

ALM. BRAND

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# Interim report Q3 2020

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



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# Financial highlights and key ratios

	DKKm	Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
GROUP	<b>Income</b>					
	Non-life Insurance	1,374	1,357	4,093	4,007	5,365
	Life Insurance	323	413	1,108	1,397	1,850
	Banking	220	197	653	602	825
	Investment etc.	79	111	260	307	406
	<b>Total income</b>	<b>1,996</b>	<b>2,078</b>	<b>6,114</b>	<b>6,313</b>	<b>8,446</b>
	<b>Profit/loss</b>					
	Non-life Insurance	235	139	569	456	607
	Life Insurance	30	21	92	71	96
	Banking	52	14	87	45	67
	Other activities	-15	-12	-42	-40	-86
	<b>Profit before tax excluding extraordinary costs</b>	<b>302</b>	<b>162</b>	<b>706</b>	<b>532</b>	<b>684</b>
	Extraordinary costs	-	-	-	-	-115
	<b>Profit/loss before tax</b>	<b>302</b>	<b>162</b>	<b>706</b>	<b>532</b>	<b>569</b>
	Tax	-65	-37	-155	-108	-117
	<b>Profit/loss after tax</b>	<b>237</b>	<b>125</b>	<b>551</b>	<b>424</b>	<b>452</b>
	Total provisions for insurance contracts	24,492	23,909	24,492	23,909	23,593
	Consolidated shareholders' equity	5,100	4,598	5,100	4,598	4,576
	Total assets	42,711	43,530	42,711	43,530	41,798
	Average no. of employees	1,725	1,773	1,725	1,773	1,796
	Return on equity before tax (%) *)	25.0	14.2	19.5	15.3	14.8
	Return on equity after tax (%) *)	19.6	11.0	15.2	12.2	11.7

	DKKm	Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
FINANCIAL RATIOS	Earnings per share	1.5	0.8	3.6	2.7	2.9
	Diluted earnings per share	1.5	0.8	3.6	2.7	2.9
	Net asset value per share	33	30	33	30	30
	Share price, end of period	72.7	53.9	72.7	53.9	59.2
	Price/NAV	2.19	1.82	2.19	1.82	2.00
	Average no. of shares (in thousands)	153,618	155,694	153,797	156,237	155,832
	No. of shares at year-end, diluted (in thousands)	153,617	155,826	153,617	155,826	154,588
	Average no. of shares, diluted (in thousands)	153,688	156,317	153,924	157,070	156,527
	Dividend per share	-	-	-	-	3.0
	No. of shares bought back (in thousands)	-	783	809	2,679	3,891
	Avg. price of shares bought back, DKK	-	59.1	57.7	56.8	56.0

\*) The key ratios for FY 2019 have been calculated net of extraordinary costs totalling DKK 115 million before tax

## Continued favourable developments in all parts of the business

### Q3 PERFORMANCE

Alm. Brand generated a pre-tax profit of DKK 302 million in Q3 2020, against a profit of DKK 162 million in the year-earlier period. The profit reflected sustained satisfactory performances in all three business areas.

In addition to strong business performance, Alm. Brand saw knock-on effects of COVID-19 in its Q3 2020 financial performance. Supported by a generally lower level of activity in society as a result of, initially, a certain sluggishness in returning to normal conditions and then subsequently a renewed partial lockdown of society, Alm. Brand has experienced a direct, slight positive effect of about DKK 40 million from COVID-19 and the resulting lower level of claims reported. On the other hand, COVID-19 has put gross premium income under pressure, among other things due to some commercial customers' requesting downtime insurance and to restrictions preventing insurance agents from holding face-to-face customer meetings.

Both Life Insurance and Banking reported satisfactory performances ahead of expectations, and Alm. Brand did not experience any direct COVID-19 impacts on these business areas during the third quarter.

As a result of the sustained favourable trend in the financial markets, the group's investment result outperformed expectations.

### Non-life Insurance

Non-life Insurance reported a technical result of DKK 210 million in Q3 2020, against DKK 132 million in Q3 2019, reflecting a sustained positive trend in the underlying business, a better-than-expected weather-related claims experience and a positive run-off result, whereas major claims expenses came out slightly higher than forecast.

