

2. CODAN DENMARK COMBINED CARVE-OUT INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

Statement by the Management of the Combined Carve-Out Interim Condensed Financial Statements.

The Executive Management of Alm. Brand A/S have today considered and approved the Combined Carve-Out Interim Condensed Financial Statements of Codan Denmark for the financial period 1 January 2021 – 30 September 2021.

The Combined Carve-Out Interim Condensed Financial Statements of Codan Denmark comprise the Combined Carve-Out Interim Condensed Statements of Financial Position for the period ended 30 September 2021, Combined Carve-Out Interim Condensed Statements of Profit or Loss and Comprehensive Income, Changes in Net Parent Investment and Cash Flow Statements for the nine month period then ended, and notes to the Combined Carve-Out Interim Condensed Financial Statements, including summary of significant accounting policies. The Combined Carve-Out Interim Condensed Financial Statements are prepared in accordance with the Accounting policies including Basis of preparation and Basis of combination as described in Note 1 to the Combined Carve-Out Interim Condensed Financial Statements.

In our opinion, the Combined Carve-Out Interim Condensed Financial Statements give a true and fair view of Codan Denmark's assets, liabilities and financial position at 30 September 2021 and of the results of Codan Denmark's operations and cash flows for the financial period 1 January 2021 – 30 September 2021 in accordance with the Accounting policies including the Basis of preparation and Basis of combination as described in Note 1 to the Combined Carve-Out Interim Condensed Financial Statements. Codan Denmark, which is carved out of Codan Forsikring A/S, consists of the assets and liabilities as described in Elements of the Combined Carve-Out Interim Condensed Financial Statements in Note 1 to the Combined Carve-Out Interim Condensed Financial Statements.

In addition, we confirm, that the Combined Carve-Out Interim Condensed Financial Statements include the assets and liabilities at 30 September 2021 and the result from the activities for the financial period 1 January 2021 - 30 September 2021 covered by the Share Purchase Agreement with the Sellers.

Copenhagen, 8 November 2021

Executive Management

Rasmus Werner Nielsen

Chief Executive Officer

Independent auditor's report on review of Combined Carve-Out Interim Condensed Financial Statements for the period 1 January 2021 - 30 September 2021

To the Executive Management of Alm. Brand A/S

We have reviewed the Combined Carve-Out Interim Condensed Financial Statements of Codan Denmark for the period 1 January 2021 – 30 September 2021 prepared in accordance with the Accounting policies including Basis of preparation and Basis of combination as described in Note 1 to the Combined Carve-Out Interim Condensed Financial Statements. Codan Denmark which is carved out of Codan Forsikring A/S, consists of the assets and liabilities as described in Elements of the Combined Carve-Out Interim Condensed Financial Statements in Note 1 to the Combined Carve-Out Interim Condensed Financial Statements.

Reviewed Combined Carve-Out Interim Condensed Financial Statements

The Combined Carve-Out Interim Condensed Financial statements of Codan Denmark comprise the Combined Carve-Out Interim Condensed Statements of Financial Position at 30 September 2021, the Combined Carve-Out Interim Condensed Statements of Profit or Loss and Comprehensive Income, Changes in Net Parent Investment and Cash Flow Statements for the nine months period then ended, and notes to the Combined Carve-Out Interim Condensed Financial Statements, including summary of significant accounting policies. The Combined Carve-Out Interim Condensed Financial Statements are prepared in accordance with the Accounting policies including Basis of preparation and Basis of combination as described in Note 1 to the Combined Carve-Out Interim Condensed Financial Statements.

Management's responsibility for the Combined Carve-Out Interim Condensed Financial Statements

The Executive Management of Alm. Brand A/S (Management) is responsible for the preparation of the Combined Carve-Out Interim Condensed Financial Statements in accordance with the Accounting policies including Basis of preparation and Basis of combination as described in Note 1 to the Combined Carve-Out Condensed Interim Financial Statements. Further, Management is responsible for such internal control, that Management determines is necessary to enable the preparation of Combined Carve-Out Interim Condensed Financial Statements that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Combined Carve-Out Interim Condensed Financial Statements. We conducted our review in accordance with the International Standard relating to Review of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish audit regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the Combined Carve-Out Interim Condensed Financial Statements is not prepared in all material respects in accordance with the Accounting policies including Basis of preparation and Basis of combination as described in Note 1 to the Combined Carve-Out Interim Condensed Financial Statements. This also requires that we comply with relevant ethical requirements.

