

ALM. BRAND

Interim report Q4

2021

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

Contents

03

Group companies

04

Management’s review

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

17

Interim financial statements

- 17 Income statement →
- 18 Statement of comprehensive income →
- 19 Balance sheet →
- 21 Statement of changes in equity →
- 22 Cash flow statement →
- 23 Segment reporting →
- 25 Notes →

34

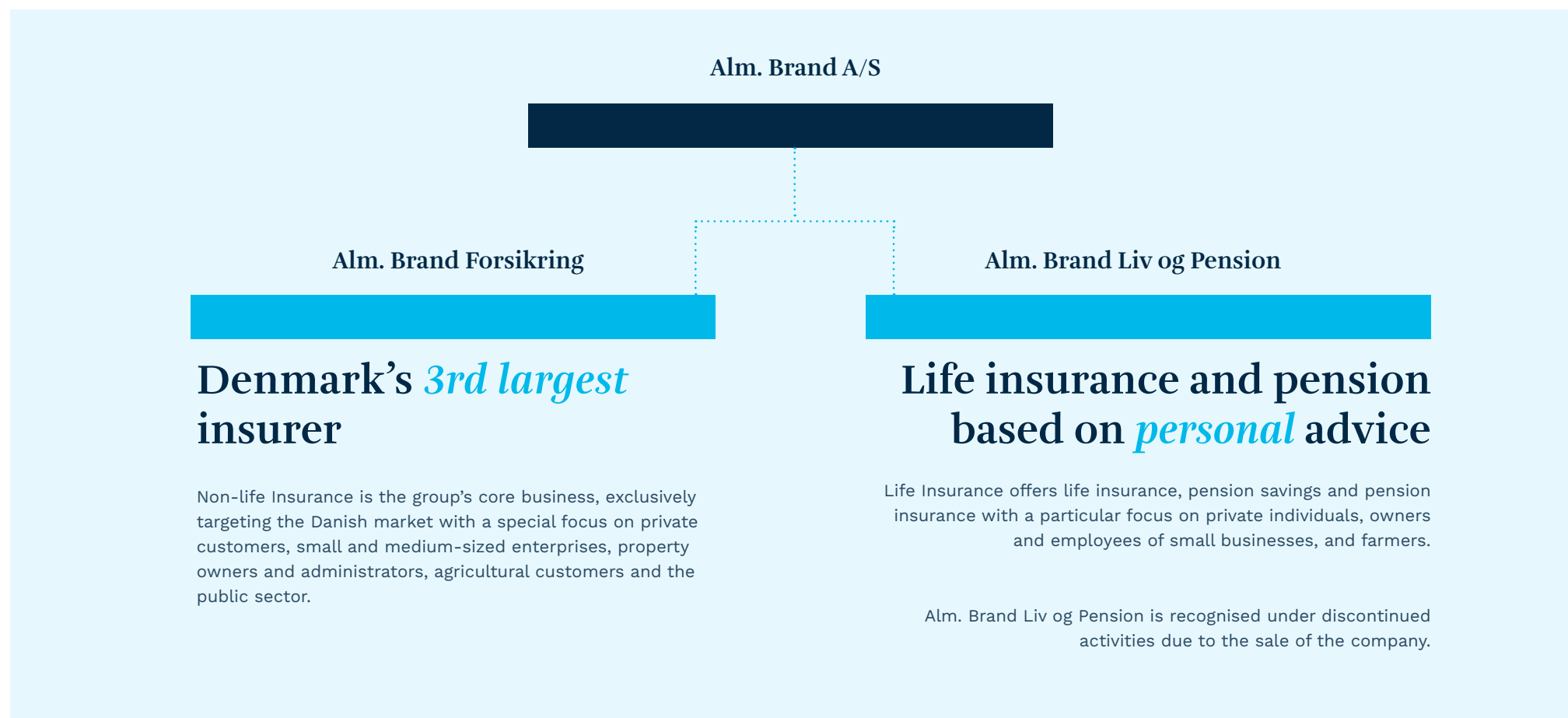
Company information

16

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

Group companies

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



Alm. Brand Group

	DKKm	Q4 2021	Q4 2020	FY 2021	FY 2020
GROUP	Non-life Insurance	254	308	904	856
	Other activities	-5	-19	-65	-60
	Profit/loss before tax, continuing activities excluding special costs	249	289	839	796
	Special costs	-51	-98	-141	-98
	Profit/loss before tax, continuing activities	198	191	698	698
	Tax, continuing activities	-39	-44	-192	-160
	Profit/loss after tax, continuing activities	159	147	506	538
	Profit/loss after tax, discontinued activities	17	-82	92	80
	Profit/loss after tax	176	65	598	618
	Total provisions for insurance contracts	7,828	24,698	7,828	24,698
	Consolidated shareholders' equity	13,706	5,167	13,706	5,167
	Total assets	42,247	32,780	42,247	32,780
	Average no. of employees	1,410	1,369	1,410	1,369
	Return on equity before tax, continuing activities (% p.a.) *)	23.5	22.6	19.1	16.3
	Return on equity before tax (% p.a.) **)	25.4	16.8	21.8	18.9
	Return on equity after tax (% p.a.) **)	21.3	12.7	16.9	14.6

	DKKm	Q4 2021	Q4 2020	FY 2021	FY 2020
FINANCIAL RATIOS	Earnings per share	0.3	0.4	2.4	4.0
	Diluted earnings per share	0.3	0.4	2.4	4.0
	Net asset value per share	9	34	9	34
	Share price, end of period	12.7	73.4	12.7	73.4
	Price/NAV	1.43	2.20	1.43	2.20
	Average no. of shares (in thousands)	545,828	153,778	252,916	153,792
	No. of shares at year-end, diluted (in thousands)	1,541,091	153,887	1,541,091	153,887
	Average no. of shares, diluted (in thousands)	545,828	153,791	252,916	153,891
	Dividend per share	0.30	4.00	2.26	4.00
	No. of shares bought back (in thousands)	-	-	-	809
	Avg. price of shares bought back, DKK	-	-	-	57.7

*) 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.

Overview of 2021 results

FULL-YEAR CONSOLIDATED FINANCIAL RESULTS

Alm. Brand generated a pre-tax profit on continuing activities excluding special costs of DKK 839 million in 2021, against a pre-tax profit of DKK 796 million in 2020.

The consolidated pre-tax profit on continuing activities for 2021 including special costs associated with the acquisition and preparations for the integration of Codan in a total amount of DKK 141 million was DKK 698 million. By comparison, the profit on continuing activities for 2020 included costs of DKK 98 million in connection with restructurings and corporate expenses related to the divestment of the bank, leaving profit on continuing activities for 2020 at DKK 698 million. The profit for 2021 was highly satisfactory and outperformed expectations for the group's profit on continuing activities of approximately DKK 625 million as announced in connection with the interim report for Q3 2021. The most recent guidance also comprised a gain on the sale of Alm. Brand Liv og Pension A/S of close to DKK 545 million after recognition of costs directly associated with the transaction in addition to transaction-related restructuring costs of about DKK 60 million. This transaction will not be closed until 2022, and the gains and costs related to the transaction will therefore be recognised in the 2022 financial year.

The realised profit on continuing activities excluding special costs equalled a return on equity of 19.1% p.a. before tax.

The profit reflected a highly satisfactory performance by Non-life Insurance with a continued improvement in underlying claims trends and, during some parts of the

year, an improved claims experience driven by a lower level of activity in society during the COVID-19 lockdown. Moreover, the profit of Non-life Insurance was favourably affected by an expansion of Alm. Brand's partial internal model for non-life insurance risk, whereas a higher level of expenses for major claims detracted from performance. Non-life Insurance generated a profit of DKK 904 million in 2021, against DKK 856 million in 2020.

The profit on continuing activities excluding special costs also included a DKK 65 million loss on other activities, consisting of group expenses as well as the return on the remaining mortgage deed and debt collection portfolio and the portfolio of unlisted shares.