Gross premium income was up 1.2% year on year to a total of DKK 1,374 million, and the combined ratio excluding run-off gains was 86.6.

Danish society did not get to open up fully, and the claims experience therefore did not return to normal before COVID-19 infection rates began to increase again, resulting in renewed activity restrictions in society. As a result, activity in society was at a low level in the past quarter, resulting in fewer reported claims.

The financial markets remained buoyant in Q3 and, supported by these developments, Non-life Insurance achieved an investment return of DKK 25 million, bringing the pre-tax profit to DKK 235 million, against DKK 139 million in Q3 2019.

### Life Insurance

Life Insurance generated a pre-tax profit of DKK 30 million in Q3 2020, against DKK 21 million in Q3 2019. Total pension contributions amounted to DKK 323 million in Q3 2020, against DKK 413 million in the same period of last year, covering growth in regular premium payments of 2.1% relative to Q3 2019 to DKK 175 million and a reduction in

single payments to DKK 148 million from DKK 240 million in Q3 2019. The performance was in line with expectations, although growth was weaker than expected.

The bonus rate was 13.5% at 30 September 2020, which was a year-to-date decline of 2.5 percentage points.

### Banking

The bank's core earnings amounted to DKK 40 million before tax in Q3 2020, against DKK 21 million in Q3 2019, supported by higher net interest and fee income and lower costs as a result of the income and cost initiatives implemented earlier this year. The bank's pre-tax profit for Q3 2020 was DKK 52 million, against DKK 14 million in Q3 2019, which was highly satisfactory.

### Other activities

Other activities, consisting primarily of group expenses, performed in line with expectations. The Q3 performance was a pre-tax loss of DKK 15 million, against a loss of DKK 12 million in the same period of 2019.

### 9M PERFORMANCE

Alm. Brand posted a consolidated profit of DKK 706 million in 9M 2020, against a DKK 532 million profit in 9M 2019. The performance equalled a return on equity of 19.5% p.a. before tax, which was satisfactory and better than expected.

The past nine months have seen major changes triggered by external events as well as changes implemented in the

group. In spite of this, all three business areas performed satisfactorily, supported by adaptability and execution excellence. Non-life Insurance reported a pre-tax profit of DKK 569 million in 9M 2020, against DKK 456 million in 9M 2019, Life Insurance generated a pre-tax profit of DKK 92 million, against DKK 71 million in 9M 2019, and Banking generated a pre-tax profit of DKK 87 million, against DKK 45 million in 9M 2019.

The consolidated profit for 9M 2020 includes an overall positive effect of COVID-19 of about DKK 40 million. Furthermore, the changes implemented to unlock the full potential of Alm. Brand's strategy have contributed lasting performance improvements.

## CAPITALISATION

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

The group's capitalisation level is considered sufficient to resist very severe stresses. The group's total capital including MREL capital in the bank was about DKK 6.2 billion at 30 September 2020, corresponding to an excess of close to DKK 3.7 billion relative to the aggregate capital requirement for the group, which consists of the solvency capital requirement of the insurance group and the MREL requirement of the bank. Alm. Brand has an excess of 249% relative to the solvency capital and MREL requirement, which means that the group stands well prepared to manage the risks associated with its activities.

## Capitalisation

DKKm	Q3 2020	Q2 2020
Total capital for the group (including MREL capital)	6,226	6,016
Solvency capital and MREL requirement for the group	2,499	2,519
Excess relative to solvency capital and MREL requirement	3,727	3,497
Excess coverage ratio	249%	239%

The excess relative to the group's solvency capital and MREL requirement increased by DKK 230 million in Q3 2020, driven by the combination of regular earnings and a decline in the bank's solvency need due to lower market and credit risk. The calculation of the group's solvency need is expected to be required to adhere to Solvency II legislation after the sale of Alm. Brand Bank A/S.