A review of a Combined Carve-Out Interim Condensed Financial Statements prepared in accordance with the International Standard relating to Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures primarily consisting of enquiries of Management and others within the entity, as appropriate, and applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less in scope than those performed in an audit conducted in accordance with the International Standards on Auditing. Accordingly, we do not express an audit opinion on the Combined Carve-Out Interim Condensed Financial Statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Combined Carve-Out Interim Condensed Financial Statements for the period 1 January 2021 - 30 September 2021 of Codan Denmark has not been prepared, in all material respects, in accordance with the Accounting policies including Basis of preparation and Basis of combination as described in Note 1 to the Combined Carve-Out Interim Condensed Financial Statements.

Emphasis of matter – Accounting policies

We draw attention to Note 1 to the Combined Carve-Out Interim Condensed Financial Statements, which describes the Accounting policies, including Basis of preparation and Basis of combination, including the approach to and purpose of preparing them. Consequently, Codan Denmark's Combined Carve-Out Interim Condensed Financial Statements may not necessarily be indicative of the financial performance that would have been achieved if Codan Denmark had operated as an independent entity, nor may they be indicative of the results of operations of Codan Denmark for any future period. The Combined Carve-Out Interim Condensed Financial Statements are prepared specifically for the purpose of the Prospectus.

As a result, the Combined Carve-Out Interim Condensed Financial Statements may not be suitable for another purpose.

Our conclusion is not modified in respect of this matter.

Other matter – Review of comparative financial information in the Combined Carve-Out Interim Condensed Financial Statements

We draw attention to that the financial information related to the period 1 January – 30 September 2020 included in the Combined Carve-Out Interim Condensed Financial Statements as comparative figures, have not been reviewed or audited.

Our conclusion is not modified in respect of this matter.

Copenhagen, 8 November 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Henrik Barner Christiansen

State Authorised

Public Accountant

mne10778

Kim Moeslund Schmidt

State Authorised

Public Accountant

mne34552

Combined Carve-Out Interim Condensed Statement of Profit or Loss for the nine months ended 30 September 2021 and 30 September 2020

DKKm	Note	30 September 2021	30 September 2020
General Insurance			
Gross premiums written		4,342	4,404
Ceded insurance premiums		-445	-454
Change in premium provision		-353	-380
Change in profit margin and risk margin		178	56
Change in reinsurer's share of premium provision		22	194
Premium income, net of reinsurance		3,744	3,820
Claims paid		-2,677	-2,933
Reinsurance cover received		216	175
Change in claims provisions		315	98
Change in risk margin		50	3
Change in the reinsurers' share of claims provision		-152	134
Claims, net of reinsurance	3	-2,248	-2,523
Bonus and premium discounts		-27	-43
Acquisition costs		-694	-580
Administration expenses		-202	-222
Acquisition costs and administration expenses		-896	-802
Reinsurance commissions and profit participation		21	20
Insurance operating costs, net of reinsurance		-875	-782
Technical result		594	472
Interest income and dividends		177	162
Value adjustments		-290	-93
Interest expenses		-45	-6
Investment management expenses		-22	-22
Total investment return		-180	41
Return on insurance provisions		182	-97
Total investment return after insurance technical interest		2	-56
Other costs		-84	0
Profit/loss before tax		512	416
Tax		-120	-89
Profit/loss for the period		392	327

The notes on pages F-70 to F-79 are an integral part of these Combined Carve-Out Interim Condensed Financial Statements

Combined Carve-Out Interim Condensed Statement of Comprehensive Income for the nine months ended 30 September 2021 and 30 September 2020

DKKm	Note	30 September 2021	30 September 2020
Profit for the period		392	327
Other comprehensive income			
Unrealised gain/loss operational hedge		-5	-1
Operational hedge related income tax		1	0
Other comprehensive income		0	-29
Other comprehensive income		-4	-30
Total comprehensive income		388	297