The group posted a profit on discontinued activities, consisting of the profit of Life Insurance including the result of health and accident insurance, of DKK 92 million after tax. The profit before tax was DKK 116 million, against DKK 135 million in 2020. Total pension contributions amounted to DKK 1,434 million in 2021, against DKK 1,504 million in 2020, primarily as a result of a reduction in single payments to DKK 634 million, against DKK 685 million in 2020. The performance was satisfactory. The bonus rate was 19.3% at 31 December 2021, which was an increase of 4.1 percentage points relative to the year-earlier date. The bonus rate remained satisfactory in light of the very low interest rate environment, which made it possible to fix the rate on policyholders' savings at 3% for new customers in 2022 as well.

Against this background, the Board of Directors recommends that an ordinary dividend of DKK 0.30 per share

be paid in respect of 2021 in continuation of the general meeting scheduled to be held in April 2022. This means that Alm. Brand will distribute DKK 462 million for the 2021 financial year, corresponding to a payout ratio of 77% of the profit after tax.

Q4 PERFORMANCE

The group generated a pre-tax profit on continuing activities excluding special costs of DKK 249 million in Q4 2021, against a profit of DKK 289 million in Q4 2020. The Q4 2021 profit included costs related to the acquisition and preparations for the integration of Codan of DKK 51 million. The performance was better than expected and highly satisfactory.

Non-life Insurance generated a pre-tax profit of DKK 254 million excluding special costs in Q4 2021, against a profit of DKK 308 million in Q4 2020. The profit reported for Q4 2021 was the result of higher claims expenses net of reinsurance due to an increase in major claims as well as positive run-off and investment results. The technical result was a pre-tax profit of DKK 207 million in Q4 2021, against DKK 236 million in Q4 2020. Premium income totalled DKK 1,362 million, against DKK 1,347 million in Q4 2020, an increase of 1.0%, resulting in a combined ratio of 84.7.

The discontinued activity Life Insurance including health and accident insurance generated a pre-tax profit of DKK 22 million in Q4 2021, against a profit of DKK 22 million in Q4 2020. Total pension contributions amounted to DKK 396 million, which was on a par with Q4 2020. The performance was satisfactory and in line with expectations.

CAPITALISATION

Alm. Brand has defined an ordinary dividend target corresponding to a payout ratio of at least 70% of the profit for the year after tax. The group's dividend distribution is aligned with planned activities, including investments and special risks.

In Q4 2021, the group completed a rights issue that generated total proceeds in a net amount of DKK 10.3 billion. In addition, new tier 2 capital of DKK 1.3 billion was sourced, of which DKK 526 million was eligible to be included in the total capital for the group at 31 December 2021. Total capital amounted to DKK 14,373 million, and the group had a solvency ratio of 1,058% at 31 December 2021. This was due to the fact that the capital required for the acquisition of Codan has not yet been paid. Adjusted for these additional funds, the solvency ratio was 210% as illustrated in the table below.

Capitalisation

DKKm	FY 2021*)	Q3 2021
Total capital for the group	2,483	3,788
Solvency capital requirement for the group	1,181	1,101
Solvency capital requirement excess	1,302	2,687
Total capital as a percentage of solvency capital requirement	210%	344%

*) The figures for 2021 have been adjusted for the funds required for the acquisition of Codan.

Adjusted for the funds required for the acquisition of Codan, total capital was DKK 2,483 million, which was a decline of DKK 1,305 million relative to Q3 2021. The decline was due to the fact that the proceeds from the rights issue are not sufficient to cover the full amount required for the Codan acquisition.

It is recommended that a dividend of DKK 0.30 be paid in respect of the 2021 financial year, corresponding to DKK 462 million, which amount has been included in the calculation of total capital.

In Q4 2021, Alm. Brand was granted approval by the Danish Financial Supervisory Authority to use a combination of methods for consolidation at group level*. Using a combination of methods for consolidation offers some operational advantages, but it is not possible to include the same amount of diversification as previously. In addition, the group had high market risk exposure at 31 December 2021 due to the rights issue completed. The market risk will decline after closing of the Codan acquisition. The solvency capital requirement was DKK 1,358 million calculated using a combination of methods 1 and 2, including using the partial internal model applied by Alm. Brand Forsikring. Adjusted for the market risk related to the funds required for the acquisition of Codan, the solvency capital requirement was DKK 1,181 million.

*) Alm. Brand Forsikring A/S and Alm. Brand Liv og Pension A/S are thus consolidated using method 2, while the rest of the companies are consolidated using method 1.

The group is assessed to stand well prepared to manage the risks associated with its activities. New capital will be sourced, which will be included as tier 1 capital. This is expected to take place in March 2022.

MAJOR EVENTS

Share issue

In the period 15-26 November 2021, Alm. Brand completed a rights issue. A total of 1,387,026,000 new shares were sold at a subscription price of DKK 7.55 per new share at a subscription ratio of 1:9. The new shares were issued with pre-emptive rights to the company's existing shareholders, and the rights issue secured fresh funds in a gross amount of DKK 10.5 billion to Alm. Brand. Costs of DKK 0.2 billion were incurred in relation to the rights issue.

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

On 11 June 2021, Alm. Brand announced that it had entered into a binding agreement with Intact Financial Corporation and Tryg A/S to acquire Codan at a price of about DKK 12.6 billion. Final closing of the transaction is expected in H1 2022, subject to regulatory approval. Alm. Brand has been granted approval by the Danish Financial Supervisory Authority to acquire Codan's Danish business, see company announcement no. 44/2021 of 19 November 2021.

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

As mentioned in the “Capitalisation” section of Annual Report 2020, Alm. Brand had submitted an application to the Danish Financial Supervisory Authority for approval to expand the company’s partial internal model for non-life insurance risk in personal accident and workers’ compensation lines. The Danish Financial Supervisory Authority approved the expansion in June. The implementation resulted in a lower solvency capital requirement and, consequently, a lower risk margin.

Rating of Alm. Brand

On 23 September 2021, Alm. Brand announced that Alm. Brand Forsikring A/S and Alm. Brand A/S had been rated by international credit rating agency Fitch Ratings. Alm. Brand Forsikring A/S was assigned an insurance financial strength rating (IFSR) of ‘A+’, and Alm. Brand A/S was assigned a long-term issuer default rating (IDR) of ‘A’. Both ratings were assigned a ‘stable outlook’, reflecting Fitch Ratings’ expectation that the rating will remain at the level assigned in the short to medium term.

Sale of Alm. Brand Liv og Pension A/S

On 1 October 2021, Alm. Brand announced that Alm. Brand had entered into a binding agreement with Nordic I&P on the sale of Alm. Brand Liv og Pension at a price of DKK 1.1 billion. The sale is expected to trigger an accounting gain of close to DKK 545 million after recognition of costs directly associated with the transaction, freeing up capital in Alm. Brand in a total amount of about DKK 900 million.

Issue of tier 2 capital

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

Change to the Board of Directors

On 12 July 2021, Alm. Brand announced that Flemming Fuglede Jørgensen had resigned from the Board of Directors of Alm. Brand A/S and that his seat on the Board of Directors had been filled by alternate Tina Schmidt Madsen.

Share-based remuneration scheme

In December 2021, like the year before, the group’s employees were offered to participate in a share-based remuneration scheme. The scheme runs for a period of one year with effect from 1 January 2022, and the shares will be granted on a quarterly basis, the first grant taking place in May 2022. The scheme represents a total market value of DKK 27 million. Shares to be granted under the share-based remuneration scheme are purchased in the open market, and the scheme has been individually approved by the Danish Financial Supervisory Authority.

MAJOR EVENTS AFTER THE BALANCE SHEET DATE Announcement by the Danish Competition and Consumer Authority that Alm. Brand’s acquisition of Codan has entered Phase 2

Alm. Brand has been informed by the Danish Competition and Consumer Authority that the processing of Alm. Brand’s acquisition of Codan has entered Phase 2.