### Application for approval of expansion of partial internal model for calculating solvency capital requirement

At the end of Q3 2020, Alm. Brand Forsikring submitted an application to the Danish Financial Supervisory Authority for approval of an expansion of the company's partial internal model for calculating its solvency capital requirement.

In November 2015, the company received approval from the Danish Financial Supervisory Authority of a model for non-life insurance and natural catastrophe risks, and the expansion now applied for covers the premium and

reserve risk related to health insurance, which for Non-life Insurance comprises personal accident and workers' compensation insurance.

The effect on the solvency capital requirement will vary depending on the risk scenario and the composition of the portfolio, but at present, and subject to approval by the Danish Financial Supervisory Authority, it will result in a lowering of the total requirement by about DKK 150 million. The effect will be recognised in the capital requirement and the capital target at the earliest when a decision on the application is available, expectedly in mid-March 2021.

## MAJOR EVENTS

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

In spring, Alm. Brand A/S had to postpone its annual general meeting as a result of the general lockdown of society due to COVID-19. Instead, the general meeting was held on 28 August 2020.

Referring to the recommendation of the European Systemic Risk Board that insurance companies refrain from making a dividend distribution or giving an irrevocable commitment to make a dividend distribution at least until 1 January 2021, the shareholders passed a resolution at the general meeting that the 2019 profit for the year equivalent to DKK 3 per share be transferred to the company's distributable reserves. In addition, the shareholders approved a reduction of the company's share capital by 3,546,000 shares of DKK 10 each by cancellation of treasury shares. Following the reduction, the company's share capital amounts to DKK 1,541,140,000, equivalent to 154,114,000 shares of DKK 10 each.

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### **Mikael Toke Hvolgaard appointed Executive Vice President, Private of Alm. Brand.**

Mikael Toke Hvolgaard has been appointed Executive Vice President as announced in company announcement no. 29/2020 of 24 September 2020. In this position, he will play a key role in developing new offers for our customers. Mikael Toke Hvolgaard will join Alm. Brand's group management consisting of Rasmus Werner Nielsen (CEO), Andreas Ruben Madsen (CFO), Kristian Hjort-Madsen (Executive Vice President, Business Development & Digitalisation) and Kim Bai Wadstrøm (Executive Vice President, Commercial).

### **MAJOR EVENTS AFTER THE BALANCE SHEET DATE**

#### **Sale of Alm. Brand Bank A/S and formation of strategic partnership with Sydbank A/S**

Alm. Brand A/S has concluded an agreement to sell Alm. Brand Bank A/S and form a strategic partnership with Sydbank A/S, see company announcement no. 40/2020 of 1 October 2020. The sale of the bank is completed at 95% of times the net asset value and will free up capital in a net amount of approximately DKK 1.2 billion. After closing, and with due consideration for the development in the regulatory recommendation that dividend payments be postponed, the Board of Directors will effect an extraordinary distribution of this capital equalling DKK 8 per share.

The agreement to form a strategic partnership with Sydbank A/S among other things entails that Sydbank will distribute Alm. Brand's insurance products to its customers and that both companies will jointly invest in developing new and innovative products and creating a unique customer experience. The partnership is expected to strengthen the market position of both companies.

### **OUTLOOK FOR 2020**

Alm. Brand expects to generate a pre-tax profit of DKK 700-750 million for 2020, excluding the run-off result for the last quarter of the year. The guidance is unchanged compared with company announcement no. 40/2020 of 1 October 2020, in which the outlook was changed from the previous level of DKK 750-850 million as a result of a DKK 100 million upgrade of the pre-tax profit of Non-life Insurance and total costs of DKK 200 million related to the sale and winding-up of the bank.

Alm. Brand expects Non-life Insurance to report a pre-tax profit of about DKK 800 million excluding the run-off result for Q4 2020, against the previously guided pre-tax profit of DKK 700 million excluding the run-off result. For Life Insurance, the guidance is lifted to a pre-tax profit of about DKK 110 million from previously DKK 100 million, and the guidance for Banking is lifted to a pre-tax profit of about DKK 100 million until closing, against previously DKK 90 million. Other activities are expected to report a pre-tax loss of DKK 260 million, against previously DKK 60 million. The guidance includes a total amount of DKK 200 million to cover costs and provisions related to the sale and winding-up of the bank. The full-year combined ratio for Non-life Insurance is expected to be around 86 excluding the run-off result for Q4 2020.

