

Bank | Forsikring | Pension

*Alm*  
Brand

ALM. BRAND

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Interim report  
the first quarter

2019

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

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# Group companies

Alm. Brand is a listed Danish financial services group focusing on the Danish market. The group carries on non-life insurance, life insurance and banking activities.



**Denmark's**  
**4th largest insurer**

Non-life Insurance is the group's core business, exclusively targeting the Danish market with a special focus on private customers, small and medium-sized enterprises, property owners and administrators, agricultural customers and the public sector.

**Life Insurance based**  
**on *personal* advice**

Life Insurance offers life insurance, pension savings and pension insurance with a particular focus on private individuals, owners and employees of small businesses, and farmers.

**Helping customers**  
***every* day**

Alm. Brand Bank has nationwide coverage and is focused on providing banking products and services to private customers and small and medium-sized enterprises, bond, equity and currency trading, private banking and asset management services as well as leasing of cars to private and commercial customers.

## Highly satisfactory profit of DKK 225 million. Full-year guidance is lifted by DKK 75 million to a profit of about DKK 575-675 million.

### Q1 PERFORMANCE

Alm. Brand posted a pre-tax profit of DKK 225 million in Q1 2019, corresponding to a return on equity of 18.7% p.a. The performance was highly satisfactory and better than expected.

Both Non-life Insurance and Life Insurance posted highly satisfactory results. The bank's results were in line with expectations, and growth in the number of customers continued the positive trend. All business areas were adversely affected by interest rate developments in Q1 2019, and the revised method for calculating the volatility adjustment premium (the "VA premium") introduced in Denmark at the beginning of 2019 detracted from the profit of Non-life Insurance and the bonus rate of Life Insurance.

### Non-life Insurance

Non-life Insurance produced a pre-tax profit of DKK 195 million, against DKK 199 million in Q1 2018. The performance was highly satisfactory and better than expected.

The combined ratio was 84.4, being favourably affected by run-off gains and a lower level of expenses for both major claims and weather-related claims.

Gross premiums amounted to DKK 1,313 million in Q1 2019, up 1.6% year on year. The commercial customer segment grew by 2.5%, while growth in the private customer segment was 0.7%, which was less than anticipated, but more than in Q1 2018. Customer retention remained high in both segments.

The expense ratio was 18.0 in Q1 2019, which was below the level expected, but slightly higher than in the same period of last year.

The investment result was a loss of DKK 10 million. The performance was supported by a DKK 24 million gain on equities, while the revised method for calculating the VA premium entailed an expense of DKK 25 million.

### Life Insurance

Life Insurance produced a pre-tax profit of DKK 29 million in Q1 2019, against DKK 26 million in Q1 2018. The performance was highly satisfactory and better than expected.

Total pension contributions in Life Insurance increased by 4.4% year on year and were composed of an increase in regular premiums of 4.3% and an increase in sin-

gle payments of 4.4%. Regular premiums increased by 7.7% excluding premiums from the group life insurance business, the income from which was adversely affected by accruals in the group life insurance portfolio. Growth was satisfactory.

The bonus rate was 16.2% at 31 March 2019, which was a year-to-date decline of 2.4 percentage points. The bonus rate was favourably affected by developments in the financial markets, but adversely impacted by the declining level of interest rates. The decline was also affected by the revised method for calculating the VA premium which took effect at the beginning of the year, reducing the bonus rate by 1.0 percentage point. Based on the persistently high bonus rate, Alm. Brand Pension is able to offer high and competitive rates on policyholders' savings.

### Banking

The bank generated a total profit of DKK 16 million in Q1 2019 (Q1 2018: DKK 13 million profit). The profit was lifted by reversed impairment writedowns, but this effect was offset by lower-than-expected interest and fee income. Overall, the profit was in line with expectations.

The bank's income amounted to DKK 162 million in Q1 2019, against DKK 123 million in the year-earlier period. The increase was primarily attributable to the acquisition of the activities of Saxo Privatbank as well as to a generally higher level of activity.

The bank recorded very satisfactory customer inflow in the first quarter, seeing the number of Pluskunder (customers who have pooled all of their business with the bank) increase by 4%. The effect of investments in customer advisers as well as digital solutions and process enhancements supported the inflow of new customers. As a result of the rising customer inflow, new lending also increased markedly. This trend was partly offset by a generally higher propensity to save up, quicker debt repayment and a surge in the conversion of bank loans into mortgage loans.

Supported by the conversion trend, the portfolio of Totalkredit mortgage loans for which the bank acted as intermediary increased by DKK 0.4 billion in Q1 2019 to stand at DKK 15.7 billion at 31 March 2019, against DKK 15.3 billion at 31 December 2018.

In Q1 2019, Financial Markets also experienced increased customer inflow, increased customer trading activity and growth in asset management mandates.

### Other activities

Other business activities, consisting primarily of corporate expenses, performed in line with expectations. The Q1 performance was a pre-tax loss of DKK 14 million, against a loss of DKK 15 million for the same period of 2018.

## CAPITALISATION

Alm. Brand's total capital relative to its capital target determines the distribution potential. The distribution by the group is aligned with planned activities, including investments, special risks or a shortfall in earnings.

The distributable total capital of the group was DKK 5,071 million at 31 March 2019, corresponding to an excess of DKK 161 million relative to the group's capital target. Although Q1 earnings improved the excess, this trend was more or less offset by an increase in the capital target for the group.

The development in the excess was affected by an increase in the bank's capital target, which was mainly attributable to higher market risk. The bank's market risk may fluctuate over time based on investment decisions, and it is currently at the higher end of the target risk level. Moreover, the target for Life Insurance has increased as a result of an increase in technical provisions due to growth and declining interest rates. At the same time, the increase in the profit margin from Life Insurance has led to higher total capital.

At the annual general meeting held on 29 April 2019, the shareholders adopted a total dividend payment of DKK 3.00 per share and the initiation of a share buyback programme totalling up to DKK 200 million. Hence, an amount of DKK 670 million has been deducted from the total capital for the group to cover the distribution.

## Capitalisation

DKKm	Q1	
	2019	FY 2018
Distributable total capital of the group	5,071	4,795
Internal capital target for the group	4,910	4,715
Excess relative to the capital target	161	80

Including debt financing of the MREL add-on, Alm. Brand Bank's capital target is at least 19% of the total risk exposure amount plus the phased-in MREL add-on (currently 0.5%). With a view to financing the bank's future MREL add-on, a 2-year dedicated loan facility of DKK 250 million has been obtained from Alm. Brand af 1792 fmba.

Based on the current capital position, it is expected that Alm. Brand Bank will utilise the facility at the end of 2019. As a result of the facility, an amount of DKK 50 million has currently been included in the distributable total capital of the group, corresponding to the phased-in MREL add-on.

## MAJOR EVENTS

### Closing of share buyback programme

On 25 March 2019, Alm. Brand closed the DKK 200 million share buyback programme. The principal shareholder, Alm. Brand af 1792 fmba, participated proportionately in the buyback programme, thereby maintaining its ownership interest of 58%.

## MAJOR EVENTS AFTER THE BALANCE SHEET DATE

### Initiation of share buyback programme

Immediately after obtaining approval from the Danish Financial Supervisory Authority on 30 April 2019, Alm. Brand implemented the share buy-back programme announced in connection with the release of the Annual Report 2018 and resolved by the shareholders at the annual general meeting held on 29 April 2019. The programme is expected to run until the end of March 2020.

The principal shareholder, Alm. Brand af 1792 fmba, will be participating proportionately in the programme and hence expects to maintain its current ownership interest.

## Annual general meeting of Alm. Brand A/S

Alm. Brand A/S held its annual general meeting on 29 April 2019. At the general meeting, the shareholders approved the proposed ordinary dividend of DKK 1.50 per share and the extraordinary dividend of DKK 1.50 per share. In addition, the shareholders approved a reduction of the company's share capital by 3,340,000 shares of DKK 10 each by cancellation of treasury shares. Following the reduction, the company's share capital amounts to DKK 1,576,600,000.

## OUTLOOK

The full-year guidance for consolidated pre-tax profit is lifted by DKK 75 million to DKK 575-675 million.

## Outlook

DKKm	2019
<b>Expected consolidated profit/loss before tax</b>	<b>575-675</b>
Non-life Insurance	550
Life Insurance	90
Banking	50-70
Other activities	-65

### Non-life Insurance

Based on the profit generated in Q1 2019, the full-year guidance is raised by DKK 75 million to a pre-tax profit of approximately DKK 550 million. The outlook is exclusive of the run-off result on claims for the rest of the year.

The guidance for the combined ratio is improved to about 89-90 from the previously guided level of 91-92, while the guidance for the expense ratio is maintained at about 17.

Expectations of growth of 2-3% are maintained.

### Life Insurance

The full-year guidance for Life Insurance is raised by DKK 10 million to a pre-tax profit of around DKK 90 million. The upgrade is based on the performance to date.

Growth in regular premiums is expected remain at 7-8%.

### Banking

The guidance for the bank is maintained at a pre-tax profit of about DKK 80-100 million before amortisation of customer relationships of approximately DKK 30 million.

Retail lending is expected to continue to report net growth of around 5-8% in 2019.

### Other activities

The guidance for other business activities, comprising costs and interest related to the parent company, Alm. Brand A/S, is maintained at a pre-tax loss of about DKK 65 million.

### DISCLAIMER

The forecast is based on the interest rate and price levels that prevailed at 30 April 2019. 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. For a more detailed review of the risks facing the group, see note 46, Capital and risk management, and note 47, Significant accounting estimates, assumptions and uncertainties, in the 2018 Annual Report. 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.

Combined ratio

# 89-90

Expected combined ratio of Non-life Insurance.

Growth in Life Insurance

# 7-8%

Expected growth in regular premiums in Life Insurance.

Growth in lending

# 5-8%

Expected growth in lending to retail customers.

