2	-3	0	0	-3
Earned premiums, net of reinsurance	2,547	2,627	5,174	0	0	5,174
Claims paid, gross	-1,535	-1,545	-3,080	0	0	-3,080
Claims paid, reinsurers' share	0	16	16	0	0	16
Change in the provision for claims	-64	-652	-716	0	0	-716
Change in risk margin	12	24	36	0	0	36
Change in provision for claims, reinsurers' share	4	279	283	0	0	283
Claims incurred, net of reinsurance	-1,583	-1,878	-3,461	0	0	-3,461
Acquisition costs	-448	-313	-761	0	0	-761
Administrative expenses	-89	-133	-222	0	0	-222
Reinsurance commissions and profit participation	0	1	1	0	0	1
Net operating expenses	-537	-445	-982	0	0	-982
Technical result	427	304	731	0	0	731
Interest income and dividends, ect.			85	18	-1	102
Value adjustments			-125	-18	0	-143
Interest expenses			-6	-10	1	-15
Other income			0	29	0	29
Administrative expenses related to investment activities			-13	-84	0	-97
Total investment return			-59	-65	0	-124
Return on and value adjustments on technical provisions			160	0	0	160
Total investment return after return on and value adjustment on technical provisions			101	-65	0	36
Other income			72	0	0	72
Other expenses			-34	-107	0	-141
Profit/loss before tax, continuing activities			870	-172	0	698
Tax, continuing activities			-194	2	0	-192
Profit/loss after tax, continuing activities			676	-170	0	506
Profit/loss after tax, discontinuing activities *)			0	92	0	92
Profit/loss after tax			676	-78	0	598

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

Notes

DKKm	Group	
	FY 2021	FY 2021
Note 1 Treasury shares		
Nominal value, beginning of year	0	3
Acquired during the year	3	5
Sold during the year	-3	-6
Cancellation of treasury shares	0	0
Nominal value, end of year	0	0
Holding number of shares ('000), beginning of period	49	227
Additions, number of shares	3,150	460
Disposals, number of shares	-3,082	-638
Cancellation of treasury shares	0	0
Holding number of shares ('000), end of year	117	49
Percentage of share capital, end of year	0.0%	0.0%

Note 2 Contractual obligation and leasing

Contractual obligation	698	244
------------------------	-----	-----

The Alm. Brand Group is contractually obliged to pay rent of DKK 486 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 425 million.

Notes

DKKm	31 December 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Note 3 Fair value measurement of financial instruments								
<u>Financial assets</u>								
Loans and advances	0	309	435	744	0	0	583	583
Bonds	0	535	0	535	11,659	319	0	11,978
Shares	19,004	0	1,331	20,335	9,223	0	400	9,623
Other assets	0	564	0	564	0	372	0	372
Total financial assets	19,004	1,408	1,766	22,178	20,882	691	983	22,556
<u>Financial liabilities</u>								
Subordinated debt	0	0	1,691	1,691	0	0	1,295	1,295
Issued bonds	0	0	150	150	0	0	150	150
Other payables	0	827	0	827	0	262	0	262
Total financial liabilities	0	827	1,841	2,668	0	262	1,445	1,707

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

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

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

Level 3 is used for financial assets and liabilities the valuation of which cannot be based on observable data due to such data not being available or not being deemed to be usable for the determination of fair value. Instead recognised techniques, including discounted cash flows, and internal models and assumptions are used for the determination of fair value.

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

Transfer between the categories of the fair value hierarchy is only effected in case of changes to available data for use in measurement. The portfolio is reviewed on an ongoing basis to identify any changes in available data and any other changes which may have prompted recategorisation. There were no transfers between categories in the fair value hierarchy in 2021 or 2022.

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

Notes

DKKm	31 December 2022				
	Loans and advances	Bonds	Shares	Issued bonds (liability)	Subordinated debt (liability)
Development in level 3 financial instruments					
Carrying amount, beginning of period	583	0	400	150	1,295
Additions during the year	4	0	291	0	400
Additions during the year relating to acquisition of subsidiary	0	0	644	0	0
Disposals during the year	-125	0	-8	0	0
Realised value adjustments	9	0	-1	0	0
Unrealised value adjustments	-36	0	5	0	-4
Carrying amount, end of period	435	0	1,331	150	1,691
Value adjustments recognised in the income statement	-27	0	4	0	-4
31 December 2021					
DKKm	Loans and advances	Bonds	Shares	Issued bonds (liability)	Subordinated debt (liability)
Development in level 3 financial instruments					
Carrying amount, beginning of year	738	6	496	152	400
Additions during the year	5	0	646	0	1,295
Disposals during the year	-135	-6	0	0	-400
Disposals relating to the divestment of Alm. Brand Liv og Pension	0	0	-770	0	0
Realised value adjustments	4	0	0	0	0
Unrealised value adjustments	-29	0	28	-2	0
Carrying amount, year-end	583	0	400	150	1,295
Value adjustments recognised in the income statement	-25	0	28	-2	0

NOTE 4 ACCOUNTING POLICIES

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

The accounting policies are unchanged from the consolidated financial statements and parent company financial statements for 2021, to which reference is made. The annual report for 2021 contains a full description of the accounting policies.