The guidance range has been narrowed relative to the guidance provided in connection with the release of the H1 2020 interim financial statements in August, reflecting a greater degree of forecast certainty as regards the last few months of the year.

### **THE GROUP'S FINANCIAL TARGETS FOR 2022**

In connection with the release of our 2019 financial statements, Alm. Brand introduced a number of financial targets for the period until 2022. After divestment of the bank and conclusion of the strategic partnership agreement with Sydbank, these targets have been adjusted. The ambition is now to achieve:

- growth in gross premium income in Non-life Insurance of more than 3% in 2021 and 5% in 2022;
- a combined ratio in Non-life Insurance of below 90 in 2022;
- a gross expense ratio of Non-life Insurance of about 16% in 2022; and
- annual growth in regular premiums in Life Insurance of 7%.

After the sale of the bank, a number of costs will be incurred by the group, most of which will be settled in continuation of closing. The remaining costs will be reduced in the period until end-2022.

In addition to the financial targets, Alm. Brand has defined non-financial targets in respect of customer and employee satisfaction. The target for customer satisfaction as expressed by the net promoter score of 70 and the target for employee satisfaction of a score of 80 are maintained.

# Non-life Insurance

DKKm		Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
INCOME STATEMENT	Gross premium income	1,374	1,357	4,093	4,007	5,365
	Claims expenses	-929	-944	-2,684	-2,648	-3,616
	Insurance operating expenses	-218	-221	-694	-702	-933
	Profit/loss on reinsurance	-17	-60	-137	-185	-246
	<b>Technical result</b>	<b>210</b>	<b>132</b>	<b>578</b>	<b>472</b>	<b>570</b>
	Interest and dividends, etc.	33	34	90	102	136
	Value adjustments	16	25	7	141	44
	Investment management expenses	-6	-7	-20	-20	-27
	Return on and value adjustment of technical provisions	-18	-45	-86	-239	-116
	<b>Investment return after return on and value adjustment of provisions</b>	<b>25</b>	<b>7</b>	<b>-9</b>	<b>-16</b>	<b>37</b>
	<b>Profit before tax excluding extraordinary costs</b>	<b>235</b>	<b>139</b>	<b>569</b>	<b>456</b>	<b>607</b>
	Extraordinary costs	-	-	-	-	-44
	<b>Profit/loss before tax</b>	<b>235</b>	<b>139</b>	<b>569</b>	<b>456</b>	<b>563</b>
	Tax	-51	-32	-129	-103	-127
<b>Profit/loss after tax</b>	<b>184</b>	<b>107</b>	<b>440</b>	<b>353</b>	<b>436</b>	

DKKm		Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
BALANCE SHEET	Run-off result, claims	26	35	89	118	77
	Run-off result, risk margin	11	17	40	52	65
	Technical provisions	7,898	7,612	7,898	7,612	7,375
	Insurance assets	218	163	218	163	148
	Shareholders' equity	2,867	2,344	2,867	2,344	2,426
	<b>Total assets</b>	<b>11,577</b>	<b>10,959</b>	<b>11,577</b>	<b>10,959</b>	<b>10,721</b>
FINANCIAL RATIOS	Gross claims ratio *)	67.6	69.5	65.6	66.1	67.4
	Net reinsurance ratio	1.2	4.4	3.3	4.6	4.6
	<b>Claims experience *)</b>	<b>68.8</b>	<b>73.9</b>	<b>68.9</b>	<b>70.7</b>	<b>72.0</b>
	Gross expense ratio *)	15.9	16.3	17.0	17.5	17.4
	<b>Combined ratio *)</b>	<b>84.7</b>	<b>90.2</b>	<b>85.9</b>	<b>88.2</b>	<b>89.4</b>
	Combined ratio excluding run-off result **)	86.6	92.8	88.1	91.2	90.8
	Combined ratio including extraordinary costs	84.7	90.2	85.9	88.2	90.2
	Return on equity before tax (%) *)	35.5	24.2	28.7	26.0	24.1
Return on equity after tax (%) *)	27.9	18.7	22.2	20.1	18.6	