# Financial highlights and key ratios

	DKKm	Q1 2019	Q1 2018	FY 2018
GROUP	<b>Income</b>			
	Non-life Insurance	1,313	1,292	5,274
	Life Insurance	592	567	2,004
	Banking	200	165	954
	Investment etc.	94	131	376
	<b>Total income</b>	<b>2,199</b>	<b>2,155</b>	<b>8,608</b>
	<b>Profit/loss</b>			
	Non-life Insurance	195	199	652
	Life Insurance	29	26	104
	Banking	16	13	26
	Other activities	-15	-15	-58
	<b>Profit/loss before tax</b>	<b>225</b>	<b>223</b>	<b>724</b>
	Tax	-49	-44	-155
	<b>Profit/loss after tax</b>	<b>176</b>	<b>179</b>	<b>569</b>
	Total provisions for insurance contracts	23,292	21,785	21,626
	Consolidated shareholders' equity	4,909	4,991	4,748
	Total assets	41,556	35,114	39,025
	Average no. of employees	1,743	1,664	1,758
	Return on equity before tax (%)	18.7	17.9	15.2
	Return on equity after tax (%)	14.6	14.4	12.0

	DKKm	Q1 2019	Q1 2018	FY 2018
FINANCIAL RATIOS	Earnings per share	1.1	1.1	3.6
	Diluted earnings per share	1.1	1.1	3.6
	Net asset value per share	31	31	30
	Share price, end of period	57.4	61.5	49.3
	Price/NAV	1.84	1.98	1.65
	Average no. of shares (in thousands)	156,511	159,164	158,150
	No. of shares at end of period, diluted (in thousands)	157,416	160,577	157,955
	Average no. of shares, diluted (in thousands)	157,617	161,172	159,723
	Dividend per share	0.0	0.0	1.5
	Dividend per share, extraordinary	0.0	0.0	1.5
	No. of shares bought back (in thousands)	539	1,132	3,959
	Avg. price of shares bought back, DKK	54.6	56.7	63.6

# Non-life Insurance

## Good major claims experience and a highly satisfactory profit of DKK 195 million.

### Q1 PERFORMANCE

Non-life Insurance generated a pre-tax profit of DKK 195 million in Q1 2019 (Q1 2018: DKK 199 million), which was highly satisfactory and better than expected.

The technical result was DKK 205 million (Q1 2018: DKK 214 million), equivalent to a combined ratio of 84.4, which was also highly satisfactory.

The Q1 2019 performance was favourably affected by an exceptionally low level of expenses for major claims relative to the

same period of last year. The performance was also lifted by run-off gains, which, however, as expected were at a lower level than in previous years. Net of run-off gains, the combined ratio was 87.3 in Q1 2019, against an expected normal level of 91-92.

The underlying combined ratio was 82.4 in Q1 2019, which was in line with expectations. The underlying combined ratio was on a par with the 2018 full-year level, but slightly higher than in Q1 2018.

The investment result was a loss of DKK 10 million, against a loss of DKK 15 million in Q1 2018. The performance was supported by a DKK 24 million gain on equities, while the revised method for calculating the VA premium entailed an expense of DKK 25 million.

### Premiums

Gross premiums rose by 1.6% to DKK 1,313 million in Q1 2019 from DKK 1,292 million in the same period of last year.

The retention rate remains high in both commercial and private lines.

### Claims experience

The claims experience for Q1 2019 was 66.4%, against 65.7% in Q1 2018. Excluding run-off gains, the claims experience was 69.3% in Q1 2019, against 70.2% in Q1 2018, which was better than expected.

### Weather-related claims

The winter passed without any major windstorms occurring in the first quarter of 2019. However, March was a very rainy month, which gave rise to a number of claims. Overall, the first quarter of the year saw fewer weather-related claims than

expected. Net of reinsurance, weather-related claims expenses totalled DKK 29 million in Q1 2019, against DKK 11 million in the same period of 2018. Weather-related claims affected the combined ratio by 2.2 percentage points in Q1 2019, which was somewhat below the normal level of 3-4% for the year as a whole.

### Major claims

Net of reinsurance, major claims expenses totalled DKK 31 million in Q1 2018, against DKK 64 million in the same period of 2018. Major claims affected the combined ratio by 2.4 percentage points in Q1 2019, which was significantly better than the expected normal level of 7-8%. Both the number of major claims and the level of expenses for major claims were below the expected level.

### Underlying business

The underlying claims ratio was 64.4, which was slightly higher than anticipated. This development is explained by higher than anticipated contents insurance claims, a higher number of very expensive small building insurance claims and a couple of large travel insurance claims.

## Combined ratio

	Q1 2019	Q1 2018	FY 2018
Combined ratio, underlying business	82.4	82.0	82.4
Weather-related claims, net of reinsurance	2.2	0.9	1.2
Major claims, net of reinsurance	2.4	4.9	7.3
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-2.9	-4.5	-3.7
Change in risk margin, run-off result and current year	0.3	0.1	-0.2
<b>Combined ratio</b>	<b>84.4</b>	<b>83.4</b>	<b>87.0</b>

### Run-off result

The run-off result on claims net of reinsurance was a gain of DKK 38 million, against DKK 58 million in 2018. The 2019 run-off result was mainly attributable to personal accident and motor insurance. As opposed to previous years, and in line with expectations, the level of run-off gains on the portfolio generally declined, including on workers' compensation insurance.

### Risk margin

In Q1 2019, the change in the overall risk margin affected the performance by a net expense of DKK 5 million, equivalent to a negative effect of 0.3 of a percentage point on the combined ratio. The amount is composed of a DKK 15 million income attributable to the run-off result and a DKK 20 million expense related to the building-up of risk margin on claims reported in Q1 2019. By comparison, the change in Q1 2018 was a net expense of DKK 1 million, equivalent to a negative effect of 0.1 of a percentage point on the combined ratio.

### Costs

Total costs amounted to DKK 236 million in Q1 2019, equivalent to an expense ratio of 18.0, which was slightly higher than in the same period of last year. Costs were lower than expected and remained impacted by investments in digitalisation and other activities.

### Net reinsurance ratio

The net reinsurance ratio was 4.7 in Q1 2019, against 4.9 in the same period of 2018.

### Discounting

The yield curve, which is used for discounting purposes, showed a general decline in the period from Q1 2018 to Q1 2019. At the short end of the yield curve, the yield dropped from minus 0.08% p.a. to minus 0.19% p.a., while the 10-year yield declined from 1.17% to 0.52%. Technical provisions were affected the most by the short-term yield due to the composition of expected premium payments and claims payouts. Overall, interest rate developments in Q1 2018 increased the combined ratio by 0.8 of a percentage point relative to the same period of 2017.

### PRIVATE

The technical result was a profit of DKK 80 million in Q1 2019, which was significantly better than expected, but DKK 20 million lower than in Q1 2018. Relative to expectations, the technical result was favourably affected by lower expenses for major claims and weather-related claims, but adversely affected by higher claims expenses for small claims. The combined ratio was 87.8, which was highly satisfactory compared with expectations.

Gross premium income was DKK 660 million in Q1 2019, which was slightly higher than in Q1 2018, but below the expected level.

Alm. Brand continues to face a strongly competitive market and therefore retains its focus on customer retention, among other things by regularly distributing targeted messages perceived by customers as being value creating and relevant. As part of these efforts and as part of the group's strategic activities, Alm. Brand is hard at work on adapting the group's products so that they support individual advice based on the specific needs of each individual customer. The customer retention rate for Private remains at a high level.

The claims experience excluding run-off gains was 72.8% (Q1 2018: 70.0%).

Weather-related claims totalled DKK 9 million net of reinsurance, which was better than expected and affected the combined ratio by 1.3 percentage points. Accordingly, expenses for weather-related claims were at a low level in the first quarter of 2019, but higher than in the same period of 2018, which saw exceptionally few weather-related claims.

Expenses for major claims were lower than expected in the first three months of the year. Claims expenses totalled DKK 15

## Private

DKKm	Q1 2019	Q1 2018	FY 2018
Gross premium income	660	655	2,670
Gross claims expenses	-432	-410	-1,771
Insurance operating expenses	-130	-128	-514
Profit/loss on reinsurance	-18	-17	-51
<b>Technical result</b>	<b>80</b>	<b>100</b>	<b>334</b>
Run-off result, claims	31	32	95
Run-off result, risk margin	8	10	30
Gross claims ratio	65.5	62.5	66.3
Net reinsurance ratio	2.6	2.6	1.9
<b>Claims experience</b>	<b>68.1</b>	<b>65.1</b>	<b>68.2</b>
Gross expense ratio	19.7	19.6	19.3
<b>Combined ratio</b>	<b>87.8</b>	<b>84.7</b>	<b>87.5</b>

million net of reinsurance (Q1 2018: DKK 6 million), affecting the combined ratio by 2.3 percentage points.

The underlying expense ratio was 69.1 in Q1 2019, against 68.5 in the year-earlier period. The claims ratio was adversely affected by a higher-than-expected number of contents insurance claims as well as by two exceptionally large travel insurance claims.

Run-off gains on claims net of reinsurance amounted to DKK 31 million in Q1 2019 (Q1 2018: DKK 32 million). The run-off result was attributable to gains on personal accident insurance and motor liability insurance. In addition, the change in the overall risk margin contributed a net expense of DKK 1 million in Q1 2019, as compared with a break-even result in Q1 2018.

The expense ratio was 19.7 in Q1 2019, which was on a par with Q1 2018 and in line with expectations.

The net reinsurance ratio was 2.6 in Q1 2019, which was unchanged year on year.

## COMMERCIAL

The technical result was a profit of DKK 125 million in Q1 2019 (Q1 2018: DKK 114 million profit). Net of run-off gains, the result was a DKK 29 million improvement year on year. The combined ratio was 80.9 in Q1 2019, which was highly satisfactory compared with expectations.

In particular, the profit was lifted by a much lower level of major claims expenses than anticipated.