Danish Financial Supervisory Authority approves Nordic I&P’s acquisition of Alm. Brand Liv og Pension A/S

On 3 February 2022, the Danish Financial Supervisory Authority announced that it had approved Nordic I&P as owners of Alm. Brand Liv og Pension. In continuation thereof, closing of the transaction will take place as soon as possible.

The storm Malik

In January 2022, Denmark was hit by Malik, the most severe windstorm in six years. Alm. Brand estimates claims expenses related to the windstorm to total DKK 50-75 million.

FINANCIAL OUTLOOK FOR 2022

Alm. Brand's consolidated profit for 2022 will be the sum of the profit generated by the present Alm. Brand and the profit generated by Codan plus realised synergies and less integration costs. The current outlook comprises the financial performance of the present Alm. Brand.

Alm. Brand expects to report a pre-tax profit on ordinary activities of DKK 450-500 million excluding run-off gains and losses in 2022.

Non-life Insurance is expected to post a pre-tax profit of DKK 525-575 million. The guidance reflects that Denmark in January 2022 was hit by Malik, the most severe windstorm in six years. The claims expenses related to this claims event are estimated at DKK 50-75 million. In addition, the guidance is based on premium growth of 3-4%, which includes a significant growth contribution from partnerships. Unlike 2021, the guidance for 2022 does not include a potential COVID-19 impact on the claims experience and, moreover, it reflects an average claims experience for the rest of the year for both weather-related claims and major claims. The expense ratio is expected to be about 16.5%, and the combined ratio excluding run-offs is expected to be 90-91.

Other activities are expected to report a pre-tax loss of DKK 75 million, which includes costs related to the placement of the purchase price for Codan until closing of the transaction.

In addition, given that closing of the Codan transaction will take place in spring 2022, Alm. Brand expects to launch restructuring measures which will lead to the realisation of synergies with an accounting effect of DKK 90 million in 2022.

The sale of Alm. Brand Liv og Pension A/S was not completed in 2021, and the profit guidance related to the transaction has therefore been carried over into 2022, meaning that Alm. Brand expects to report a profit on discontinued activities of about DKK 485 million, consisting of a gain of close to DKK 545 million from the sale of Alm. Brand Liv og Pension A/S after recognition of costs directly associated with the transaction less transaction-related restructuring costs of about DKK 60 million.

Codan's technical result and the amount of restructuring costs will be announced as soon as possible after the acquisition.

The financial outlook is based on the assumption of continued low interest rates in 2022. The group has a substantial portfolio of investment assets, and a continued low interest rate level therefore affects the group's business area.

FINANCIAL TARGETS

Alm. Brand has a target of a return on invested capital of 7% after tax related to the acquisition of Codan.

Moreover, Alm. Brand has defined a target for the combined group to triple the pre-tax profit relative to the original guidance range for 2021 of DKK 600-650 million. Adjusted to reflect the sale of Alm. Brand Liv og Pension and the resulting loss of earnings from these activities, Alm. Brand aims to generate a pre-tax profit of DKK 1.7-1.8 billion in the medium term.

Alm. Brand maintains its dividend policy and will thus distribute at least 70% of the profit for the year after tax to the shareholders. However, the dividend distributions for the individual years will be determined with due consideration to planned activities, including investments and special risks.

In Q4 2022, and thus after closing of the Codan transaction, Alm. Brand expects to specify its financial targets for the combined group for the period until 2025.

Non-life Insurance

	DKKkm	Q4 2021	Q4 2020	FY 2021	FY 2020
INCOME STATEMENT	Gross premium income	1,362	1,347	5,407	5,343
	Claims expenses *)	-972	-828	-3,738	-3,464
	Insurance operating expenses *)	-234	-226	-933	-902
	Profit/loss on reinsurance	51	-57	67	-184
	Technical result	207	236	803	793
	Interest and dividends, etc.	9	32	79	117
	Value adjustments	38	59	-125	57
	Investment management expenses	-3	-7	-13	-27
	Return on and value adjustment of technical provisions	3	-12	160	-84
	Investment return after return on and value adjustment of provisions	47	72	101	63
	Profit/loss before tax, continuing activities excluding special costs	254	308	904	856
	Special costs	-34	-	-34	-
	Profit/loss before tax, continuing activities	220	308	870	856
	Tax, continuing activities	-47	-69	-194	-193
	Profit/loss after tax, continuing activities	173	239	676	663
	Profit/loss after tax, discontinued activities	-1	2	18	19
	Profit/loss after tax	172	241	694	682

	DKKkm	Q4 2021	Q4 2020	FY 2021	FY 2020
BALANCE SHEET	Run-off result, claims	38	18	109	101
	Technical provisions	7,828	7,139	7,828	7,139
	Insurance assets	337	57	337	57
	Shareholders' equity	1,687	3,025	1,687	3,025
	Total assets	10,910	11,087	10,910	11,087
FINANCIAL RATIOS	Gross claims ratio *)	71.4	61.4	69.1	64.8
	Net reinsurance ratio	-3.9	4.3	-1.3	3.4
	Claims experience *)	67.5	65.7	67.8	68.2
	Gross expense ratio *)	17.2	16.8	17.3	16.9
	Combined ratio *)	84.7	82.5	85.1	85.1
	Combined ratio excluding run-off result *)	87.5	83.8	87.1	87.0
	Combined ratio	84.9	82.5	86.4	85.1
	Return on equity before tax (% p.a.) **)	63.5	42.4	46.9	31.8
	Return on equity after tax (% p.a.) **)	49.9	32.9	36.4	24.6

*) 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.

**) 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.

Non-life Insurance

Sustained growth driven by highly satisfactory trend in underlying operations

FULL-YEAR FINANCIAL RESULTS

Non-life Insurance generated a pre-tax profit of DKK 904 million excluding special costs in 2021, against a profit of DKK 856 million in 2020. The performance was highly satisfactory and better than expected at year start. The 2021 profit was favourably affected by improvements to underlying operations, supported by continued gains from profitability-enhancing measures and an improved claims experience driven by a reduced level of activity in society during the COVID-19 lockdown.

The technical result amounted to a profit of DKK 803 million in 2021, against a profit of DKK 793 million in 2020, and the investment result was DKK 101 million, against DKK 63 million the year before.

The total profit for 2021 in Non-life Insurance included costs of DKK 34 million related to preparations for the integration of Codan, bringing the pre-tax profit to DKK 870 million.

The combined ratio was 85.1 in 2021 and was thus unchanged relative to 2020, reflecting continued growth in underlying operations net of COVID-19 effects and a stable level of run-off gains, but also a higher level of expenses for major claims. Excluding run-off gains on claims provisions, the combined ratio was 87.1.

The underlying combined ratio was 78.5 in 2021, marking an improvement of 0.4 of a percentage point relative to 2020. The actual improvement after adjusting for the es-

timated earnings effects from COVID-19 in both 2021 and 2020 was 1.5 percentage points, driven by the continued implementation of initiatives aimed at ensuring profitable business growth, including pricing initiatives directed at specific segments and customers as well as efficiency enhancement of claims processing.

Premiums

Gross premiums were up by 1.2% in 2021 to DKK 5,407 million. Overall, growth fell short of expectations at the beginning of the year, although the trend should be seen in the context of a lower level of activity in society in the first half of 2021 and a generally more competitive market. Commercial reported strong premium growth at 3.9% throughout 2021, whereas fierce competition in parts of the private customer market combined with a strong focus on maintaining a handsome profit margin caused Private to experience a drop in premium income.

Customer loyalty remained at a stable level for the commercial customer segments, whereas the private customer segment experienced a slightly downward trend, which was mainly attributable to the implementation of profitability measures. However, the retention rates for Commercial and Private remained at a high level.