Acquisition of subsidiaries

Following the Danish Financial Supervisory Authority’s and the Danish Competition and Consumer Authority’s approvals of Alm. Brand A/S’s acquisition of Codan’s Danish business from Intact and Tryg, closing of the transaction took place on 1 May 2022. Codan’s Danish business consists of the companies Codan Forsikring A/S and Privatsikring A/S, with Alm. Brand A/S having acquired 100% of the share capital and the voting rights.

The main activity of Codan Forsikring A/S and Privatsikring A/S is to carry on insurance activities in the Danish market for personal and commercial customers. With the acquisition, Alm. Brand will increase its presence in the Danish non-life insurance market for both personal and commercial customers.

With effect from 1 May 2022, Alm. Brand Group has implemented new accounting policies in a number of areas as a result of new subsidiaries in the group. The new areas are described in the sections below.

Business combinations, acquisition of subsidiaries

With effect from 1 May 2022, and thus for the first time in

the interim financial statements for the six months ended 30 June 2022, Alm. Brand Group has implemented accounting policies for business combinations as a result of the acquisition of the new subsidiaries. The new areas are described in the sections below.

Newly acquired businesses are recognised in the consolidated financial statements from the acquisition date. Comparative figures are not restated to reflect recent acquisitions. On acquisition of new businesses in which the group assumes control over the acquired business, the acquisition method of accounting is applied. The identifiable assets, liabilities and contingent assets and contingent liabilities of the acquired businesses are measured at their fair values at the acquisition date. Identifiable intangible assets are recognised in the balance sheet if they are separable or arise from a contractual right. Deferred tax is recognised on the basis of the revaluations made.

The acquisition date is the date on which the group effectively assumes control of the acquired businesses. The acquisition date on which Alm. Brand Group effectively assumed control was 1 May 2022. The financial statements of Codan Forsikring A/S and Privatsikring A/S will be consolidated in the financial statements of Alm. Brand Group as of 1 May 2022, at which date a group affiliation was established.

Expenses incurred during the year in connection with an acquisition are recognised in ‘Other expenses’ in the year in which they are incurred.

If the identification or measurement of acquired assets, liabilities or contingent assets and contingent liabilities at fair value or the determination of the purchase consideration is subject to uncertainty at the acquisition date, recognition will be based on a provisional calculation of the fair values. In the event of a subsequent adjustment of the provisional

calculation of the values, the calculation will be adjusted retrospectively until 12 months after the acquisition, and comparative figures will be restated accordingly.

Intangible assets

Goodwill

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

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

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

Brand value and customer relationships

Brand and customer relationships acquired in connection with the business combination are recognised as separate identifiable intangible assets. The fair value of brands is

calculated based on the relief from royalty method using a percentage rate of two and an expected useful life of 10 years. The fair value of customer relationships is calculated based on expected earnings and the useful life of customer relationships and expected future earnings. Customer relationships are amortised over a period of eight years, reflecting their expected useful life.

Additional Tier 1 capital

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

NOTE 5 ACQUISITION OF ACTIVITIES

Alm. Brand A/S acquired Codan's Danish business from Intact and Tryg, comprising the companies Codan Forsikring A/S and Privatsikring A/S, of which 100% of the share capital and voting rights was acquired with effect from 1 May 2022. The main activity of Codan Forsikring A/S and Privatsikring A/S is to carry on insurance activities in the Danish market for personal and commercial customers. With the acquisition, Alm. Brand will increase its presence in the Danish non-life insurance market for both personal and commercial customers.

Pre-acquisition balance sheet

The fair values of net assets acquired are recognised in the balance sheet of Alm. Brand Group at the acquisition date on 1 May 2022. The amounts may be adjusted within the next 12 months, including the value of the acquired goodwill,

to reflect information obtained about facts and circumstances that existed at the acquisition date. This includes a potential reallocation between goodwill and the provisionally calculated fair values of other identifiable assets. Shown below is the provisionally recognised pre-acquisition balance sheet as of 31 December 2022 for Codan's Danish business.

The final purchase price was negotiated in Q4 2022. In connection with the final adjustment of the purchase price, some fair value adjustments were made, reducing the pre-acquisition balance sheet by a total of DKK 55 million and the acquisition price by DKK 38 million, which had a net effect on goodwill of DKK 17 million.