## Commercial

DKKm	Q1 2019	Q1 2018	FY 2018
Gross premium income	653	637	2,604
Gross claims expenses	-377	-376	-1,665
Insurance operating expenses	-106	-101	-394
Profit/loss on reinsurance	-45	-46	-194
<b>Technical result</b>	<b>125</b>	<b>114</b>	<b>351</b>
Run-off result, claims	7	26	101
Run-off result, risk margin	7	11	42
Gross claims ratio	57.7	59.1	64.0
Net reinsurance ratio	7.0	7.3	7.4
<b>Claims experience</b>	<b>64.7</b>	<b>66.4</b>	<b>71.4</b>
Gross expense ratio	16.2	15.8	15.1
<b>Combined ratio</b>	<b>80.9</b>	<b>82.2</b>	<b>86.5</b>

Gross premium income amounted to DKK 653 million in Q1 2019, marking a year-on-year improvement of DKK 16 million or 2.5%.

The customer retention rate for Commercial lines remains high and on a par with the customer retention rate for Q1 2018.

The claims experience excluding run-off gains was 65.8% (Q1 2018: 70.4%).

Weather-related claims totalled DKK 20 million net of reinsurance (Q1 2018: DKK 8 million), which affected the combined ratio by 3.0 percentage points, against 1.3 percentage points in 2018. Weather-related claims expenses in the commercial customer segment were slightly below the expected level.

Major claims totalled DKK 16 million net of reinsurance (Q1 2018: DKK 58 million) and impacted the combined ratio by 2.5 percentage points, against 9.0 percentage points in 2018. Overall, the level of major claims expenses was exceptionally low and significantly lower than expected, while the number of major claims was slightly higher than expected.

The underlying expense ratio was 59.8 in Q1 2019, against 59.9 in the year-earlier period. The underlying claims ratio was better than expected in Q1 2019 in spite of

being adversely affected by a number of large building claims just below the major claims threshold. Alm. Brand is continually focused on maintaining and adjusting the profitability of the portfolio and, in that context, Alm. Brand in Q1 2019 tightened the terms for residential building insurance specifically by introducing higher premiums and higher deductibles. The profitability-enhancing measures are expected to continue throughout the year.

Run-off gains on claims net of reinsurance amounted to DKK 7 million in Q1 2019 (Q1 2018: DKK 26 million). The run-off result for Commercial was largely attributable to gains on workers' compensation insurance, which, however, came out at a much lower level than in previous years, and on building insurance. In addition, the change in the overall risk margin contributed a net expense of DKK 4 million in Q1 2019, against a net expense of DKK 1 million in Q1 2018.

The expense ratio was 16.2 in Q1 2019 (Q1 2018: 15.8), which was lower than expected.

The net reinsurance ratio was 6.9 in Q1 2019 (Q1 2018: 7.3).

## INVESTMENT RESULT

The investment return before return on and value adjustment of technical provisions was a gain of DKK 114 million in Q1 2019 (Q1 2018: DKK 14 million loss), which was highly satisfactory. The return on and value adjustment of technical provisions made for an overall expense of DKK 118 million, against an income of DKK 6 million in Q1 2018. This amount includes the effect of the revised method for calculating the VA premium which took effect at the be-

ginning of the year, triggering an expense of DKK 25 million in Q1 2019. The total investment result was a loss of DKK 10 million in Q1 2019, against a loss of DKK 15 million in Q1 2018.

The investment return for Q1 2019 was favourably affected by the general upward trend in global equity markets as well as by the interest rate decline, which caused bonds to generate a positive return.

The investment assets are distributed on Danish and international bonds, mortgage deeds and equities and a small portfolio of properties. The overall goal is to achieve a satisfactory combination of return and low market risk. The financial risk is adjusted using derivative financial instruments.

## CAPITALISATION

The solvency capital requirement of Alm. Brand Forsikring A/S was DKK 1,016 million at 31 March 2019, against DKK 985 million at 31 December 2018.

The total capital for coverage of the solvency capital requirement was DKK 3,127 million at 31 March 2019, an excess cover of DKK 2,111 million relative to the solvency capital requirement. The total capital has been reduced by a dividend payment of DKK 500 million for 2018 made on 26 April 2019.

At 31 March 2019, shareholders' equity allocated to Non-life Insurance was DKK 2,552 million.

## MAJOR EVENTS

### New terrorism insurance scheme

On 4 April 2019, the Danish parliament adopted a new act on a terrorism insurance scheme in the non-life insurance area. With effect from 1 July 2019, a storm surge-like insurance scheme will be introduced for terrorism claims resulting from the use of nuclear, biological, chemical or radioactive weapons. As soon as possible, Alm. Brand will begin to inform its customers about their future cover under the new scheme.

## Investment return

DKK m	Q1 2019			Q1 2018		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	9,140	89	1.0%	8,542	-11	-0.1%
Mortgage deeds etc.	908	1	0.1%	1,063	4	0.3%
Equities	223	24	12.1%	184	-7	-3.7%
Properties	13	0	1.6%	13	0	2.3%
<b>Total return on investments</b>	<b>10,284</b>	<b>114</b>	<b>1.1%</b>	<b>9,802</b>	<b>-14</b>	<b>-1.2%</b>
Administrative expenses related to investment activities		-6			-7	
Capital gains related to the discounting of technical provisions		-118			9	
Interest on technical provisions		0			-3	
<b>Net investment return</b>		<b>-10</b>			<b>-15</b>	

# Non-life Insurance

	DKKm	Q1 2019	Q1 2018	FY 2018
INCOME STATEMENT	Gross premium income	1,313	1,292	5,274
	Claims expenses	-809	-786	-3,436
	Insurance operating expenses	-236	-229	-908
	Profit/loss on reinsurance	-63	-63	-245
	<b>Technical result</b>	<b>205</b>	<b>214</b>	<b>685</b>
	Interest and dividends, etc.	33	42	146
	Capital gains	81	-56	-155
	Administrative expenses related to investment activities	-6	-7	-27
	Return on and value adjustment of technical provisions	-118	6	3
	<b>Investment return after return on and value adjustment of provisions</b>	<b>-10</b>	<b>-15</b>	<b>-33</b>
	<b>Profit/loss before tax</b>	<b>195</b>	<b>199</b>	<b>652</b>
	Tax	-44	-41	-139
	<b>Profit/loss after tax</b>	<b>151</b>	<b>158</b>	<b>513</b>

	DKKm	Q1 2019	Q1 2018	FY 2018
BALANCE SHEET	Run-off result, claims	38	58	196
	Run-off result, risk margin	15	21	72
	Technical provisions	7,960	7,876	7,147
	Insurance assets	175	161	148
	Shareholders' equity	2,552	2,046	2,400
	Total assets	11,255	10,649	10,553
FINANCIAL RATIOS	Gross claims ratio	61.7	60.8	65.2
	Net reinsurance ratio	4.7	4.9	4.6
	<b>Claims experience</b>	<b>66.4</b>	<b>65.7</b>	<b>69.8</b>
	Gross expense ratio	18.0	17.7	17.2
	<b>Combined ratio</b>	<b>84.4</b>	<b>83.4</b>	<b>87.0</b>
	Combined ratio excluding run-off result *)	87.3	87.9	90.7
	Return on equity before tax (%)	31.5	31.1	28.4
Return on equity after tax (%)	24.4	24.7	22.3	

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

\*) The run-off result is stated exclusive of the risk margin share

# Life Insurance

## Satisfactory pre-tax profit of DKK 29 million and growth of just over 4%.

### Q1 PERFORMANCE

Life Insurance posted a pre-tax profit of DKK 29 million in Q1 2019 (Q1 2018: DKK 26 million). The Q1 performance was highly satisfactory, being supported by a DKK 4 million one-off gain on the portfolio of life annuities without bonus entitlement. The Q1 growth was particularly positive as it was achieved on top of very high growth in 2018.

The profit was composed as follows:

- Expense and risk result of DKK 13 million.
- Interest rate result of DKK 7 million
- Profit of DKK 3 million from the group life insurance business
- Profit of DKK 4 million from life annuities without bonus entitlement
- Return on investment allocated to equity of DKK 2 million

The bonus rate was down to 16.2% at 31 March 2019, marking a year-to-date decline of 2.4 percentage points. The bonus rate was favourably affected by the decent equity market performances, but adversely impacted by the declining level of interest rates. The decline was also affected by

the revised method for calculating the VA premium which took effect at the beginning of the year, reducing the bonus rate by 1.0 percentage point. Based on the persistently high bonus rate, Alm. Brand Pension is able to continue to offer high and competitive rates on policyholders' savings.

Measured in terms of the volume of customer funds, AUM (assets under management) increased to DKK 15.3 billion at 31 March 2019, marking a year-on-year increase of 10.2%.

### Pension contributions

#### Payments into guaranteed schemes

In Q1 2019, premiums totalled DKK 592 million (2018: DKK 567 million), a 4.4% improvement relative to Q1 2018.

This figure comprises an increase in regular premiums of 4.3% and an increase in single payments of 4.4%. Regular premiums increased by 7.7% excluding premiums from the group life insurance business, the income from which was adversely affected by accruals in the group life insurance portfolio. Growth was satisfactory.

### Benefits paid

Total benefits paid amounted to DKK 280 million in Q1 2019, compared with DKK 328 million in the same period of 2018. The figure covers a continuing improvement of customer loyalty, as policy surrenders declined to DKK 73 million in Q1 2019 from DKK 85 million in Q1 2018. This corresponds to a decline in policy surrenders of just over 20% when factoring in the growth in the portfolio in the period.

The increase in customer loyalty is based, among other things, on enhanced advisory services quality and further targeting of pension products to the needs of the individual customer segments.

### Risk result

Net of reinsurance, the risk result, which expresses the difference between premiums charged and actual claims expenses, was an income of DKK 9 million in Q1 2019, against DKK 16 million in Q1 2018. The performance was adversely affected by higher-than-usual payouts for cover on death. However, the result was still highly satisfactory and among the best performances in the industry.

### Costs

Acquisition costs and administrative expenses totalled DKK 26 million in Q1 2019, against DKK 25 million in Q1 2018, which was in line with expectations.