Claims experience

The claims experience was 67.8% in 2021, against 68.2% in 2020. There were two main reasons for the favourable trend in the claims experience: The COVID-19 effects were significantly smaller in 2021 than in 2020 and expenses for major claims were higher in 2021 than in 2020.

Combined ratio

	2021	2020	2019	2018	2017
Combined ratio, underlying business ex COVID-19 *)	79.6	81.1	82.4	82.1	81.2
COVID-19 effects, estimated	-1.1	-2.2	-	-	-
Combined ratio, underlying business *)	78.5	78.9	82.4	82.1	81.2
Weather-related claims, net of reinsurance	1.6	1.5	2.7	1.2	1.5
Major claims, net of reinsurance	7.7	6.3	5.9	7.4	6.8
Run-off result, claims	-2.0	-1.9	-1.3	-3.4	-5.6
Change in risk margin	-0.7	0.3	-0.1	-0.2	0.2
Combined ratio *)	85.1	85.1	89.6	87.1	84.1

*) The combined ratio for 2021 was calculated taking into account an income of DKK 72 million from the TSA as per the overview of financial highlights and key ratios and special costs of DKK 34 million, equivalent to 2.0 percentage points.

The combined ratio for 2019 is stated exclusive of special costs in a total amount of DKK 44 million, equivalent to 0.8 of a percentage point.

In addition, procurement and claims processing initiatives continued to have favourable effects, mitigating a rise in inflation of mainly raw materials prices and wages. Lastly, the run-off result affected the claims experience favourably by 2.0 percentage points. Net of the run-off result, the claims experience was 69.9%, against 70.2% in 2020.

Before offsetting income from the Transitional Service Agreement (TSA) related to the divestment of Alm. Brand Bank, the claims experience was 68.2%.

Weather-related claims

Expenses for weather-related claims net of reinsurance amounted to DKK 86 million in 2021, against DKK 80 million in 2020. Despite the increase and a rainy and windy period in the late summer and autumn months, the level of weather-related claims expenses was below the level of an average year. Weather-related claims affected the combined ratio by 1.6 percentage points in 2021.

Major claims

Expenses for major claims net of reinsurance amounted to DKK 416 million in 2021, against DKK 338 million in 2020. During the year, there was a higher frequency of major claims and a total of four major fire claims which triggered coverage under the reinsurance programme. Major claims affected the combined ratio by 7.7 percentage points in total, against 6.3 percentage points in 2020.

Underlying business

The underlying claims ratio was 61.3% in 2021, against 62.0% in 2020. In 2021 as well, the claims ratio was favourably affected by the temporary lockdown of society, which had a favourable knock-on effect on most insurance products. The generally lower level of activity combined with continued widespread use of distance working meant fewer motor claims and a lower burglary

frequency, but overall the effects were somewhat smaller than in 2020.

Run-off result

Run-off gains on claims net of reinsurance amounted to DKK 109 million in 2021, against a gain of DKK 102 million in 2020, which included a positive trend on both workers' compensation and motor insurance. Run-off gains thus affected the combined ratio by 2.0 percentage points, equivalent to the expected average level over a given period.

Risk margin

The change in the overall risk margin lifted the full-year performance by DKK 36 million, equivalent to a 0.7 percentage point improvement of the combined ratio. The change was due to a recalculation based on Alm. Brand's partial internal model, which over the year was expanded to include worker's compensation and personal accident insurance. The expanded model provides a more a true and fair view of the risk involved, and at the time of its implementation, the capital requirement was lowered by DKK 176 million, while the risk margin was lowered by DKK 64 million. By comparison, the risk margin reduced the 2020 performance by DKK 20 million, increasing the combined ratio by 0.3 of a percentage point.

Costs

Insurance operating expenses amounted to DKK 933 million in 2021, against DKK 902 million in 2020, equivalent to an expense ratio of 17.3. The increase relative to 2020 was due to higher acquisition costs, including mainly costs incurred in connection with partnerships and marketing campaigns.

Total costs before offsetting income from the Transitional Service Agreement (TSA) with Sydbank amounted to DKK 983 million, equivalent to an expense ratio of 18.2.

Net reinsurance ratio

The net reinsurance ratio for the year was negative at 1.3, which was due to the fact that major claims reported triggered coverage under the reinsurance programme in excess of the premium paid. By comparison, the net cost of reinsurance was 3.4 percentage points in 2020.

Discounting

Due to the composition of expected cash flows, the technical provisions are affected the most by movements in short-term interest rates. In 2021, interest rates increased by 29 bps at the short end of the curve (including VA premium). The interest rate change is assessed to have improved the combined ratio by about 0.45 of a percentage point relative to 2020.

PRIVATE

The technical result amounted to a profit of DKK 460 million in 2021, against DKK 485 million in 2020. The combined ratio was 82.2, against 81.6 in 2020, and thus remained at a satisfactory level. Overall, the performance was in line with expectations, being lifted by a generally favourable minor claims experience, but also affected by slightly higher major claims expenses as compared with 2020. As expected, the claims frequency reflected the broader re-opening of Danish society, meaning that the positive effects of COVID-19 were less pronounced than the year before.

Gross premium income declined 1.6% to DKK 2,592 million in 2021 from DKK 2,633 million in 2020. Over the year, a number of initiatives were taken to strengthen customer onboarding and reduce customer defection, including pricing initiatives and ongoing product adjustments.

These initiatives began to feed through in the second half of the year in the form of an increase in the portfolio premium, which ended the year at a marginally higher level compared with 31 December 2020.

The claims experience excluding run-off gains on claims was 64.8%, against 67.4% in 2020.

Expenses for weather-related claims totalled DKK 27 million net of reinsurance in 2021, against DKK 30 million in 2020, affecting the combined ratio by 1.0 percentage point.

Expenses for major claims totalled DKK 67 million net of reinsurance in 2021, against DKK 58 million in 2020, and were in line with expectations, as were weather-related claims expenses. Major claims expenses affected the combined ratio by 2.6 percentage points, against 2.2 percentage points in 2020.

The underlying claims ratio was 61.7 in 2021 and thus below the 64.0 reported for 2020 in spite of the fact that COVID-19 effects had a greater positive impact on the 2020 claims ratio.

Insurance operating expenses rose by DKK 32 million to DKK 514 million and were thus scaled to reflect the new partnerships and the expected higher business volume, bringing the expense ratio to 19.8, against 18.3 in 2020.

The run-off result on claims net of reinsurance was a gain of DKK 63 million in 2021, against DKK 107 million in 2020, mainly driven by a positive result on motor and personal accident insurance.

The change in the risk margin affected the full-year performance by DKK 12 million, equivalent to a 0.5 percentage point improvement of the combined ratio.

Private

DKK m	2021	2020
Gross premium income	2,592	2,633
Gross claims expenses *)	-1,577	-1,619
Insurance operating expenses *)	-514	-482
Profit/loss on reinsurance	-41	-47
Technical result	460	485
Run-off result, claims	63	107
Gross claims ratio *)	60.8	61.5
Net reinsurance ratio	1.6	1.8
Claims experience *)	62.4	63.3
Gross expense ratio *)	19.8	18.3
Combined ratio *)	82.2	81.6
Combined ratio, underlying business *)	81.5	82.3
Weather-related claims, net of reinsurance	1.0	1.1
Major claims, net of reinsurance	2.6	2.2
Run-off result, claims	-2.4	-4.1
Change in risk margin	-0.5	0.1
Combined ratio *)	82.2	81.6

*) Gross claims expenses for 2021 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.

COMMERCIAL

The technical result was a profit of DKK 343 million in 2021, against a profit of DKK 308 million in 2020. The combined ratio was 87.8, against 88.6 in 2020, and was thus at a satisfactory level. The performance was the result of higher premium income and a favourable minor claims experience, which more than offset the increase in major claims expenses.