The notes on pages F-70 to F-79 are an integral part of these Combined Carve-Out Interim Condensed Financial Statements

Combined Carve-Out Interim Condensed Statement of Financial Position for the period ended 30 September 2021 and 31 December 2020

DKKm	Note	30 September 2021	31 December 2020
Assets			
Intangible assets		615	622
Operating equipment		95	29
Land and Buildings (ROU)		114	44
Property, plant and equipment		209	73
Loans to related parties		0	500
Equity investments		283	267
Unit trust		589	616
Bonds		9,878	10,084
Other lending		376	304
Derivative financial instruments		2	1
Total other financial investment assets		11,128	11,272
Total investment assets	4	11,128	11,772
Reinsurers' share of premium provisions		146	114
Reinsurers' share of claims provisions		463	611
Total reinsurers' share of provisions for insurance contracts		609	725
Receivables from policyholders		754	886
Receivables from brokers		6	7
Total receivables in connection with direct insurance contracts		760	893
Receivables from insurance enterprises		70	85
Receivables from related parties	6	3,636	2,229
Other receivables		62	128

DKKm	Note	30 September 2021	31 December 2020
Total receivables		5,137	4,060
Current tax assets		0	0
Deferred tax assets		0	0
Cash at bank and in hand		461	486
Total other assets		461	486
Interest and rent receivable		47	70
Other prepayments and accrued income		74	42
Total prepayments and accrued income		121	112
Total assets		17,671	17,125
Net parent investment and liabilities			
Net parent investment		4,810	3,451
Premium provisions		1,127	767
Profit margin on general insurance contracts		417	513
Claims provisions		8,584	9,070
Risk margin on general insurance contracts		663	795
Provisions for bonuses and premium discounts		65	82
Total provisions for insurance contracts		10,856	11,227
Deferred tax liability		432	393
Other provisions		24	54
Total provisions		456	447
Deposits with ceding undertakings		0	0
Debt relating to direct insurance		123	148
Debt relating to reinsurance		16	18
Amounts owed to credit institutions		0	600
Debt to related parties	6	634	560
Lease liability		212	86
Current tax liabilities		96	24
Other debt		443	495
Other Liabilities		1,524	1,931
Accruals and deferred income		25	69
Total net parent investment and liabilities		17,671	17,125

The notes on pages F-70 to F-79 are an integral part of these Combined Carve-Out Interim Condensed financial statements

Combined Carve-Out Interim Condensed Statement of Changes in Net parent investment for the period ended 30 September 2021 and 30 September 2020

DKKm	Total Net parent investment
Nine months ended 30 September 2021	
Net parent investment at the beginning of the period	3,451
Profit/loss for the period	392
Other comprehensive income	-4
Total comprehensive income	388
Capital injection**	71
Net dividends/transfers to/from RSA*	-481
Branch capitalisation*	1,381
Changes in Net parent investment the nine month ended 30 September 2021	1,359
Net parent investment at the end of the period	4,810

DKKm	Total Net parent investment
Nine months ended 30 September 2020	
Net parent investment at the beginning of the period	3,714
Profit/loss for the period	327
Other comprehensive income	-30
Total comprehensive income	297
Net dividends/transfers to/from RSA*	0
Branch capitalisation*	728
Changes in Net parent investment the nine month ended 30 September 2020	1,025
Net parent investment at the end of the period	4,739

In the Demerger Agreement it has been agreed that capital adjustments to Codan Denmark in amount of DKK -246 million, will be made if and when the demerger is approved and registered by the Authorities. These capital adjustments are not recognized in the Combined Carve-Out Financial Statements. The capital adjustments are included in the pro forma balance sheet as at 30 September 2021 as presented in this Prospectus Part I, section 13.9 – “Unaudited Pro Forma Financial Information” – “Unaudited pro forma balance sheet relating to the Enlarged Group as of 30 September 2021”.