### Expense result

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was positive at DKK 4 million, against DKK 3 million in Q1 2018. The result was satisfactory considering that Alm. Brand Pension has some of the industry's lowest costs for average rate products (see APR listed on the industry comparison portal, "Fakta om pension" ("Facts about pension")).

## Investment return on policyholders' funds

The return on investment assets belonging to policyholders (before pension returns tax) totalled DKK 681 million in Q1 2019, corresponding to a return of 4.7% (20.2% p.a.), against a negative return of DKK 63 million in Q1 2018. Investment assets, which amounted to DKK 15.3 billion at 31 March 2019, are placed in bonds, equities and property.

## Investment return

	Investment assets	Return Q1	Return p.a.
<b>DKK m</b>			
Bonds	11,458	3.6%	15.3%
Equities	2,335	12.5%	60.3%
Properties	1,518	1.4%	5.7%
<b>Total</b>	<b>15,311</b>	<b>4.7%</b>	<b>20.2%</b>

## Life insurance provisions

Total life insurance provisions increased by DKK 791 million in Q1 2019 to a total of DKK 14.9 billion. The increase was due to the positive return on financial markets as well as to the continued fair net inflow of pension funds during the period. Moreover, life insurance provisions were discounted using a lower rate of interest.

## Profit margin

The profit margin increased by DKK 38 million to total DKK 466 million at 31 March 2019, driven by the company's growth.

For a long time, the sector has been in discussions with the Danish Financial Supervisory Authority about the accounting concept "profit margin". The outcome is an understanding that the Danish Financial Supervisory Authority prefers a theoretically more sophisticated calculation methodology for calculating the profit margin. As a result, Alm. Brand Pension has initiated a process to ensure that the company adapts to these requirements well in advance of the implementation of the Danish Financial Supervisory Authority's new approach. The new calculation

principles are not expected to change the company's capital robustness.

## Bonus rate

The total bonus rate was 16.2% at 31 March 2019, a year-to-date decline of 2.4 percentage points. The bonus rate was favourably affected by financial market developments, but adversely impacted by the declining level of interest rates. The decline was also affected by the revised method for calculating the VA premium which took effect at the beginning of the year, reducing the bonus rate by 1.0 percentage point. The bonus rate remains satisfactory.

New policyholders are placed in interest rate group 0, which had a bonus rate of 17.0% at 31 March 2019.

In interest rate groups 2 and 3, comprising customers with the highest guarantees, the bonus rate was around 12% in Q1 2019, which was highly satisfactory. These groups continue to pursue a prudent investment strategy based on a substantial share of bonds and financial instruments intended to strike a healthy balance between the groups' investments and liabilities.

The table below shows the current rates on policyholders' savings, bonus rates, returns and a breakdown of policyholders' investment assets on the four interest rate groups into which the portfolio of policies with bonus entitlement is divided.

	U74*	Interest rate group 0	Interest rate group 1	Interest rate group 2	Interest rate group 3	Total
Technical rate of interest (% p.a.)		0.5-1.5	1.5-2.5	2.5-3.5	3.5-4.5	
Rate on policyholders' savings (% p.a.)		3.50	5.50	5.50	6.00	
Investment assets (DKK bn)	0.1	11.0	1.0	1.1	2.1	15.3
Bonus rate (%)		17.0	17.7	12.5	11.5	16.2
Return (% YTD annualised)		22.6	17.5	14.1	14.5	20.2
<b>Distribution of investment assets (%):</b>						
Bonds	100	72	72	85	86	75
Equities	0	17	18	6	7	15
Properties	0	11	10	9	7	10

\* Portfolios without bonus entitlement

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### **CONTRIBUTIONS TO PENSION SCHEMES HELD WITH THE BANK**

In addition to making payments into Alm. Brand Pension, customers have the option of making contributions to pension schemes with the bank. Total contributions in the bank amounted to DKK 431 million in Q1 2019, corresponding to an increase of 42% from DKK 303 million in Q1 2018. Growth was supported by the addition of the Saxo Privatbank portfolio.

Total pension assets related to pension schemes with the bank amounted to DKK 7.3 billion at 31 March 2019, marking an increase of 80% from DKK 4.1 billion at the year-earlier date. The increase was similarly supported by the addition of the Saxo Privatbank portfolio.

### **CAPITALISATION**

The solvency capital requirement of Alm. Brand Liv og Pension A/S amounted to DKK 146 million at 31 March 2019, against DKK 159 million at the year-earlier date.

The total capital for coverage of the solvency capital requirement was DKK 1,064 million at 31 March 2019, an excess cover of DKK 918 million relative to the solvency capital requirement. The total capital has been reduced by a dividend payment of DKK 100 million for 2018 made on 26 April 2019. The company's solvency capital requirement is quite low as a result of the large bonus potentials at 31 March 2019.

Equity allocated to Life Insurance was DKK 657 million at 31 March 2019.

### **MAJOR EVENTS**

#### **First digital self-service solution for the Partner segment**

In Q1 2109, Alm. Brand Pension launched its first digital self-service solution for the Partner segment. The solution, which allows customers to purchase cover on death and supplementary covers against provision of health information, is end-to-end digital.

Digitalisation is a key component of Alm. Brand's strategy, and the new digital self-service solution makes it easy and flexible to be a customer of Alm. Brand Pension. Digitalisation of the underlying processes and business procedures also allows for more efficient customer processing and frees up resources to provide

personalised customer advisory services. Based on the experience gained from this, Alm. Brand Pension will in the upcoming period explore the possibilities of developing similar solutions for other of the company's products.

# Life Insurance

	DKKkm	Q1 2019	Q1 2018	FY 2018
INCOME STATEMENT	Premiums	592	567	2,004
	Investment return after allocation of interest	573	-54	-41
	Benefits paid	-280	-328	-1,030
	Total insurance operating expenses	-26	-25	-99
	Result of ceded business	-1	-1	-4
	Change in life insurance provisions	-791	-115	-687
	Change in profit margin	-40	-16	-35
	<b>Technical result</b>	<b>27</b>	<b>28</b>	<b>108</b>
	Return on investment allocated to equity	2	-2	-4
	<b>Profit/loss before tax</b>	<b>29</b>	<b>26</b>	<b>104</b>
	Tax	-6	-6	-25
<b>Profit/loss after tax</b>	<b>23</b>	<b>20</b>	<b>79</b>	
<b>Return requirement for shareholders' equity</b>				
Return on investment allocated to equity		2	-2	-4
Result of portfolios without bonus entitlement		4	0	1
Gruppeliv		3	2	10
Interest result		7	7	27
Expense result		4	3	8
Risk result		9	16	62
<b>Profit/loss before tax</b>		<b>29</b>	<b>26</b>	<b>104</b>

	DKKkm	Q1 2019	Q1 2018	FY 2018
BALANCE SHEET	Total provisions for insurance contracts	15,331	13,910	14,479
	Total shareholders' equity	657	575	634
	Total assets	16,596	14,559	15,927
FINANCIAL RATIOS	Return on equity before tax (%)	18.1	13.0	16.0
	Return on equity after tax (%)	14.1	10.1	12.2
	Bonus rate (%)	16.2	22.4	18.6

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

# Banking

## Strong customer inflow and performance in line with expectations.

### Q1 PERFORMANCE

The bank generated a pre-tax profit of DKK 16 million in Q1 2019 (Q1 2018: DKK 13 million profit). The bank experienced highly satisfactory customer inflow and reported profit in line with expectations.

### Income

The bank's income amounted to DKK 162 million in Q1 2019, against DKK 123 million in Q1 2018. The increase was primarily attributable to the acquisition of the activities of Saxo Privatbank as well as to a generally higher level of activity in 2019.

Net interest and fee income amounted to DKK 88 million in Q1 2019, marking a year-on-year increase of DKK 23 million. The increase was mainly driven by the addition of activities from the former Saxo Privatbank. The fierce competition for banking customers continued in Q1 2019, putting interest margins and hence interest income further under pressure.

Trading income from Financial Markets amounted to DKK 48 million in Q1 2019,

against DKK 33 million in Q1 2018. The favourable Q1 investment market developments and the acquisition of activities from Saxo Privatbank affected earnings in Financial Markets. Customer trading activity increased following a very sluggish fourth quarter of 2018, and especially institutional investors were active again.

The bank's new attractive trading platform, Alm. Brand Trader, was launched at the end of 2018, and customers are now gradually beginning to use the platform and the investment tools.

Leasing reported net income of DKK 21 million in Q1 2019, marking a small year-on-year improvement in line with expectations.

### Costs

Costs amounted to DKK 151 million in Q1 2019, compared with DKK 122 million in Q1 2018. The increase was mainly driven by the addition of activities from the former Saxo Privatbank. Moreover, the bank still reported substantial costs, including digitalisation and development costs re-

lated to the bank's data centre, Bankdata, with growing statutory requirements also weighing on costs.

As expected, the cost level was favourably affected by synergies from the amalgamation of Alm. Brand Bank and the activities acquired from Saxo Privatbank.

### Investment portfolio earnings

Investment portfolio earnings amounted to a loss of DKK 7 million in Q1 2019, against a loss of DKK 8 million in Q1 2018. In particular, the negative result was attributable to the declining level of interest rates in the period as well as to the bank's excess liquidity.

### Impairment writedowns

The bank reversed impairment writedowns of DKK 20 million in Q1 2019, which was on a par with Q1 2018. The reversed impairment writedowns were due to the continuing improvement of economic conditions and related to the repayment of a number of lending commitments after persistent efforts by the bank. DKK 6 million of the reversed impairment writedowns related to net interest and fee income from loans written down.

## Impairment writedowns

DKKm	Impair. in % <sup>a)</sup>	Q1 2019	Q1 2018
<b>Loans and advances</b>			
Private	-0.2%	-9	-4
Commercial	-1.0%	-13	-15
Agriculture	-4.2%	-5	-7
<b>Loan impairment charges</b>			
Mortgage deed option agreement <sup>b)</sup>		7	6
<b>Total impairment writedowns</b>	<b>-0.4%</b>	<b>-20</b>	<b>-20</b>

<sup>a)</sup> Losses and writedowns as a percentage of the average portfolio in Q1 2019. The percentage is not comparable with the impairment ratio in the overview of financial ratios.