Gross premium income was DKK 2,815 million in 2021, against DKK 2,710 million in 2020, equivalent to an increase of 3.9% driven by commercial customers, whereas the growth contribution from agricultural customers was not nearly as pronounced. Over the year, Commercial successfully sharpened its growth focus and succeeded in increasing sales to new customers based on a stronger collaboration between sales and underwriting and more data-driven sales follow-up. Moreover, premiums in particular on workers' compensation insurance were adjusted to ensure a satisfactory price/risk balance in response to the changes in case processing by Labour Market Insurance (Arbejdsmarkedets Erhvervssikring) in 2020, which led to higher claims payouts.

The claims experience excluding run-off gains on claims was 74.5% in 2021, against 72.9% in 2020.

Expenses for weather-related claims totalled DKK 59 million net of reinsurance, against DKK 50 million in 2020, reflecting weather conditions which, like in 2020, caused claims expenses to come out at the lower end of the expected range in spite of heavy rainfall over the summer months. Weather-related claims affected the combined ratio by 2.1 percentage points in 2021, against 1.9 percentage points in 2020.

Expenses for major claims were DKK 349 million net of reinsurance, affecting the combined ratio by 12.4 percentage points, against 10.3 percentage points in 2020. During the year, there was a higher frequency of major claims, including a total of four major fire claims which triggered coverage under the reinsurance programme.

The underlying claims ratio was 60.9, against 60.1 in 2020, and was thus at a satisfactory level with a slightly higher claims frequency, which reflected the broader re-opening of Danish society.

Like the previous years, 2021 benefited from positive effects of already implemented profitability-enhancing measures, including measures to lift profitability on building insurances in the residential segment and on motor insurance and workers' compensation insurance, all of which served to improve the claims ratio.

Insurance operating expenses totalled 419 million, which was unchanged relative to 2020 and a result of the combination of higher acquisition costs and lower administrative expenses.

The run-off result on claims net of reinsurance amounted to a gain of DKK 46 million in 2021, against a loss of DKK 6 million in 2020, and was due to a favourable experience for building, contents and all-risks insurance providing cover for damage or loss to equipment.

The change in the overall risk margin affected the 2021 performance by a net income of DKK 24 million, equivalent to a 0.9 percentage point positive effect on the combined ratio. The change was predominantly attributable to the expansion of Alm. Brand's partial internal model for non-life insurance risks.

The net reinsurance ratio for 2021 was minus 3.9 (income), against 5.0 in 2020 (expense). During the year, a total of four major claims were reported, in aggregate triggering reinsurance coverage of close to DKK 300 million, and Alm. Brand's reinsurance programme thus satisfactorily supported the major claims experience.

Commercial

DKK m	2021	2020
Gross premium income	2,815	2,710
Gross claims expenses *)	-2,161	-1,845
Insurance operating expenses *)	-419	-420
Profit/loss on reinsurance	108	-137
Technical result	343	308
Run-off result, claims	46	-6
Gross claims ratio *)	76.8	68.1
Net reinsurance ratio	-3.9	5.0
Claims experience *)	72.9	73.1
Gross expense ratio *)	14.9	15.5
Combined ratio *)	87.8	88.6
Combined ratio, underlying business *)	75.7	75.6
Weather-related claims, net of reinsurance	2.1	1.9
Major claims, net of reinsurance	12.4	10.3
Run-off result, claims	-1.6	0.2
Change in risk margin	-0.8	0.6
Combined ratio *)	87.8	88.6

*) Gross claims expenses for 2021 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.

INVESTMENT RESULT

The investment result after interest on technical provisions was a gain of DKK 101 million in 2021, against a gain of DKK 63 million in 2020. The 2021 result was highly satisfactory in light of the conservative investment profile and the very low interest rate environment.

Investment assets are distributed on Danish and international bonds, mortgage deeds and shares and property investments. The goal is to achieve a satisfactory financial risk/return ratio. The overall goal is to keep the market risk low. The financial risk is adjusted using derivative financial instruments.

The bond portfolio is placed predominantly in Danish government bonds and mortgage bonds, European investment grade corporate bonds and derivative fixed-income instruments. In addition, the company has a small proportion of emerging markets bonds and corporate bonds in the high-yield segment.

The return on bonds not attributable to the hedging of provisions contributed negatively to the overall investment result. 2021 was generally a tough year for Danish mortgage bonds, which in addition to negative yields were affected by widening credit spreads and rising interest rates, which also applies to the remaining part of the unrestricted bond portfolio.

The interest on technical provisions is calculated using the EIOPA (European Insurance and Occupational Pensions Authority) yield curve including a volatility adjustment (VA) premium. The asset portfolio for the hedging of interest rate risk on provisions is composed so as to match fluctuations on provisions occurring in step with market changes in the underlying components of the yield curve. The hedging strategy produced a satisfactory result throughout 2021, and the overall result of the hedging portfolio and value adjustment of provisions was a gain of DKK 38 million.

The mortgage deed portfolio includes an option agreement protecting Alm. Brand Forsikring against credit losses, as Alm. Brand Forsikring can sell back mortgage deeds to Alm. Brand PIA A/S if mortgage deed debtors default on their payment obligations. The mortgage deed investment result fell short of expectations due to the low interest rate level which caused the amount of redemptions to increase.

Alm. Brand Forsikring has limited exposure to equities, primarily to global equities and a small proportion of strategic equities that support the business. The return on the global equity market was positive in 2021 and contributed favourably to the performance.

Investment return

DKKm	2021			2020		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	7,782	-149	-1.9%	8,574	84	1.0%
Mortgage deeds etc.	501	7	1.4%	641	-2	-0.3%
Equities	405	77	24.0%	381	87	22.8%
Properties	289	19	7.2%	44	5	12.3%
Illiquid credit	96	0	0.0%	-	-	-
Total return on investments	9,073	-46	-0.5%	9,641	174	1.9%
Administrative expenses related to investment activities		-13			-27	
Return on and value adjustments on technical provisions		160			-84	
Net investment return		101			63	

Q4 PERFORMANCE

The group's non-life insurance activities generated a pre-tax profit of DKK 254 million excluding special costs in Q4 2021, against DKK 308 million in Q4 2020.

The technical result was a pre-tax profit of DKK 207 million in Q4 2021, against DKK 236 million in Q4 2020, and was due to a normalised claims experience, as opposed to the level recorded during the COVID-19 lockdown of society in Q4 2020.

The result equalled a combined ratio of 84.7, against 82.5 in Q4 2020, which included estimated positive COVID-19 effects of 3.3 percentage points. Adjusted for both COVID-19 effects and the run-off result, the combined ratio was 87.5, against 87.2 in Q4 2020, reflecting a continued improvement of underlying operations, but also higher expenses for major claims and weather-related claims.

Combined ratio

	Q4 2021	Q4 2020
Combined ratio, underlying business ex COVID-19 *)	78.8	80.1
COVID-19	-	3.3
Combined ratio, underlying business *)	78.8	76.8
Weather-related claims, net of reinsurance	1.2	0.5
Major claims, net of reinsurance	7.5	6.1
Run-off result, claims	-2.8	-1.4
Change in risk margin	-	0.5
Combined ratio *)	84.7	82.5

*) The combined ratio for 2021 was calculated taking into account an income of DKK 4 million from the TSA as per the overview of financial highlights and key ratios.

Premium income rose by 1.0% to DKK 1,362 million in Q4 2021 from DKK 1,347 million in the same period of 2020 as a result of a continued favourable trend in Commercial.

Expenses for weather-related claims amounted to DKK 16 million in Q4 2021, against DKK 6 million in the year-earlier period. In spite of the higher level, the expense level was yet again quite moderate for the season, reflecting mild weather conditions with no windstorms. Weather-related claims affected the combined ratio by 1.2 percentage points in Q4 2021, against 0.5 of a percentage point in Q4 2020.