* Net dividends/transfers to/from RSA and Branch capitalisation are explained in Note 1 Accounting policies under the section Net Parent Investment

**Injection of capital, Chopin Forsikring A/S

Combined Carve-Out Interim Condensed Cash Flow Statement for the nine months ended 30 September 2021 and 30 September 2020

DKKm	30 September 2021	30 September 2020
Cash from operating activities		
Premiums	4,297	4,344
Changes in insurance debtors	134	82
Claims paid	-2,677	-2,933
Change in insurance payables	-25	-46
Ceded business	-229	-279
Change in reinsurance receivables/payables	14	-23
Costs	-896	-804
Depreciation and amortisation	106	115
Change in other debt and other amounts receivable	-63	34
Cash flows from / used in insurance activities	661	490
Interest received	199	167
Interest paid	-45	-6
Income taxes paid	-9	-17
Cash flows from operating activities	806	634
Investment		
Purchase of equity investments and unit trust	-130	-193
Sale of equity investments and unit trust	165	75
Purchase of bonds	-7,155	-2,235
Sale of bonds	8,364	3,704
Purchase of Other loans and other investment assets	-87	0
Loss on sale of derivatives	-28	-46
Acquisition of intangible assets	-7	-15
Cash flows from / used in investments	1,122	1,290
Financing		
Net dividends/transfers to/from RSA	-481	0
Lease payments	-39	-41
Change in amounts owed to/from related parties	-1,333	-1,872
Repayment of loans by related parties	500	0
Proceeds from credit institutions	3,025	4,751
Repayments to credit institutions	-3,625	-4,651
Cash flows from / (used in) financing	-1,953	-1,813
Change in cash and cash equivalents	-25	111
Cash and cash equivalents 1 January	486	314
Cash and cash equivalent 30 September	461	425

The notes on pages F-70 to F-79 are an integral part of these Combined Carve-Out Interim Condensed Financial Statements

Notes to the Combined Carve-Out Interim Condensed financial statements

1. Accounting policies

The accounting policies are unchanged from the policies applied in the Combined Carve-Out Financial Statements for the financial years ended 31 December 2020, 2019 and 2018, to which reference is made.

A number of amended IFRS standards have become effective from 1 January 2021. These has been implemented by Codan Denmark without any impact on the Combined Carve-Out Interim Condensed Financial Statements for the financial period 1 January 2021 – 30 September 2021.

Elements of the Combined Carve-Out Interim Condensed Financial Statements

Codan Denmark, which is carved-out of Codan Forsikring A/S and combined, consists of:

- all assets and liabilities of the Danish branch and the US Branch of Codan Forsikring A/S, except for the investment in the Trygg-Hansa branch, in Holmia Livförsäkring AB, in the Codan Norway branch, in CAB Group AB and derivative financial instruments in Codan Denmark used for hedging the net investment in Trygg-Hansa,
- Forsikringselskabet Privatsikring A/S, the Danish incorporated entity wholly owned by Codan Forsikring A/S,
- Chopin Forsikring A/S, a Danish incorporated entity wholly owned by Codan A/S,
- all assets and liabilities of the Swedish Marine business of Codan Forsikring A/S; and
- specific tangible and intangible IT assets transferred in 2020 from the Swedish and Norwegian business of Codan Forsikring A/S agreed upon in the Separation Agreement. This includes both owned and leased assets capitalized under IFRS16.

Basis of preparation

Codan Denmark has not previously constituted a separate legal entity or group for the period under review and hence historical financial statements have not previously been presented for the combined carve-out operations for the period under review. Accordingly, the Combined Carve-Out Interim Condensed Financial Statements of Codan Denmark for the financial period 1 January 2021 – 30 September 2021, which have been prepared specifically for the purpose of meeting the requirements of the EU Prospectus Regulation, are prepared on a basis that combines the results of operations, assets and liabilities and cash flows of Codan Denmark by applying principles underlying the consolidation procedures under IFRS 10 (Consolidated Financial Statements).

The Combined Carve-Out Interim Condensed Financial Statements do not constitute a set of general-purpose interim financial statements under IAS 34, because Codan Denmark does not constitute a legal entity or group as defined by IFRS 10 which as a general principle requires a parent entity to prepare consolidated financial statements under the concept of 'control'. Thus, the Com-

Combined Carve-Out Interim Condensed Financial Statements of Codan Denmark for the financial period 1 January 2021 – 30 September 2021 do neither include an unreserved statement of compliance with IFRS or IAS 34 “Interim Financial Reporting”.