<sup>b)</sup> The impairment writedowns include credit-related value adjustments of mortgage deeds.

## Business volume

### Retail

The bank recorded very satisfactory customer inflow in Q1 2019, seeing the number of Pluskunder (customers who have pooled all of their business with the bank) increase by 4%. The effect of the strategic investments in customer advisers as well as digital solutions and organisation-wide process enhancements supported the onboarding of new customers. Alm. Brand's strategy of being a full-service adviser is truly beginning to show results, as half of the new customers have transferred to the bank as a result of the collaboration with the group's other business areas – Non-life Insurance and Life Insurance.

Supported by the increased inflow of new customers, the bank has significantly increased its portfolio of new lending. On the other hand, the generally strong saving propensity in society continues, and bank loans are repaid quicker than expected. Conversion of bank loans to mortgage loans has increased substantially, driven by rising housing prices, a lower interest rate level, a higher employment rate and the bank's customer advisory services, which support and ensure that customers are continually offered the financing that is most optimal for them.

The favourable macro-economic conditions and record-low interest rates make it attractive to customers to have their bank loans checked, putting the interest margin

under constant pressure. Competition for customers remains fierce, and especially interest rates on cooperative housing loans have reached a very low level.

The portfolio of Totalkredit loans grew by DKK 0.4 billion in Q1 2019 to a total of DKK 15.7 billion. This development contributes to ensuring a stable earnings base for the bank.

### Leasing

The Leasing portfolio stood at DKK 943 million at 31 March 2019, distributed on 8,150 cars, which was slightly lower than at 31 December 2018. Just like the lending market, the leasing market is fiercely competitive.

The market for private customer leasing was still significantly below the record-high levels of prior years. The tax changes recently introduced have caused a shift in consumer behaviour towards private customers not leasing to the extent they did previously. Nonetheless, the private customer leasing market increased in the first months of the year as compared with the same period of last year. In spite of the decline in the portfolio, Alm. Brand remains the third-largest provider of private car leasing in Denmark.

As opposed to last year, the market for commercial car leasing is growing. Moreover, Alm. Brand Leasing increased its market share of commercial car leases

again this year and expects to see continued growth in commercial car leasing in 2019. Among other things, this trend is driven by the rising interest from small and medium-sized businesses recorded by the commercial customer division, which is supported by a decentralised presence that allows Alm. Brand Leasing to offer more personalised advisory services, which is a high priority for this customer segment.

### Agriculture

Among the bank's agricultural customers, pig breeders are experiencing rising settlement prices, which is much needed. The agricultural sector is generally still reeling

from the effects of the very dry summer in 2018. Many farmers need to buy grains, which is a change from previously when they would have enough for subsistence. This contributes to putting liquidity under pressure in a sector which is already under a lot of pressure. The bank has previously made impairment writedowns on its agricultural customers to make allowance for this situation. At 31 March 2019, gross lending in the agricultural portfolio was DKK 540 million, with net lending at DKK 122 million, marking a significant reduction of the portfolio.

## Credit exposure after writedowns

DKKm	Share of portfolio in %	31 March 2019	31 December 2018
<b>Loans and advances</b>			
Private	64%	3,801	3,745
Commercial	15%	880	942
Agriculture	2%	122	118
<b>Total loans and advances</b>	<b>81%</b>	<b>4,803</b>	<b>4,805</b>
Mortgage deed option agreement	15%	908	941
Reverse transactions and intra-group transactions	4%	256	150
<b>Total credit exposure</b>	<b>100%</b>	<b>5,967</b>	<b>5,896</b>

## Financial Markets

In Q1 2019, Financial Markets reported an increase in customer onboarding and customer trading activity, along with satisfactory growth in the ETF product IndexPlus and growth in asset management mandates. Moreover, the bank experienced a significant increase in the sale of passive management products, which exceeded the bank's expectations. On the other hand, sales of active management products stagnated, showing a flat trend after the first quarter.

## Deposits

The bank had deposits of DKK 10.8 billion at 31 March 2019, against DKK 10.5 billion at 31 December 2018.

The bank has a substantial deposit surplus of about DKK 5.8 billion, which based on the current interest rate level and investment in certificates of deposit, all other things being equal, means a loss for the bank of approximately 0.5% of its deposit surplus, equivalent to approximately DKK 20 million annually.

## Liquidity

At 31 March 2019, the liquidity coverage ratio (LCR) was 435%.

## Capitalisation

At 31 March 2019, the bank's total capital stood at DKK 1.9 billion, and the total capital ratio was 19.1. The total capital has been reduced by a dividend payment of DKK 100 million for 2018 made on 26 April 2019.

## Capital reservation for credit risk

The bank's total capital reservation for credit risk amounted to DKK 1,874 million at 31 March 2019, against DKK 1,946 million at 31 December 2018. The capital reservation equalled 26% of the credit exposure.

## Capitalisation

DKKm	Parent company	Group
Total capital	1,912	1,899
Risk exposure amount	9,460	9,954
Total capital ratio	20.2	19.1
Tier 1 capital ratio	18.4	17.3
Individual solvency need (%)	11.5	11.2
Excess cover (%)	8.7	7.9

## Capital reservation for credit risk

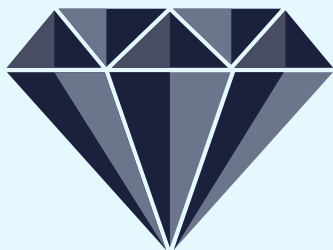
DKKm	31/03/2019						31/12/2018	
	Total as-sets	Credit exposure <sup>a)</sup>	Accumulated impairment write-downs <sup>b)</sup>	Required capital	Total reservation	Reservation/credit exposure	Total reservation	Reservation/credit exposure
Private	3,801	4,129	329	300	629	15%	625	15%
Commercial	880	2,317	530	251	781	34%	842	34%
Agriculture	122	539	418	26	444	82%	466	83%
<b>Total, excl. reverse transactions</b>	<b>4,803</b>	<b>6,985</b>	<b>1,277</b>	<b>577</b>	<b>1,854</b>	<b>27%</b>	<b>1,933</b>	<b>27%</b>
Reverse transactions and intra-group transactions	256	257	1	19	20	8%	13	9%
<b>Total, group</b>	<b>5,059</b>	<b>7,242</b>	<b>1,278</b>	<b>596</b>	<b>1,874</b>	<b>26%</b>	<b>1,946</b>	<b>27%</b>

<sup>a)</sup> Gross lending, residual debt on mortgage deeds and credit exposure through the option agreement with Alm. Brand Forsikring

<sup>b)</sup> Including value adjustments of mortgage deeds.

## SUPERVISORY DIAMOND

At 31 March 2019, the bank was in compliance with all five threshold values of the Danish Financial Supervisory Authority's supervisory diamond as shown in the figure below:



### Large exposures

<b>Threshold value</b> < 175 %	<b>31 March 2019</b>	44 %	<b>2018</b>	43 %
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### Growth in lending

<b>Threshold value</b> < 20 %	<b>31 March 2019</b>	0 %	<b>2018</b>	23 %
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### Funding ratio

<b>Threshold value</b> < 1	<b>31 March 2019</b>	0,43	<b>2018</b>	0,44
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### Property exposure

<b>Threshold value</b> < 25 %	<b>31 March 2019</b>	9 %	<b>2018</b>	9 %
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### Excess liquidity coverage

<b>Threshold value</b> > 100 %	<b>31 March 2019</b>	456 %	<b>2018</b>	496 %
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# Banking

DKKm		Q1 2019	Q1 2018	FY 2018
INCOME STATEMENT	Net interest and fee income	88	65	340
	Trading income	48	33	138
	Leasing	21	20	75
	Other income	5	5	51
	<b>Total income</b>	<b>162</b>	<b>123</b>	<b>604</b>
	Costs	-151	-122	-598
	<b>Core earnings</b>	<b>11</b>	<b>1</b>	<b>6</b>
	Investment portfolio earnings	-7	-8	-42
	<b>Profit/loss before impairment writedowns</b>	<b>-4</b>	<b>-7</b>	<b>-36</b>
	Amortisation, customer relationships	-8	0	-24
Impairment writedowns	20	20	86	
<b>Profit/loss before tax</b>	<b>16</b>	<b>13</b>	<b>26</b>	
Tax	-3	-1	-5	
<b>Profit/loss after tax</b>	<b>13</b>	<b>12</b>	<b>21</b>	

DKKm		Q1 2019	Q1 2018	FY 2018
BALANCE SHEET	Loans and advances	5,059	3,384	4,955
	Deposits	10,814	6,888	10,480
	Shareholders' equity	1,996	1,975	1,984
	Balance sheet	13,728	9,377	13,225
FINANCIAL RATIOS	Interest margin (%)	2.3	2.0	2.2
	Income/cost ratio	1.09	1.08	0.98
	Impairment ratio for the period	-0.3	-0.4	-0.9
	Total capital ratio	19.1	29.3	20.3
	Return on equity before tax (%)	3.2	2.9	1.4
Return on equity after tax (%)	2.5	2.6	1.1	

# Statement by the Board of Directors and the Management Board

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The Board of Directors and the Management Board have today considered and approved the interim report of Alm. Brand A/S for the period 1 January to 31 March 2019.

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

In our opinion, the interim report gives a true and fair view of the group’s and the parent company’s assets, liabilities and financial position at 31 March 2019 and of the group’s cash flows for the period 1 January to 31 March 2019.