Expenses for major claims amounted to DKK 101 million in Q4 2021, against DKK 83 million in the year-earlier period. Overall, expenses for major claims affected the combined ratio by 7.5 percentage points in Q4 2021, against 6.1 percentage points in 2020, equal to an expected average level.

The underlying combined ratio was 78.8 in Q4 2021, against 76.8 in Q4 2020. Adjusting for the COVID-19 effects in 2020, underlying operations had improved by 1.3 percentage points.

The run-off result on claims net of reinsurance amounted to a gain of DKK 38 million in Q4 2021, against a gain of DKK 18 million in Q4 2020. The run-off gain was mainly attributable to motor and building insurance lines.

The expense ratio was 17.2 in Q4 2021, against 16.8 in Q4 2020.

Investment return

DKKm	Q4 2021			Q4 2020		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	7,782	12	0.2%	8,574	50	0.6%
Mortgage deeds etc.	501	3	0.6%	641	-1	-0.1%
Equities	405	24	6.0%	381	40	10.5%
Properties	289	8	2.6%	44	2	3.5%
Illiquid credit	96	0	0.0%	-	-	-
Total return on investments	9,073	47	0.5%	9,641	91	1.0%
Administrative expenses related to investment activities		-3			-7	
Return on and value adjustments on technical provisions		3			-12	
Net investment return		47			72	

Statement by the Board of Directors and the Management Board

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

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 condensed interim report gives a true and fair view of the group’s assets, liabilities and financial position at 31 December 2021 and of the group’s cash flows for the period 1 January to 31 December 2021.

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

Management Board

Copenhagen, 10 February 2022

Rasmus Werner Nielsen

Chief Executive Officer

Board of Directors

Copenhagen, 10 February 2022

Jørgen Hesselbjerg Mikkelsen

Chairman

Jan Skytte Pedersen

Deputy Chairman

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Boris Nørgaard Kjeldsen

Pia Laub

Tina Schmidt Madsen

Brian Egested

Claus Nexø Jensen

Lotte Kathrine Sørensen

Income statement

DKKm	Note	Group			
		Q4 2021	Q4 2020	FY 2021	FY 2020
Gross premiums written		1,164	1,132	5,442	5,343
Premiums ceded to reinsurers		-22	-30	-230	-226
Change in premium provision		332	342	-1	38
Change in profit margin and risk margin		-135	-127	-34	-38
Change in provision for unearned premiums, reinsurers' share		-35	-28	-3	-4
Earned premiums, net of reinsurance		1,304	1,289	5,174	5,113
Claims paid, gross		-804	-808	-3,080	-3,177
Claims paid, reinsurers' share		5	7	16	13
Change in the provision for claims		-169	-13	-716	-267
Change in risk margin		-1	-7	36	-20
Change in provision for claims, reinsurers' share		104	-7	283	32
Claims incurred, net of reinsurance		-865	-828	-3,461	-3,419
Acquisition costs		-197	-167	-761	-694
Administrative expenses		-39	-59	-222	-208
Reinsurance commissions and profit participation		0	1	1	1
Net operating expenses		-236	-225	-982	-901
Technical result		203	236	731	793
Interest income and dividends, ect.		11	24	102	132
Value adjustments		55	50	-143	53
Interest expenses		1	6	-15	-16
Other income		11	5	29	0
Administrative expenses related to investment activities		-35	-30	-97	-52
Total investment return		43	55	-124	117
Return on and value adjustments on technical provisions		3	-12	160	-84
Total investment return after return on and value adjustment on technical provisions		46	43	36	33
Other income		0	0	72	0
Other expenses		-51	-98	-141	-98
Profit/loss before tax, continuing activities		198	181	698	728
Tax, continuing activities		-39	-42	-192	-167
Profit/loss after tax, continuing activities		159	139	506	561

Statement of comprehensive income

DKKm	Note	Group			
		Q4 2021	Q4 2020	FY 2021	FY 2020
Profit/loss after tax, discontinuing activities	4	17	-72	92	57
Profit/loss after tax		176	67	598	618
Earnings per share, DKK, continuing activities		0.3	1.4	2.0	3.5
Diluted earnings per share, DKK, continuing activities		0.3	1.4	2.0	3.5
Earnings per share, DKK		0.3	0.4	2.4	4.0
Diluted earnings per share, DKK		0.3	0.4	2.4	4.0
Comprehensive income					
Profit for the period		176	67	598	618
<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		176	67	598	618
Proposed allocation of profit/loss:					
Proposed dividend		0	0	462	618
Share attributable to Alm. Brand		176	67	136	0
Comprehensive income		176	67	136	618

Balance sheet

DKKm	Note	Group	
		31 December 2021	31 December 2020
Assets			
Intangible assets		43	9
Tangible assets		132	140
Group occupied property		0	743
Tangible assets		132	883
Investment properties		0	790
Equities		599	1,239
Unit trust units		9,024	3,462
Bonds		11,980	22,905
Mortgage deeds		581	738
Other		140	1,287
Investments assets		22,324	29,631
Reinsurers' share of provision for unearned premiums		1	4
Reinsurers' share of life insurance provision for claims		0	27
Reinsurers' share of provision for claims		336	191
Reinsurers' share of insurance contract provisions		337	222
Receivables related to direct insurance contracts		117	171
Receivables from insurance companies		28	23
Other receivables		255	303
Receivables		400	497
Current tax assets		21	0
Assets held for sale	4	18,725	0
Cash in hand and demand deposits		110	524
Other assets		18,856	524
Interest receivable		74	148
Other prepayments		69	76
Prepayments		143	224
Total assets		42,235	32,780

Balance sheet

DKKm		Note	Group	
			31 December 2021	31 December 2020
Liabilities and equity				
Share capital			1,541	1,541
Reserves, retained earnings, ect.			11,703	2,547
Proposed dividend			462	1,079
Consolidated shareholders' equity			13,706	5,167
Subordinated debt			1,295	400
Premium procisions			1,128	1,203
Life insurance provisions			0	16,562
Profit margin on general insurance contracts			486	418
Profit margin on lige insurance and investment contracts			0	382
Provision for outstanding claims			5,968	5,810
Risk margin on general insurance contracts			246	323
Provision for insurance contracts			7,828	24,698
Pension obligations ect.			13	16
Deferred tax liabilities			19	0
Provisions			32	16
Payables related to direct insurance			83	103
Payables related to reinsurance			15	43
Issued bonds			150	152
Payables to credit institutions and central banks			322	918
Current tax liabilities			0	5
Liabilities related to assets held for sale		4	18,146	0
Other payables			643	1,232
Payables			19,359	2,453
Accruals and deferred income			15	46
Liabilities			42,235	32,780
Note 1	Own shares			
Note 2	Contractual obligation and leasing			
Note 3	Fair value measurement of financial instruments			
Note 4	Discontinued Operations			
Note 5	Accounting policies - Group			
Note 6	Financial highlights and key ratios			

Statement of changes in equity

DKKm	Share capital	Contingency funds	Other reserves	Retained profit	Proposed dividend	Consolidated equity
	Aktiekapital	Sikkerhedsfonde	Andre reserver	Overført resultat	Foreslået udbytte	Koncernegenkapital
Shareholders' equity at 1 January 2020	1,577	182	1,215	1,142	460	4,576
Changes in equity 2020:						
Profit/loss for the year				618	0	618
Comprehensive income	0	0	0	618	0	618
Cancellation of treasury shares	-36			36		0
Proposed dividend				-1,079	1,079	0
Cancellation of dividend				460	-460	0
Capital movements in subsidiaries				3		3
Share option scheme, exercise				11		11
Purchase and sale of treasury shares				-41		-41
Changes in equity	-36	0	0	8	619	591
Shareholders' equity, 31 December 2020	1,541	182	1,215	1,150	1,079	5,167
Shareholders' equity, 1 January 2021	1,541	182	1,215	1,150	1,079	5,167
Changes in equity FY 2021:						
Profit/loss for the year				598		598
Comprehensive income	0	0	0	598	0	598
Dividend distributed				-1,229	-1,079	-2,308
Dividend distributed				-462	462	0
Reduction of capital	-1,387		-1,215	2,602		0
Issue of new shares pr. 2. december 2021	1,387			9,085		10,472
Cost related to the issue of new shares				-231		-231
Purchase and sale of treasury shares				8		8
Changes in equity	0	0	-1,215	10,371	-617	8,539
Shareholders' equity, 31 December 2021	1,541	182	0	11,521	462	13,706

Issue of 1.387.026.000 new shares of nominal DKK 1 at a price of DKK 7,55. The net proceeds were DKK 10.241m.