Pre-acquisition balance sheet at fair value at 1 May 2022

Assets	DKK m
Intangible assets	3,271
Tangible assets	333
Financial investment assets	13,431
Receivables related to insurance contracts	1,728
Receivables, other assets and prepayments	651
Total assets	19,414
Liabilities and equity	
Technical provisions	11,655
Other provisions	29
Payables related to direct insurance, other payables and deferred income	2,119
Total liabilities and equity	13,803
Identifiable net assets	5,611
Goodwill	7,736
Total purchase consideration paid in cash	13,347

There were no material contingent liabilities at the acquisition date requiring recognition of liabilities in the pre-acquisition balance sheet.

Brand and customer relationships acquired in connection with the business combination are recognised as separate identifiable intangible assets. These have been recognised in the item Intangible assets.

Goodwill represents the value of the expected profit of Codan which cannot be attributed reliably to individually identifiable assets, including the value of staff, know-how and expected synergies from the business combination, such as cost savings, etc. As goodwill derives from the acquisition of the shares in Codan, the amount is not deductible for tax purposes.

The fair value of insurance provisions is calculated in accordance with policies similar to the accounting policies applied by the group for items subject to actuarial assumptions etc.

Fair value adjustments of other intangible assets relate to IT systems and are calculated based on what an informed third party would be willing to pay for an IT system designed for a specific purpose. The expected useful lives of the IT systems are adjusted to reflect this.

If the acquisition date had been 1 January 2022, the group's gross premium income would have been DKK 11,413 million, and the profit for the year after tax and special items would have been DKK 533 million. This figure has been calculated on the basis of the fair value in the opening balance sheet and not on the basis of the actual figures for Codan's Danish business. Codan Forsikring A/S and Privatsikring are recognised in the consolidated financial statements with gross premium income of DKK 3,889 million (including bonus and premium discounts) and a profit after tax of DKK 22 million.

Notes

NOTE 6 FINANCIAL HIGHLIGHTS AND KEY RATIOS

See the management's review.

DISCLAIMER

The forecast is based on the interest rate and price levels prevailing at the beginning of February 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 as well as of the individual business areas include changes in economic conditions in the financial markets, legislative changes, changes in the competitive environment, in the reinsurance market and in the property market, unforeseen events, such as extreme weather conditions or terrorist attacks, bad debts, major changes in the claims experience, unexpected outcomes of legal proceedings, etc.

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

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

Definitions of financial ratios and Alternative Performance Measures (APM)

Alm. Brand's management believes that the use of financial highlight and key ratios in the management's review in respect of each business area provides the reader with a good basis for comparing results over time. The financial highlights and key ratios have been prepared on the basis of the statutory requirements for content and are supplemented by individual pieces of relevant information. The information provided in the financial highlights and key ratios contain data regularly provided to management. The management's review describes developments in the individual business areas based on the financial highlights and key ratios. There are only presentation differences between these financial highlights and key ratios and "Segment reporting, income statement" in the IFRS financial statements.

Run-off gains/losses, net of reinsurance

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

Gross premium income

Gross premium income is calculated as gross premiums adjusted for changes in premium provisions, profit margin and risk margin. Gross premium income is regulated for bonus and premium discounts.

Gross claims ratio

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

Gross expense ratio

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

Price/NAV

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

Combined ratio

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

Return on equity after tax*

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

Return on equity before tax*

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

Net asset value per share**

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

Net reinsurance ratio

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

Earnings per share**

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

Claims experience

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

Dividend per share

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

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

$$\frac{\text{Major claims, net of reinsurance}}{\text{Gross premium income}}$$

Weather-related claims, net of reinsurance

$$\frac{\text{Weather-related claims, net of reinsurance}}{\text{Gross premium income}}$$

Change in risk margin

$$\frac{\text{Change in risk margin}}{\text{Gross premium income}}$$

COVID-19 effect

$$\frac{\text{Estimated effect of COVID-19 on claims expenses}}{\text{Gross premium income}}$$

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

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

Company information

Board of Directors

Jørgen Hesselbjerg Mikkelsen

Chairman

Jan Skytte Pedersen

Deputy Chairman

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Boris Nørgaard Kjeldsen

Pia Laub

Tina Schmidt Madsen

Brian Egested

Employee representative

Claus Nexø Jensen

Employee representative

Lotte Kathrine Sørensen

Employee representative

Henriette Pedersen

Employee representative

Management Board

Rasmus Werner Nielsen

Chief Executive Officer

Anne Mette Toftegaard

Deputy CEO

Auditors

EY

Godkendt Revisionspartnerselskab

Internal auditor

Morten Bendtsen

Group Chief Auditor

Registration

Alm. Brand A/S

Company reg. (CVR) no. 77 33 35 17

Address

Midtermolen 7

DK-2100 Copenhagen Ø

Phone: +45 35 47 47 47

Internet: almbrand.dk

E-mail: almbrand@almbrand.dk