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

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## Management Board

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Copenhagen, 7 May 2019

**Soren Boe Mortensen**  
Chief Executive Officer

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## Board of Directors

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Copenhagen, 7 May 2019

**Jørgen Hesselbjerg Mikkelsen**  
Chairman

**Ebbe Castella**

**Per Viggo Hasling Frandsen**

**Flemming Fuglede Jørgensen**

**Brian Egested**

**Claus Nexø Jensen**

**Jan Skytte Pedersen**  
Deputy Chairman

**Anette Eberhard**

**Karen Sofie Hansen-Hoeck**

**Boris Nørgaard Kjeldsen**

**Helle Låsby Frederiksen**

**Susanne Larsen**

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# Income statement

DKKm	Note	Group		
		Q1 2019	Q1 2018	FY 2018
<b>Income</b>				
Premium income		1,905	1,859	7,278
Interest income etc.		171	186	671
Fee income etc.		49	36	181
Other income from investment activities		-2	-1	7
Other income		76	75	471
<b>Total income</b>		<b>2,199</b>	<b>2,155</b>	<b>8,608</b>
<b>Costs</b>				
Claims incurred		-1,089	-1,114	-4,466
Interest expenses		-15	-16	-64
Other cost from investment activities		-16	-17	-54
Impairment of loans, advances and receivables, etc.	1	23	21	77
Acquisition and administrative costs		-457	-413	-1,980
<b>Total costs</b>		<b>-1,554</b>	<b>-1,539</b>	<b>-6,487</b>
Profit from business ceded		-64	-64	-249
Change in life insurance provisions		-791	-115	-658
Change in profit margin, Life Insurance		-40	-16	-35
Exchange rate adjustments		579	-203	-518
Tax on pension investment returns		-104	5	14
<b>Profit/loss before tax</b>		<b>225</b>	<b>223</b>	<b>675</b>
Tax		-49	-44	-106
<b>Profit/loss after tax</b>		<b>176</b>	<b>179</b>	<b>569</b>
Earnings per share, DKK		1.1	1.1	3.6
Diluted earnings per share, DKK		1.1	1.1	3.6

# Statement of comprehensive income

DKKm	Group		
	Q1 2019	Q1 2018	FY 2018
<b>Comprehensive income</b>			
Profit for the period	176	179	569
<i>Items that may be recycled to profit or loss</i>	0	0	0
<i>Items that may not be recycled to profit or loss:</i>			
Revaluation of owner-occupied properties	0	0	29
Transferred to collective bonus potential	0	0	-29
Tax on other comprehensive income	0	0	0
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income</b>	<b>176</b>	<b>179</b>	<b>569</b>
<b>Proposed allocation of profit/loss:</b>			
Share attributable to Alm. Brand	176	179	569
<b>Comprehensive income</b>	<b>176</b>	<b>179</b>	<b>569</b>

# Balance sheet

DKKm	Group		
	31 March 2019	31 March 2018	FY 2018
<b>Assets</b>			
Intangible assets	206	4	211
Owner-occupied properties	715	663	713
Deferred tax assets	0	75	46
Reinsurers' share of insurance contracts	194	174	166
Current tax assets	7	28	48
Other assets	2,292	2,339	1,866
Loans	5,771	4,447	5,745
Investment properties	723	608	724
Investment assets	30,502	26,081	28,413
Amounts due from credit institutions and central banks	915	822	861
Cash in hand and demand deposits	231	173	232
<b>Total assets</b>	<b>41,556</b>	<b>35,414</b>	<b>39,025</b>
<b>Liabilities and equity</b>			
Share capital	1,610	1,655	1,610
Reserves, retained profit etc.	2,829	2,856	2,668
Proposed dividend	470	480	470
<b>Consolidated shareholders' equity</b>	<b>4,909</b>	<b>4,991</b>	<b>4,748</b>
Subordinated debt	575	575	575
Provisions for insurance contracts	23,292	21,785	21,626
Other provisions	55	38	52
Deferred tax liabilities	38	0	0
Other liabilities	1,704	1,047	1,295
Deposits	10,315	6,648	10,298
Payables to credit institutions and central banks	668	330	431
<b>Total liabilities and equity</b>	<b>41,556</b>	<b>35,414</b>	<b>39,025</b>
Note 2	Own shares		
Note 3	Contingent liabilities, guaranties and leasing		
Note 4	Fair value measurement of financial instruments		
Note 5	Accounting policies - Group		
Note 6	Financial highlights and key ratios		

# Statement of changes in equity

DKKm	Share capital	Contingency funds	Other provisions	Retained profit	Proposed dividend	Consolidated equity
<b>Shareholders' equity, 1 January 2018</b>	<b>1,655</b>	<b>182</b>	<b>1,215</b>	<b>1,404</b>	<b>480</b>	<b>4,936</b>
Change in accounting policies				-62		-62
<b>Adjusted shareholders' equity at 1 January 2018</b>	<b>1,655</b>	<b>182</b>	<b>1,215</b>	<b>1,342</b>	<b>480</b>	<b>4,874</b>
<b>Changes in equity Q1 2018:</b>						
Profit/loss for the period				179		179
Total income	0	0	0	179	0	179
Share option scheme, exercise				17		17
Purchase and sale of treasury shares				-79		-79
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117</b>	<b>0</b>	<b>117</b>
<b>Shareholders' equity, 31 March 2018</b>	<b>1,655</b>	<b>182</b>	<b>1,215</b>	<b>1,459</b>	<b>480</b>	<b>4,991</b>
<b>Adjusted shareholders' equity at 1 January 2018</b>	<b>1,655</b>	<b>182</b>	<b>1,215</b>	<b>1,342</b>	<b>480</b>	<b>4,874</b>
<b>Changes in equity 2018:</b>						
Profit/loss for the year				569	0	569
Revaluation of owner-occupied properties				29		29
Transferred to collective bonus potential				-29		-29
Total income	0	0	0	569	0	569
Cancellation of treasury shares	-45			45		0
Proposed dividend				-470	470	0
Dividend distributed				3	-480	-477
Share option scheme, exercise				28		28
Purchase and sale of treasury shares				-246		-246
<b>Changes in equity</b>	<b>-45</b>	<b>0</b>	<b>0</b>	<b>-71</b>	<b>-10</b>	<b>-126</b>
<b>Shareholders' equity, 31 December 2018</b>	<b>1,610</b>	<b>182</b>	<b>1,215</b>	<b>1,271</b>	<b>470</b>	<b>4,748</b>
<b>Shareholders' equity, 1 January 2019</b>	<b>1,610</b>	<b>182</b>	<b>1,215</b>	<b>1,271</b>	<b>470</b>	<b>4,748</b>
<b>Changes in equity Q1 2019:</b>						
Profit/loss for the period				176		176
Total income	0	0	0	176	0	176
Share option scheme, exercise				13		13
Purchase and sale of treasury shares				-28		-28
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>161</b>	<b>0</b>	<b>161</b>
<b>Shareholders' equity, 31 March 2019</b>	<b>1,610</b>	<b>182</b>	<b>1,215</b>	<b>1,432</b>	<b>470</b>	<b>4,909</b>

# Capital target

<b>DKKm</b>	<b>Total capital 31 March 2019</b>
Equity	4,909
Proposed distribution	-670
Intangible assets	-206
NEP facility 2019	50
Profit and risk margin	413
Tier 2 capital	575
<b>Total distributable capital of the group</b>	<b>5,071</b>

<b>DKKm</b>	<b>Capital target 31 March 2019</b>
Non-life insurance (40% of gross premium income)	2,100
Life Insurance (7,5% of life insurance provisions)	999
Banking (19,5% of risk weighted assets)	1,941
Reservation MREL add-on	150
Alm. Brand A/S add-on	20
Diversification effects	-300
<b>Consolidated capital target</b>	<b>4,910</b>

<b>Excess relative to internal capital target</b>	<b>161</b>
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# Cash flow statement

DKKm				Group		
	Q1 2019	Q1 2018	FY 2018	Q1 2019	Q1 2018	FY 2018
<b>Cash flows from operating activities</b>						
Premiums received	2,350	2,554	7,279			
Claims paid	-1,141	-1,224	-4,489			
Dividens received	26	174	57			
Interest, etc. received	158	0	485			
Interest payable	-3	-3	-14			
Payments concerning reinsurance	-99	-96	-214			
Fee income received	55	43	187			
Fee income paid	-6	-6	-6			
Expences paid	-256	-398	-2,163			
Tax on pension investment returns paid	-3	-124	-127			
Other ordinary income received	77	75	471			
Taxes paid/received	-6	-23	-3			
<b>Cash flows from operating activities</b>	<b>1,152</b>	<b>972</b>	<b>1,463</b>			
<b>Change in investment placement</b>						
Acquisition of intangible assets, furniture, equipment,	31	15	86			
Properties acquired or converted	32	1	-135			
Sale/aquisition of equity investments	206	-47	-412			
Sale/repayment of mortgage deeds and loans	-21	127	426			
Sale/aquisition of bonds	-1,583	-455	-817			
Acquisition of activities from Saxo Privatbank A/S	0	0	-380			
<b>Change in investment placement</b>	<b>-1,335</b>	<b>-359</b>	<b>-1,232</b>			
<b>Change in financing</b>						
Sale/purchase of treasury shares				-15	-62	-218
Dividend distributed				0	0	-480
Dividend received, treasury shares				0	0	3
Subordinated debt				0	1	0
Share issue				0	0	0
Change in deposits				17	-57	228
Change in payables to credit institutions				236	-2	99
Change in other liabilities				-2	2	12
<b>Change in financing *)</b>				<b>236</b>	<b>-118</b>	<b>-356</b>
<b>Net change in cash and cash equivalents</b>						
				<b>53</b>	<b>495</b>	<b>-125</b>
Cash and cash equivalents, beginning of period				1,093	500	1,218
<b>Cash and cash equivalents, end of period</b>				<b>1,146</b>	<b>995</b>	<b>1,093</b>

\*) The amount of DKK 236 million consists only of cash inflows og outflows.