Cash flow statement

DKKm			Group	
	FY 2021	FY 2020	FY 2021	FY 2020
Cash flows from operating activities				
Premiums received	5,572	5,191		
Claims paid	-3,080	-3,089		
Dividends received	12	2		
Interest , etc. received	78	-7		
Interest expenses	-14	0		
Payments concerning reinsurance	-210	-216		
Expenses paid	-1,245	-1,027		
Other ordinary income received	66	0		
Taxes paid/received	-187	-127		
Cash flows from operating activities, continuing activities	992	727		
Cash flows from operating activities, discontinuing activities	-70	495		
Cash flows from operating activities	922	1,222		
Change in investment placement (net)				
Acquisition of intangible assets, furniture, equipment, etc.	-38	-1		
Properties acquired or converted	0	10		
Sale/aquisition of equity investments	-8,300	1,330		
Sale/repayment of mortgage deeds and loans	156	-54		
Sale/aquisition of bonds	-2,008	-2,092		
Change in investment placement, continuing activities	-10,190	-807		
Change in investment placement, discontinuing activities	891	2,049		
Change in investment placement	-9,299	1,242		
Change in financing				
Sale/purchase of treasury shares			8	-29
Dividend distributed			-2,308	0
Issue of new shares			10,241	0
Repayment of subordinated debt			895	0
Change in payables to credit institutions			215	353
Change in other liabilities			-6	150
Change in financing, continuing activities *)			9,045	474
Change in financing, discontinuing activities *)			-904	-427
Change in financing			8,141	47
Net change in cash and cash equivalents, continuing activities			-153	394
Net change in cash and cash equivalents, discontinuing activities			-83	2,117
Disposals relating to divestment				-3,023
Cash in hand and demand deposits presented within assets held for sale			-178	
Cash and cash equivalents, beginning of period			524	1,036
Cash and cash equivalents, end of period			110	524

*) The amount of DKK 9,045 million consists only of cash inflows og outflows.

Segment reporting

DKKm						FY 2021
	Private	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 92 million after tax includes both life insurance and health/personal accident activities.

Segment reporting

DKKm						FY 2020
	Private	Commercial	Non-life	Other	Elimi- nation	Group
Gross premiums written	2,616	2,727	5,343	0	0	5,343
Premiums ceded to reinsurers	-48	-178	-226	0	0	-226
Change in premium provision	51	-13	38	0	0	38
Change in profit margin and risk margin	-34	-4	-38	0	0	-38
Change in provision for unearned premiums, reinsurers' share	-1	-3	-4	0	0	-4
Earned premiums, net of reinsurance	2,584	2,529	5,113	0	0	5,113
Claims paid, gross	-1,587	-1,590	-3,177	0	0	-3,177
Claims paid, reinsurers' share	2	11	13	0	0	13
Change in the provision for claims	-29	-238	-267	0	0	-267
Change in risk margin	-3	-17	-20	0	0	-20
Change in provision for claims, reinsurers' share	0	32	32	0	0	32
Claims incurred, net of reinsurance	-1,617	-1,802	-3,419	0	0	-3,419
Acquisition costs	-394	-300	-694	0	0	-694
Administrative expenses	-88	-120	-208	0	0	-208
Reinsurance commissions and profit participation	0	1	1	0	0	1
Net operating expenses	-482	-419	-901	0	0	-901
Technical result	485	308	793	0	0	793
Interest income and dividends, ect.			130	7	-5	132
Value adjustments			57	-13	9	53
Interest expenses			-13	-8	5	-16
Other income			0	0	0	0
Administrative expenses related to investment activities			-27	-46	21	-52
Total investment return			147	-60	30	117
Return on and value adjustments on technical provisions			-84	0	0	-84
Total investment return after return on and value adjustment on technical provisions			63	-60	30	33
Other expenses			0	-98	0	-98
Profit/loss before tax, continuing activities			856	-158	30	728
Tax, continuing activities			-193	33	-7	-167
Profit/loss after tax, continuing activities			663	-125	23	561
Profit/loss after tax, discontinuing activities			0	80	-23	57
Profit/loss after tax			663	-45	0	618

*) Profit from discontinuing operations of DKK 57 million after tax includes both banking, life insurance and health/personal accident activities.

Notes

DKKm	Group	
	FY 2021	FY 2020
Note 1 Treasury shares		
Nominal value, beginning of year	3	34
Acquired during the year	5	12
Sold during the year	-6	-8
Cancellation of treasury shares	0	-35
Nominal value, end of year	2	3
Holding number of shares ('000), beginning of period	227	3,349
Additions, number of shares	460	1,229
Disposals, number of shares	-638	-805
Cancellation of treasury shares	0	-3,546
Holding number of shares ('000), end of year	49	227
Percentage of share capital, end of year	0.0%	0.1%
Note 2 Contractual obligation and leasing		
Contractual obligation	582	1,310

The Alm. Brand Group is contractually obliged to pay rent of DKK 45 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 498 million.

Contractual obligations

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

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

DKKmn	31 December 2021				31 December 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Note 3 Fair value measurement of financial instruments								
<u>Financial assets</u>								
Loans and advances	0	0	581	581	0	0	738	738
Bonds	11,659	319	2	11,980	15,828	7,072	6	22,906
Shares	9,223	0	400	9,623	4,204	0	496	4,700
Investment properties	0	0	0	0	0	0	790	790
Other assets	0	412	0	412	0	1,531	0	1,531
Total financial assets	20,882	731	983	22,596	20,032	8,603	2,030	30,665
<u>Financial liabilities</u>								
Subordinated debt	0	0	1,295	1,295	0	0	400	400
Issued bonds	0	0	150	150	0	0	152	152
Other payables	0	575	0	575	0	537	0	537
Total financial liabilities	0	575	1,445	2,020	0	537	552	1,089

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

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

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

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

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

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

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

In connection with the acquisition of Codan, an amount of DKK 11,811 million has been reserved in an escrow account.

Notes

DKKm	31 December 2021					
	Loans and advances	Bonds	Shares	Investment properties	Issued bonds (liability)	Subordinated debt (liability)
Development in level 3 financial instruments						
Carrying amount, beginning of period	738	6	496	790	152	400
Additions during the year	5	0	646	0	0	1,295
Disposals during the year	-137	-4	0	-9	0	-400
Disposals relating to the divestment of Alm. Brand Liv og Pension A/S	0	0	-770	-841	0	0
Realised value adjustments	4	0	0	3	0	0
Unrealised value adjustments	-29	0	28	57	-2	0
Carrying amount, end of period	581	2	400	0	150	1,295
Value adjustments recognised in the income statement	-25	0	28	60	-2	0
31 December 2020						
DKKm	31 December 2020					
	Loans and advances	Bonds	Shares	Investment properties	Issued bonds (liability)	Subordinated debt (liability)
Development in level 3 financial instruments						
Carrying amount, beginning of year	936	8	334	750	0	575
Additions during the year	5	0	240	9	152	0
Disposals during the year	-182	-2	-26	-11	0	0
Disposals relating to the divestment of Alm. Brand Bank A/S	0	0	-49	-17	0	-175
Realised value adjustments	0	0	13	0	0	0
Unrealised value adjustments	-21	0	-16	59	0	0
Carrying amount, year-end	738	6	496	790	152	400
Value adjustments recognised in the income statement	-21	0	-3	59	0	0