The Combined Carve-Out Interim Condensed Financial Statements of Codan Denmark for the financial period 1 January 2021 – 30 September 2021 have been prepared for illustrative purposes only and address a hypothetical situation; they therefore do not necessarily reflect the actual financial position, results of operations or cash flows of Codan Denmark that would have been realised had Codan Denmark been a separate entity during the period under review nor the future results of Codan Denmark as it will exist upon completion of the Demerger.

The acquisition of Codan Denmark will be made through acquisition of the legal entity Chopin Forsikring, that holds the necessary license by the Danish FSA for conducting insurance business, to which the operations of Codan Denmark will be injected through the Demerger of Codan Forsikring.

The Combined Carve-Out Interim Condensed Financial Statements of Codan Denmark for the financial period 1 January 2021 – 30 September 2021 have been prepared on the basis of the accounting records of the business of Codan Denmark as defined in the 2020, 2019 and 2018 Combined Carve-Out Financial Statements of Codan Denmark.

The Combined Carve-Out Interim Condensed Financial Statements of Codan Denmark for the nine months period ended 30 September 2021, have been prepared in accordance with the recognition and measurement principles of IAS 34 “Interim Financial Reporting” as adopted by EU, except for:

- IFRS 10 (Consolidated Financial Statements) — IFRS 10 establishes a general principle that parent entities should present consolidated financial statements when it controls one or more entities. Codan Denmark has not previously constituted a legal group and consequently, Codan Denmark is not permitted by IFRS 10 to present consolidated financial statements. The Combined Carve-Out Interim Condensed Financial Statements have been prepared by applying the underlying principles of IFRS 10 for consolidation procedures.

Furthermore, the following disclosure requirement in IAS 34 have not been complied with in all aspects as the information is not readily available for Codan Denmark:

- Derivative contracts are entered into by legal entities within RSA Scandinavia and have been allocated to Codan Denmark if they are direct attributable to Codan Denmark, but the underlying systems do not support the disclosure requirements on the segregated basis, thus the Combined Carve-Out Interim Condensed Financial Statements for the financial period ended 30 September 2021 do not include all disclosures on derivatives required by IAS 34. Similarly, disclose of valuation techniques used in measuring level 2 and level 3 fair values and the significant unobservable inputs used has not been provided in the Combined Carve-Out Interim Condensed Financial Statement for Codan Denmark.
- As the Combined Carve-Out Interim Condensed Financial Statements represent segregation of legal entities within RSA Scandinavia the split of equity reserves into reserve line items has not and cannot be performed on a relevant and reliable basis.

In the Demerger Agreement it has been agreed that capital adjustments to Codan Denmark will be made if and when the Demerger is approved and registered by the Authorities. These capital adjustments are not recognised in the Combined Carve-Out Interim Condensed Financial Statements. The capital adjustments are included in the pro forma balance sheet as at 31 December 2020 as presented in this Prospectus Part I, section 13.8 – “Unaudited Pro Forma Financial Information” – “Unaudited pro forma balance sheet relating to the Enlarged Group as of 31 December 2020”.

The application of IAS 34 means that the report is limited relative to the presentation of a full annual report.

Basis of combination

The following accounting and other principles have also been applied in the preparation of the Codan Denmark Combined Carve-Out Financial Statements:

- Intercompany transactions within Codan Denmark have been eliminated from the Codan Denmark Combined Carve-Out Interim Condensed Financial Statements. Transactions with other RSA Group entities previously considered as intercompany transactions by RSA have been treated as transactions with related parties for purposes of the Codan Denmark Combined Carve-Out Interim Condensed Financial Statements.
- Direct and overhead costs are centrally managed by the Danish branch of Codan Forsikring and include services such as finance and accounting, information technology and human resources. Centrally provided services have historically been recharged from the Danish branch of Codan Forsikring to individual branches and legal entities within RSA Scandinavia. These historically recharges are included in the Codan Denmark Combined Carve-Out Interim Condensed Financial Statements. These cost allocations were affected by arrangements that existed in RSA Group and therefore do not necessarily reflect the representative position of Codan Denmark had it been a separate entity during the periods under review nor the position that will prevail upon completion of the Transaction.
- Codan Denmark have neither in the past constituted a separate legal group nor presented any stand-alone consolidated financial statements. Therefore, it is not meaningful to present share capital or an analysis of reserves. Net parent investment of Codan Denmark is made up of combined carve-out interim condensed assets less combined carve-out interim condensed liabilities that have been identified as belonging to the operations and entities being combined (net parent investment). As the combined carve-out operations and entities do not constitute one legal entity or group, net parent investment is theoretical and cannot be reconciled to information of identifiable legal entities.
- Trygg-Hansa and Codan Norway are branches of Codan Forsikring and are not included in the Combined Carve-Out Interim Condensed Financial Statements and has been carved out without any compensation to Codan Denmark. The resulting adjustment has been recognised in net parent investment on 1 January 2018 in the Codan Denmark Combined Carve-Out Financial Statements.