# Segment reporting

DKKm						Q1 2019	
	Non-life	Life	Banking	Other	Elimi- nation	Group	
Premium income	1,313	592	0	0		1,905	
Interest income etc.	39	69	64	0	-1	171	
Fee income etc.	0	0	60	0	-11	49	
Other investment income	0	14	0	0	-16	-2	
Other income	0	0	76	0		76	
<b>Total income</b>	<b>1,352</b>	<b>675</b>	<b>200</b>	<b>0</b>	<b>-28</b>	<b>2,199</b>	
Claims incurred	-809	-280	0	0		-1,089	
Interest expenses	-5	-4	-4	-3	1	-15	
Other investment expenses	-6	-8	-1	-12	11	-16	
Impairment of loans, advances and receivables, etc.	0	0	23	0		23	
Acquisition and administrative expenses	-236	-26	-211	0	16	-457	
<b>Total expenses</b>	<b>-1,056</b>	<b>-318</b>	<b>-193</b>	<b>-15</b>	<b>28</b>	<b>-1,554</b>	
Result of business ceded	-63	-1	0	0		-64	
Change in life insurance provisions	0	-791	0	0		-791	
Change in profit margin, Life Insurance	0	-40	0	0		-40	
Exchange rate adjustments	-38	608	9	0		579	
Tax on pension investment returns	0	-104	0	0		-104	
<b>Profit/loss before tax</b>	<b>195</b>	<b>29</b>	<b>16</b>	<b>-15</b>	<b>0</b>	<b>225</b>	
Tax	-44	-6	-3	4		-49	
<b>Profit/loss after tax</b>	<b>151</b>	<b>23</b>	<b>13</b>	<b>-11</b>	<b>0</b>	<b>176</b>	

# Segment reporting

DKKm						Q1 2018	
	Non-life	Life	Banking	Other	Elimi- nation	Group	
Premium income	1,292	567	0	0		1,859	
Interest income etc.	48	95	42	2	-1	186	
Fee income etc.	0	0	48	0	-12	36	
Other investment income	0	15	0	0	-16	-1	
Other income	0	0	75	0		75	
<b>Total income</b>	<b>1,340</b>	<b>677</b>	<b>165</b>	<b>2</b>	<b>-29</b>	<b>2,155</b>	
Claims incurred	-786	-328	0	0		-1,114	
Interest expenses	-9	-1	-4	-3	1	-16	
Other investment expenses	-6	-9	0	-14	12	-17	
Impairment of loans, advances and receivables, etc.	0	0	21	0		21	
Acquisition and administrative expenses	-229	-25	-175	0	16	-413	
<b>Total expenses</b>	<b>-1,030</b>	<b>-363</b>	<b>-158</b>	<b>-17</b>	<b>29</b>	<b>-1,539</b>	
Result of business ceded	-63	-1	0	0		-64	
Change in life insurance provisions	0	-115	0	0		-115	
Change in profit margin, Life Insurance	0	-16	0	0		-16	
Exchange rate adjustments	-48	-161	6	0		-203	
Tax on pension investment returns	0	5	0	0		5	
<b>Profit/loss before tax</b>	<b>199</b>	<b>26</b>	<b>13</b>	<b>-15</b>	<b>0</b>	<b>223</b>	
Tax	-41	-6	-1	4		-44	
<b>Profit/loss after tax</b>	<b>158</b>	<b>20</b>	<b>12</b>	<b>-11</b>	<b>0</b>	<b>179</b>	

# Notes

DKKm	Group	Group	Group
	Q1 2019	Q1 2018	FY 2018
<b>Note 1 Impairment writedowns on loans, advances and other receivables as well as provisions for guarantees and undrawn credit facilities</b>			
<i>Impairment writedowns on loans, advances and receivables at amortised cost</i>			
<i>Stage 1 no significant increase in credit risk</i>			
Impairment writedowns, beginning of year	3	187	10
New impairment writedowns, net	13	6	-7
Previously impaired, now finally lost	0	-1	0
Other movements	-3	0	0
Impairment writedowns, end of period	13	192	3
<i>Stage 2 significant increase in credit risk</i>			
Impairment writedowns, beginning of year	75	60	83
New impairment writedowns, net	-3	-8	-8
Previously impaired, now finally lost	0	0	0
Other movements	-1	0	0
Impairment writedowns, end of period	71	52	75
<i>Stage 3 Credit-impaired</i>			
Impairment writedowns, beginning of year	806	911	1,065
New impairment writedowns, net	1	-10	-30
Previously impaired, now finally lost	-21	-18	-229
Other movements	0	0	0
Impairment writedowns, end of period	786	883	806
<i>Stage 1 no significant increase in credit risk</i>			
Provisions, beginning of period	10	2	2
New provisions, net	-3	0	6
Previously provided for, now finally lost	0	0	0
Other movements	3	0	2
Provisions, end of period	10	2	10

# Notes

DKKm	Q1		Group
	2019	2018	FY 2018
<i>Stage 2 significant increase in credit risk</i>			
Provisions, beginning of period	6	2	2
New provisions, net	1	0	4
Previously provided for, now finally lost	0	0	0
Other movements	1	0	0
Provisions, end of period	8	2	6
<i>Stage 3 Credit-impaired</i>			
Provisions, beginning of period	6	5	5
New provisions, net	0	0	0
Previously provided for, now finally lost	0	0	0
Other movements	0	0	1
Provisions, end of period	6	5	6
Total impairment writedowns and provisions, end of period	894	1,136	906
<i>Impairment writedowns on loans, advances and receivables, etc. recognised in the income statement</i>			
Impairment writedowns on loans and advances for the year	10	12	59
Provisions for losses on guarantees and undrawn credit facilities for the year	2	-1	-11
Impairment writedowns on receivables from credit institutions and other items subject to credit risk for the year	0	0	0
Reversal of prior-year impairment writedowns and provisions	0	0	0
Finally lost, where impairment writedowns/provisions have not been made	-3	-2	-22
Settlements made on debt previously written off	14	12	51
Recognised in the income statement	23	21	77

# Notes

DKKm	Q1		Group
	2019	2018	FY 2018
<b>Note 2 Own shares</b>			
Nominal value, beginning of period	43	59	59
Acquired during the period	5	11	40
Sold during the period	-4	-6	-11
Cancellation of treasury shares	0	0	-45
<b>Nominal value, end of period</b>	<b>44</b>	<b>64</b>	<b>43</b>
Holding number of shares ('000), beginning of period	4,310	5,915	5,915
Additions, number of shares	539	1,132	3,959
Disposals, number of shares	-406	-580	-1,064
Cancellation of treasury shares	0	0	-4,500
<b>Holding number of shares ('000), end of period</b>	<b>4,443</b>	<b>6,467</b>	<b>4,310</b>
<b>Percentage of share capital, end of period</b>	<b>2.8%</b>	<b>3.9%</b>	<b>2.7%</b>
<b>Note 3 Contingent liabilities, guaranties and leasing</b>			
Guarantee commitments	2,719	1,629	2,708

The Alm. Brand Group is contractually obliged to pay rent of DKK 62 million over the next five years. The obligation is recognised in Other liabilities as a lease obligation.

# Notes

DKKm	31 March 2019				31 December 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Note 4 Fair value measurement of financial instruments</b>								
<u>Financial assets</u>								
Loans and advances	0	4,711	1,060	5,771	0	4,649	1,096	5,745
Bonds	23,305	4,637	7	27,949	18,869	7,269	7	26,145
Shares	1,753	145	92	1,990	1,624	158	93	1,875
Investment properties	0	0	723	723	0	0	724	724
Other assets	0	857	0	857	0	687	0	687
	0	0	0	0	0	0	0	0
<b>Total financial assets</b>	<b>25,058</b>	<b>10,350</b>	<b>1,882</b>	<b>37,290</b>	<b>20,493</b>	<b>12,763</b>	<b>1,920</b>	<b>35,176</b>
<u>Financial liabilities</u>								
Subordinated debt	0	0	575	575	0	0	575	575
Deposits	0	10,315	0	10,315	0	10,298	0	10,298
Other payables	0	11,016	175	11,191	0	517	0	517
<b>Total financial liabilities</b>	<b>0</b>	<b>21,331</b>	<b>750</b>	<b>22,081</b>	<b>0</b>	<b>10,815</b>	<b>575</b>	<b>11,390</b>

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

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

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

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

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

Transfer between the categories of the fair value hierarchy is only effected in case of changes to available data for use in measurement. The portfolio is reviewed on an ongoing basis to identify any changes in available data and any other changes which may have prompted reclassification. Due to a revaluation in 2018, the bank's subordinated loan of DKK 175 million has been reclassified from level 2 to level 3. There have been no changes to the data basis. Other than this, there were no transfers between categories in the fair value hierarchy in 2018 or 2019.

# Notes

DKKm	31 March 2019				
	Loans and advances	Bonds	Shares	Investment properties	Subordinated debt
<b>Development in level 3 financial instruments</b>					
Carrying amount, beginning of period	1,096	7	93	724	574
Additions during the year	3	0	0	0	150
Disposals during the year	-41	0	0	-1	-149
Realised value adjustments	0	0	0	0	0
Unrealised value adjustments	2	0	-1	0	0
<b>Carrying amount, end of period</b>	<b>1,060</b>	<b>7</b>	<b>92</b>	<b>723</b>	<b>575</b>
Value adjustments recognised in the income statement	2	0	-1	0	0
<b>31 December 2018</b>					
DKKm	Loans and advances	Bonds	Shares	Investment properties	Subordinated debt
	Loans and advances	Bonds	Shares	Investment properties	Subordinated debt
<b>Development in level 3 financial instruments</b>					
Carrying amount, beginning of year	1,276	10	881	610	574
Addition during the year on acquisition of activities from Saxo Privatbank A/S	0	0	0	15	0
Additions during the year	8	0	8	84	150
Disposals during the year	-182	-3	0	-2	-149
Value adjustments during the year				17	0
Realised value adjustments	-1	0	0	0	0
Unrealised value adjustments	-5	0	4	0	0
<b>Carrying amount, year-end</b>	<b>1,096</b>	<b>7</b>	<b>893</b>	<b>724</b>	<b>575</b>
Value adjustments recognised in the income statement	-6	0	4	17	0

## 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 report is limited relative to the presentation of a full annual report.

The interim report is unaudited.