DKKmn			Group	
	FY 2021	FY 2020	FY 2021	FY 2020
Note 4 Discontinuing activities				
Alm. Brand Liv og Pension A/S				
Gross premiums written	1,562	1,632	63	66
Premiums ceded to reinsurers	-93	-79	180	235
Change in premium provision	7	-1	-347	695
Change in profit margin and risk margin	5	1	-5	-4
Change in provision for unearned premiums, reinsurers' share	0	0	-22	-38
Earned premiums, net of reinsurance	1,481	1,553	40	-134
			Total investment return	-91
Claims paid, gross	-1,539	-1,424	26	-16
Claims paid, reinsurers' share	5	23	Total investment return after return on and value adjustment	-65
Change in the provision for claims	-9	-4	Profit/loss before tax	116
Change in risk margin	1	0	Tax	-24
Change in provision for claims, reinsurers' share	33	19	Profit/loss after tax	92
Change in life insurance provisions	309	-724		105
Claims incurred, net of reinsurance	-1,200	-2,110	Alm. Brand bank A/S	
			Alm. Brand Bank, profit after tax	81
Acquisition costs	-70	-72	Loss relating to sale	-106
Administrative expenses	-64	-60	Profit/loss after tax, discontinuing activities	92
Reinsurance commissions and profit participation	34	20		80
Net operating expenses	-100	-112		
Technical result	181	-669		

The consolidated profit for 2020 includes elimination between continuing and discontinuing activities in the amount of DKK 23 million related to intra-group interest and fees, which made for a profit on discontinued activities of DKK 57 million in the 2020 financial statements.

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

Alm. Brand Liv og Pension A/S has undertaken to participate in investing in unlisted securities at an amount of DKK 330 million.

Notes

DKKm	Note	Group	
		31 December 2021	31 December 2020
Assets, Alm. Brand Liv og Pension A/S			
Group occupied property		721	0
Tangible assets		721	0
Investment properties			
		841	1,533
Equities		1,487	990
Unit trust certificates		13,794	2,941
Bonds		518	12,728
Other		604	1,082
Investments assets		16,403	17,741
Reinsurers' share of insurance contract provisions			
Reinsurers' share of life insurance provision for claims		27	27
Reinsurers' share of provision for claims		171	138
Reinsurers' share of insurance contract provisions		198	165
Receivables			
Receivables related to direct insurance contracts		64	60
Other receivables		141	52
Receivables		205	112
Other assets			
Deferred tax assets		113	0
Current tax assets		10	0
Cash in hand and demand deposits		178	260
Other assets		301	260
Prepayments and accrued income			
Interest receivable		40	85
Other prepayments		16	16
Prepayments and accrued income		56	101
Total assets		18,725	19,912

Notes

DKKm	Note	Group	
		31 December 2021	31 December 2020
Liabilities, Alm. Brand Liv og Pension A/S			
Consolidated shareholders' equity		554	795
Subordinated debt		0	150
Premium procisions		39	51
Life insurance provisions		16,292	16,562
Profit margin on general insurance contracts		3	8
Profit margin on lige insurance and investment contracts		351	382
Provision for outstanding claims		536	547
Risk margin on general insurance contracts		7	9
Provision for insurance contracts		17,228	17,559
Pension obligations ect.		1	0
Deferred tax liabilities		32	7
Provisions		33	7
Payables related to direct insurance		46	36
Payables related to reinsurance		22	30
Payables to credit institutions and central banks		388	811
Current tax liabilities		0	5
Other payables		437	489
Payables		893	1,371
Accruals and deferred income		17	30
Liabilities		18,725	19,912

NOTE 5 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 policies applied in Annual Report 2020, to which reference is made.

Group structure

On 1 October 2020, Alm. Brand A/S entered into an agreement to sell Alm. Brand Bank A/S to Sydbank A/S, which sale was completed on 30 November 2020. The sale was completed at 95% of the net asset value. In connection with the sale of Alm. Brand Bank A/S, the bank's debt collection and mortgage deed portfolio was sold to the newly established company Alm. Brand PIA A/S.

For accounting purposes, this meant that the financial results of Alm. Brand Bank A/S for 2020 were presented under discontinued activities in the financial statements for 2020 and that comparative figures in the income statement were restated. When the sale was completed on 30 November 2020, the assets and liabilities of Alm. Brand Bank were not fully reflected in the consolidated financial statements for 2020, but comparative figures in respect of the balance sheet for 2019 were not restated.

On 1 October 2021, Alm. Brand A/S entered into an agreement to sell Alm. Brand Liv og Pension A/S to Nordic I&P at a price of DKK 1.1 billion. For accounting purposes, this means that the financial results of Alm. Brand Liv og Pension for 2021 will be presented under discontinued activities and that comparative figures for 2020 will be

restated. As the sale had not yet been completed at 31 December 2021, the assets and liabilities of Alm. Brand Liv og Pension A/S were recognised as single line items in assets and liabilities without restatement of comparative figures for 2020.

The change in the group structure due to the sale of the bank and the life insurance company will also result in changes to the group's segment reporting. Previously, the segments were broken down on Non-life Insurance, Life Insurance, Banking and Other activities, but seeing as the group is now purely a non-life insurance company, the segment reporting is now broken down on the segments Private, Commercial and Other activities. Comparative figures for 2020 have been restated to reflect the new segment reporting.

Future group structure

In the summer of 2021, Alm. Brand A/S entered into a binding agreement with Tryg A/S and Intact Financial Corporation on the acquisition of Codan's Danish business. In connection with the acquisition of Codan, Alm. Brand completed a capital increase, in which 1,387,026,000 new shares were sold at a subscription price of DKK 7.55 per share, generating total proceeds of DKK 10.5 billion. The two new companies in the group will be sister companies of Alm. Brand Forsikring A/S.

Segment information

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

Non-life Insurance is divided into Private and Commercial. Private comprises the group's sales of insurances to

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

Life Insurance and health and personal accident activities are presented under discontinued activities due to a sales agreement entered into on 1 October 2021.

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

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

In accordance with IFRS 5, assets and liabilities are presented separately in the consolidated balance sheet in respect of Alm. Brand Liv og Pension A/S due to the fact that a binding agreement has been made with Nordic I&P on a sale of the company.

At 31 December 2021, the Alm. Brand Liv og Pension group's assets amounted to DKK 18.7 billion in total, most of which were investment assets recognised at market value. The group's liabilities and debt amounted to DKK 18.1 billion, with provisions for insurance contracts representing DKK 17.2 billion. See Annual Report 2020 for a description of accounting policies.

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

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

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

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

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

Definitions of financial ratios and Alternative Performance Measures (APM)

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

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

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

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

Underlying combined ratio (Non-life Insurance):

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

Underlying claims ratio (Non-life Insurance):

The underlying combined ratio less the expense ratio.

Claims experience (Non-life Insurance):

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

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

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

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

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

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

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

FINANCIAL RATIOS, ALM. BRAND A/S,

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

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

FINANCIAL RATIOS, NON-LIFE INSURANCE

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

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

Gross premium income is regulated for bonus and premium discounts.

Company information

Board of Directors

Jørgen Hesselbjerg Mikkelsen
Chairman

Jan Skytte Pedersen
Deputy Chairman

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Boris Nørgaard Kjeldsen

Pia Laub

Tina Schmidt Madsen

Brian Egested
Employee representative

Claus Nexø Jensen
Employee representative

Lotte Kathrine Sørensen
Employee representative

Management Board

Rasmus Werner Nielsen
Chief Executive Officer

Auditors

EY
Godkendt Revisionspartnerselskab

Internal auditor

Morten Bendtsen
Group Chief Auditor

Registration

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

Address

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

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