- Codan Denmark participates in the share-based incentive plans established by RSA with members of the board of management and material risk takers eligible for such schemes. The Codan Denmark Combined Carve-out Interim Condensed Financial Statements include employee cost allocations related to these participations as part of allocation of centrally managed costs as described above. These cost allocations may not be indicative of future expenses that will be incurred through incentive schemes for key personnel upon completion of the Transaction.
- Intercompany balances and loans between Codan Denmark and other entities within the RSA Group are presented as receivables from related parties and debt to related parties.
- Derivatives contracts are entered into by legal entities within RSA Scandinavia and have been allocated to Codan Denmark in the Codan Denmark Combined Carve-out Interim Condensed Financial Statements if they are directly attributable to Codan Denmark. Derivatives financial instruments allocated to The Codan Denmark Combined Carve-out Interim Condensed Financial Statements comprise foreign exchange contracts and repurchase contracts.
- The Income tax charge included in the Codan Denmark Combined Carve-out Interim Condensed Financial Statements reflects the aggregate of the income tax charges actually incurred by Codan Denmark during the periods under review. The tax positions include the benefit, reliefs and charges which arose as being part of the RSA Group are therefore not necessarily representative of what the tax position will be under separate ownership. Tax calculated on adjustments applied in the preparation of the Codan Denmark Combined Carve-Out Interim Condensed Financial Statements is based on the Danish tax rate for the periods under review (22%).

The functional currency of each branch within Codan Denmark is translated into DKK, unless otherwise specified.

2. Technical result, net of reinsurance by operating segment

DKKm	Personal	Commercial
Nine months ended 30 September 2021		
Gross premium income	1,624	2,516
Gross claims incurred	-810	-1,502
Gross operating expenses	-458	-438
Profit/loss on gross business	356	576
Profit/loss from reinsurance	-21	-317
Technical result	335	259
Gross claims ratio	49.9%	59.7%
Net reinsurance ratio	1.3%	12.6%
Claims experience	51.2%	72.3%
Gross expense ratio	28.2%	17.4%
Combined ratio	79.4%	89.7%

DKKm	Personal	Commercial
Nine months ended 30 September 2020		
Gross premium income	1,634	2,403
Gross claims incurred	-1,028	-1,804
Gross operating expenses	-370	-432
Profit/loss on gross business	236	167
Profit/loss from reinsurance	-1	70
Technical result	235	237
Gross claims ratio	62.9%	75.1%
Net reinsurance ratio	0.1%	-2.9%
Claims experience	63.0%	72.2%
Gross expense ratio	22.6%	18.0%
Combined ratio	85.6%	90.2%

3. Claims, net of reinsurance

DKKm	30 September 2021	30 September 2020
Claims	-2,640	-3,117
Run-off previous years, gross	328	285
	-2,312	-2,832
Reinsurance cover received	139	228
Run-off previous years, reinsurers' share	-75	81
	64	309
Claims, net of reinsurance	-2,248	-2,523

4. Financial assets and liabilities

Fair value hierarchy

Fair value for all assets and liabilities which are either measured or disclosed is determined based on available information and categorised according to a three-level fair value hierarchy as detailed below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from data other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability valuation that are not based on observable market data (unobservable inputs).