Except for the implementation of IFRS 16, the accounting policies are unchanged from the policies applied in the annual report for 2018, to which reference is made.

The accounting policies of the parent company are described in connection with the parent company’s interim report. See separate section in this report.

### **Profit margin of Alm. Brand Liv og Pension**

There is an ongoing dialogue between the industry and the Danish Financial Supervisory Authority about the profit margin calculation approach. The dialogue with the Danish Financial Supervisory Authority concerns the correlation between the company’s profit margin and bonus potentials.

This is a significant area as the profit margin is included in total capital and thus affects the company’s capital structure. As a result of Alm. Brand Liv og Pension’s

favourable buffer situation, these discussions have no impact on the size of the profit margin or the life insurance provisions.

Accordingly, the choice of method has no effect on the financial statements, but only affects the relationship between the individual and collective bonus potentials. The financial statements, including the income statement, the solvency statement and the balance sheet, will thus give a true and fair view irrespective of the outcome of the dialogue with the Danish Financial Supervisory Authority.

### **Change in accounting policies**

IFRS 16, Leasing was implemented with effect from 1 January 2019. The standard entails that leases are recognised in the balance sheet as an asset and a liability, respectively. In the Alm. Brand A/S Group only a few tenancy agreements will be comprised by the standard. At 31 March 2019, an amount of DKK 207 million was capitalised in “Other assets” and recognised as a liability of DKK 207 million in “Other liabilities”. Overall, the results for the period are largely unaffected by the implementation.

## NOTE 6 FINANCIAL HIGHLIGHTS AND KEY RATIOS

See the management’s review.

# Income and comprehensive income statement

DKKm	Note	Parent company		
		Q1 2019	Q1 2018	FY 2018
<b>Income statement</b>				
Income from group enterprises	2	187	190	614
Value adjustments, bonds		0	-1	-1
Interest income and dividends etc.		0	2	4
Interest expenses		-3	-3	-12
Administrative expenses related to investment activities		-12	-14	-50
<b>Profit/loss before tax</b>		<b>172</b>	<b>174</b>	<b>555</b>
Tax		4	5	14
<b>Profit/loss after tax</b>		<b>176</b>	<b>179</b>	<b>569</b>
<b>Comprehensive income</b>				
Profit/loss for the period		176	179	569
<b>Comprehensive income</b>		<b>176</b>	<b>179</b>	<b>569</b>
Proposed allocation of loss:				
Proposed dividend		0	0	470
Retained earnings		176	179	99
<b>Comprehensive income</b>		<b>176</b>	<b>179</b>	<b>569</b>
Accounting policies	3			

# Balance sheet

DKKm	Note	Parent company		
		31 March 2019	31 March 2018	FY 2018
<b>Assets</b>				
Investment in group enterprises	1	5,205	4,595	5,017
<b>Total investments in group enterprises and associates</b>		<b>5,205</b>	<b>4,595</b>	<b>5,017</b>
Equity investments		1	1	1
Bonds		0	522	0
Other loans and advances		2	2	2
Deposits with credit institutions		0	60	0
Cash in hand and balances at call		1	28	1
<b>Total other financial investment assets</b>		<b>4</b>	<b>613</b>	<b>4</b>
<b>Total investment assets</b>		<b>5,209</b>	<b>5,208</b>	<b>5,021</b>
Receiveables from group enterprises		0	12	0
Other receivables		38	52	55
<b>Total receivables</b>		<b>38</b>	<b>64</b>	<b>55</b>
Current tax assets		21	24	16
Deferred tax assets		2	3	0
Other assets		201	0	0
<b>Total other assets</b>		<b>224</b>	<b>27</b>	<b>16</b>
Total prepayments		3	4	3
<b>Total assets</b>		<b>5,474</b>	<b>5,303</b>	<b>5,095</b>

# Balance sheet

DKKm	Parent company		
	31 March 2019	31 March 2018	FY 2018
<b>Liabilities and equity</b>			
Share capital	1,610	1,655	1,610
Other provisions	1,215	1,215	1,215
Proposed dividend	470	480	470
Retained earnings	1,614	1,641	1,453
<b>Total shareholders' equity</b>	<b>4,909</b>	<b>4,991</b>	<b>4,748</b>
Subordinated debt	250	250	250
<b>Subordinated debt</b>	<b>250</b>	<b>250</b>	<b>250</b>
Deferred tax liabilities	40	40	38
<b>Total provisions</b>	<b>40</b>	<b>40</b>	<b>38</b>
Payables to group enterprises	71	17	41
Other payables	204	5	18
<b>Total payables</b>	<b>275</b>	<b>22</b>	<b>59</b>
<b>Total liabilities and equity</b>	<b>5,474</b>	<b>5,303</b>	<b>5,095</b>

# Statement of changes in equity

DKKm	Share capital	Other provisions	Retained earnings	Proposed dividend	Share- holders' equity
<b>Shareholders' equity at 1 January 2018</b>	<b>1,655</b>	<b>1,215</b>	<b>1,586</b>	<b>480</b>	<b>4,936</b>
Change in accounting policies			-62		-62
<b>Adjusted shareholders' equity at 1 January 2018</b>	<b>1,655</b>	<b>1,215</b>	<b>1,524</b>	<b>480</b>	<b>4,874</b>
<b>Changes in equity Q1 2018:</b>					
Profit/loss for the period			179	0	179
Comprehensive income			179	0	179
Purchase and sale of treasury shares			-79		-79
Share option scheme, exercise			17		17
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>117</b>	<b>0</b>	<b>117</b>
<b>Shareholders' equity at 31 March 2018</b>	<b>1,655</b>	<b>1,215</b>	<b>1,641</b>	<b>480</b>	<b>4,991</b>
<b>Adjusted shareholders' equity at 1 January 2018</b>	<b>1,655</b>	<b>1,215</b>	<b>1,524</b>	<b>480</b>	<b>4,874</b>
<b>Changes in equity 2018:</b>					
Profit/loss for the year			569	0	569
Comprehensive income			569	0	569
Cancellation of treasury shares	-45		45		0
Proposed dividend			-470	470	0
Dividende distributed			3	-480	-477
Purchase and sale of treasury shares			-246		-246
Share option scheme, exercise			28		28
<b>Changes in equity</b>	<b>-45</b>	<b>0</b>	<b>-71</b>	<b>-10</b>	<b>-126</b>
<b>Shareholders' equity at 31 December 2018</b>	<b>1,610</b>	<b>1,215</b>	<b>1,453</b>	<b>470</b>	<b>4,748</b>
<b>Shareholders' equity at 1 January 2019</b>	<b>1,610</b>	<b>1,215</b>	<b>1,453</b>	<b>470</b>	<b>4,748</b>
<b>Changes in equity Q1 2019:</b>					
Profit/loss for the period			176	0	176
Comprehensive income	0		176		176
Share option scheme, exercise			13		13
Purchase and sale of treasury shares			-28		-28
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>161</b>	<b>0</b>	<b>161</b>
<b>Shareholders' equity at 31 March 2019</b>	<b>1,610</b>	<b>1,215</b>	<b>1,614</b>	<b>470</b>	<b>4,909</b>

# Notes

DKKm	31 March 2019	31 March 2018	FY 2018
<b>Note 1 Investment in group enterprises</b>			
Cost, beginning of period	8,941	8,491	8,491
Additions	0	450	450
<b>Cost, end of period</b>	<b>8,941</b>	<b>8,941</b>	<b>8,941</b>
Revaluation and impairment, beginning of period	-3,924	-3,626	-3,626
Change in accounting policies	0	-62	-62
Dividend received	0	-850	-850
Profit/loss for the period	187	190	614
Other movements in capital	0	0	0
Revaluation and impairment of treasury shares in subsidiaries	1	2	0
Revaluation and impairment, end of period	-3,736	-4,346	-3,924
<b>Investment in group enterprises, end of period</b>	<b>5,205</b>	<b>4,595</b>	<b>5,017</b>
Specification of carrying amount:			
Alm. Brand Bank A/S (DKK 1,021 million nominal value wholly owned )	1,996	1,975	1,982
Alm. Brand Forsikring A/S (DKK 1,032 million nominal value wholly owned )	3,209	2,620	3,035
Investment in group enterprises, end of period	5,205	4,595	5,017
DKKm	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>FY 2018</b>
<b>Note 2 Income from group enterprises</b>			
Alm. Brand Bank A/S	13	12	22
Alm. Brand Forsikring A/S	174	178	592
<b>Total income from group enterprises</b>	<b>187</b>	<b>190</b>	<b>614</b>
<i>The results are recognised in the following items:</i>			
Income from group enterprises	187	190	614
Total income from group enterprises	187	190	614

## NOTE 3 ACCOUNTING POLICIES PARENT COMPANY

The interim report has been prepared in accordance with the Danish Financial Business Act, including the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

With respect to recognition and measurement, the accounting policies of the parent company are identical to those described for the group, with the exception that:

Investments in group enterprises are recognised and measured at the parent company's share of the group enterprises' net asset value on the balance sheet date.

The accounting policies are unchanged from the policies applied in the annual report for 2018.

The interim report is unaudited.

# Company information

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## Board of Directors

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**Jørgen Hesselbjerg Mikkelsen**  
Chairman

**Jan Skytte Pedersen**  
Deputy Chairman

**Ebbe Castella**

**Anette Eberhard**

**Per Viggo Hasling Frandsen**

**Karen Sofie Hansen-Hoeck**

**Flemming Fuglede Jørgensen**

**Boris Nørgaard Kjeldsen**

**Brian Egested**  
Employee representative

**Helle Låsby Frederiksen**  
Employee representative

**Claus Nexø Jensen**  
Employee representative

**Susanne Larsen**  
Employee representative

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## Management Board

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**Søren Boe Mortensen**  
Chief Executive Officer

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## Auditors

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**Deloitte**  
Statsautoriseret Revisionspartnerselskab

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## Internal auditor

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**Morten Bendtsen**  
Group Chief Auditor

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## Registration

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

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## Address

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