A financial instrument is regarded as quoted in an active market (level 1) if quoted prices for that financial instrument are readily and regularly available from an exchange, dealer, broker, industry

group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For level 1 and level 2 investments, Codan Denmark uses prices received from external providers who calculate these prices from quotes available at the reporting date for the particular investment being valued. For investments that are actively traded Codan Denmark determines whether the prices meet the criteria for classification as a level 1 valuation. The price provided is classified as a level 1 valuation when it represents the price at which the investment traded at the reporting date taking into account the frequency and volume of trading of the individual investment together with the spread of prices that are quoted at the reporting date for such trades.

Typically, investments in frequently traded government debt would meet the criteria for classification in the level 1 category. Where the prices provided do not meet the criteria for classification in the level 1 category, the prices are classified in the level 2 category.

In certain circumstances, Codan Denmark does not receive pricing information from an external provider for its financial investments. In such circumstances Codan Denmark calculates fair value which may use input parameters that are not based on observable market data. Unobservable inputs are based on assumptions that are neither supported by prices from observable current market transactions for the same instrument nor based on available market data. In these cases, judgement is required to establish fair values. Valuations that require the significant use of unobservable data are classified as level 3 valuations and inputs are generally determined via reference to observable inputs, historical observations or using other analytical techniques. In addition, the valuations used for investment properties and for group occupied properties are classified in the level 3 category.

The following table provides an analysis of financial instruments and other items that are measured subsequent to initial recognition at fair value as well as financial liabilities not measured at fair value, grouped into levels 1 to 3. The table does not include financial assets and liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

DKKm	Quoted prices (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
30 September 2021				
Equity investments	229	0	54	283
Units in open-ended funds	0	0	589	589
Bonds	1,911	7,424	543	9,878
Other loans	0	0	376	376
Derivative financial instruments	0	2	0	2
Assets measured at fair value	2,140	7,426	1,562	11,128

DKKm	Credit Investments	Equity Investments	Total
Development in level 3 financial instruments			
30 September 2021			
Opening balance	919	56	975
Currency translation adjustments	23	1	24
Total gains or losses for the period	2	-3	-1
Purchases	719	0	719
Sales	-155	0	-155
Closing balance	1508	54	1,562

DKKm	Quoted prices (Level 1)	Observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
31 December 2020				
Equity investments	211	-	56	267
Units in open-ended funds	1	-	615	616
Bonds	288	9,796	-	10,084
Other loans	-	-	304	304
Derivative financial instruments	-	1	-	1
Assets measured at fair value	500	9,797	975	11,272

DKKm	Credit Investments	Equity Investments	Total
Development in level 3 financial instruments			
31 December 2020			
Opening balance	635	4	639
Total gains or losses for the period	-9	19	10
Purchases	356	33	389
Sales	-63	-	-63
Closing balance	919	56	975

5. Contractual obligations, collateral, and contingent liabilities

DKKm	30 September 2021	30 September 2020	31 December 2020
VAT ad liability in connection with purchase of intangible assets	2	2	2
VAT cases	20	27	27
Non-technical Resource and non-recourse			
Guarantee Commitments	5	22	14
Service agreements (IT and telephony)	35	14	29
Commitment future lease agreements	57	-	170
Operational lease non-IFRS 16	2	2	24
Other contractual obligations	248	346	436
Total	369	413	702

Codan Forsikring A/S and Privatsikring A/S are cooperating with other insurers to provide joint cover of certain types of insurance risks. In addition to Codan Forsikring A/S and Privatsikring A/S' own share of such risks, which is included in the annual report, the company are jointly and severally liable for the other insurers' share of the insurance liabilities. However, in view of the fact that these insurers are sound companies, the risk is largely minimal.

Codan Forsikring A/S and Privatsikring A/S signed contracts with external companies for the purpose of selling insurance products.

Codan Forsikring A/S and Privatsikring A/S are jointly registered with the majority of the Codan Group's Danish companies for the purpose of payment of VAT and payroll tax and is jointly and severally liable for the payment of such taxes.

Codan Forsikring A/S and Privatsikring A/S are jointly and severally liable together with other companies participating in the joint taxation for any dividend tax and royalties imposed within the joint taxation payable by 1 July 2012 or later.

Likewise, Codan Forsikring A/S and Privatsikring A/S are jointly and severally liable together with other companies participating in the joint taxation for any company tax imposed within the joint taxation from and including the income year 2013.

Codan Forsikring A/S and Privatsikring A/S entered into agreements with other companies in the Codan Group on the sale of insurance products, investment management, reinsurance, provision of administrative services, etc.

6. Related parties

Information on related parties

The ultimate parent of Codan Denmark until 31 May 2021 was RSA Insurance Group plc, 20 Fenchurch Street, London, England, which owned 100% of RSA Scandinavia, with Codan A/S as the sub-holding company, through a wholly owned subsidiary. From 1st June 2021, the ultimate holding company of Codan Denmark, and Codan A/S, is Scandi JV Co A/S which is ultimately owned by Intact Financial Corporation and Tryg A/S. Following the Demerger (targeted H1 2022) and until completion, the ultimate holding company of Codan Denmark will be Scandi JV Co 2 A/S which is ultimately owned by Intact Financial Corporation and Tryg A/S.

Related party transactions

Except for transactions with related parties within the due course of business, Codan Denmark has entered into the following significant transactions with related parties during the period 1 January 2021 – 30 September 2021:

During the financial period ended 30 September 2021 and 30 September 2020, net dividends/transfers to/from RSA amounts to DKK -481 million in 2021 and DKK 0 million in 2020.

As of 30 September 2021, Codan Denmark had a loan to Codan A/S of DKK 0 million (30 September 2020: DKK 1,000 million). The loan was obtained on an arm's length basis. The loan was fully

settled on 1 June 2021. The interest rate for the loan was based the 12-month CIBOR plus a margin of a margin of 0.6% p.a. (30 September 2019: 0.6% p.a.). The interest income amounted to DKK 1.6 million as of 30 September 2021 (30 September 2020: DKK 4.9 million) and was accrued on a monthly basis and settled yearly and at termination.

Codan Denmark entered into reinsurance agreements with companies in the RSA Group on an arm's length basis. Included in this is a 100% quote sharing programme on the Marine Hull portfolio with RSA & Sun Alliance Insurance plc. The program covers all policies, new or renewed, issued during the contract period and has been closed on a cost-plus basis.

As of 30 September 2021, receivables from related parties were DKK 3,636 million (30 September 2020: DKK 3,165 million) which primarily relate to branch capitalisation and other transactions entered into with RSA Group entities in the ordinary course of business. Outstanding balances are unsecured, interest free and repayable on demand except for branch capitalisation.

As of 30 September 2021, other payables to related parties were DKK 634 million (30 September 2020: DKK 443 million) which relate to transactions entered into with other RSA Group entities in the ordinary course of business. Outstanding balances are unsecured, interest free and repayable on demand except for branch capitalisation.

Board of directors, board of management and employees

Codan Denmark related parties furthermore include the members of the board of directors and the board of management of the parent company, Codan A/S, as well as their related family members. Related parties also include companies in which the above persons have significant interests.

Apart from normal management remuneration, no transactions, except for those listed below, were entered into during the year with the board of directors and the board of management, executives, major shareholders or other related parties.

Remuneration of the Board of directors, Board of management, and Material Risk-takers is allocated between Codan Forsikring and the parent company Codan A/S. The specification below contain the total remuneration.

	30 September 2021	30 September 2020
<u>(DKKm)</u>		
Remuneration of the board of directors	1.5	1.7
Remuneration of the executive management		
Wages and salaries	6.5	5.9
Bonuses	0.7	2.0
Pension Benefits	0.3	0.2
Long term incentive plan	-	-
Redundancy Benefits	7.1	-
Remuneration of the board of management	14.6	8.1

	30 September 2021	30 September 2020
<u>(DKKm)</u>		
Number of employees in the board of management	2	2
Remuneration of the risk takers		
Wages and salaries	55.2	53.5
Pension benefits	7.9	7.4
Remuneration of risk takers	63.1	60.8
Number of risk takers	48	54

7. Events subsequent to 30 September 2021

The Codan Insurance Company Ltd (US Branch) has withdrawn its licensing status in New York effective 19 October 2021.

Besides the above, no events of material importance to the Combined Carve-Out Interim Condensed Statement of 16 Financial Position or business affairs have occurred subsequent to 30 September 2021.