\*) The key ratios for FY 2019 have been calculated net of extraordinary costs totalling DKK 44 million before tax

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

# Non-life Insurance

## Satisfactory profit driven by improved claims experience and strong investment result

### Q3 PERFORMANCE

Non-life Insurance generated a pre-tax profit of DKK 235 million in Q3 2020, against DKK 139 million in Q3 2019, which was satisfactory and in line with the most recent guidance. The performance was favourably affected by a very low level of weather-related claims expenses, fewer minor claims and an improved investment return, while expenses for major claims came out slightly higher than expected.

The technical result was DKK 210 million, against DKK 132 million in Q3 2019, equivalent to a combined ratio of 84.7. Net of run-off gains on claims provisions, the combined ratio was 86.6 in Q3 2020.

### Combined ratio

	Q3 2020	Q3 2019	FY 2019
Combined ratio, underlying business *)	79.2	81.7	82.6
COVID-19 effect, estimated	-3.1	-	-
Combined ratio, underlying business *)	76.1	81.7	82.6
Weather-related claims, net of reinsurance	1.1	4.0	2.6
Major claims, net of reinsurance	9.0	7.2	5.7
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-1.9	-2.6	-1.4
Change in risk margin, run-off result and current year	0.4	-0.1	-0.1
<b>Combined ratio *)</b>	<b>84.7</b>	<b>90.2</b>	<b>89.4</b>

\*) FY 2019 is net of extraordinary costs in a total amount of DKK 44 million, equivalent to an impact of 0.8 of a percentage point on the combined ratio

The underlying combined ratio was 76.1 in Q3 2020, a year-on-year improvement of 5.6 percentage points. The improvement was attributable to the effects of COVID-19, affecting the performance by about 3 percentage points, as well as by continuing profitability-enhancing measures, lower costs and changes in the discount rate as compared with the same period of 2019.

### Premiums

Gross premiums amounted to DKK 1,374 million in Q3 2020, a year-on-year increase of 1.2%, which was less than expected due to periodically weaker sales and a yielding customer retention rate in Private lines, although it was still at a high level. The market remains intensely competitive with a strong focus on pricing, and Alm. Brand will retain its focus on profitability in this challenging environment.

### Claims experience

The claims experience for Q3 2020 was 68.9%, against 73.9% in Q3 2019, driven by lower expenses for weather-related and minor claims, including fewer expenses for minor claims due to COVID-19 and a resulting lower level of activity in Danish society. On the other hand, the claims experience was adversely affected by higher expenses for major claims.

### Weather-related claims

Net of reinsurance, weather-related claims expenses amounted to DKK 15 million in Q3 2020, against DKK 54 million in the same period of last year. Overall, weather-related claims were below the level expected for Q3 2020, affecting the combined ratio by 1.1 percentage points, which was 2.9 percentage points better than in Q3 2019.

### Major claims

Net of reinsurance, major claims expenses totalled DKK 124 million in Q3 2020, against DKK 98 million in the same period of 2019. Total major claims expenses were somewhat higher than normal due to a single major claim which impacted the performance by DKK 30 million corresponding to the net retained amount on the reinsurance programme. Major claims affected the combined ratio by 9.0 percentage points in Q3 2020, against 7.2 percentage points in the year-earlier period.

### Underlying business

The underlying claims ratio was 60.3% in Q3 2020, which was significantly better than in the same period of last year. The claims ratio was favourably affected by knock-on effects of COVID-19, as a lower level of activity in certain industries and increased use of distance working in other areas among other things resulted in a lower burglary frequency and fewer motor claims as well as in fewer expenses for travel insurance claims due to a different vacationing pattern during the summer holidays.

### Run-off result

The run-off result net of reinsurance amounted to a gain of DKK 26 million, which was primarily attributable to personal insurance products in the private customer segment. In Q3 2019, the run-off result amounted to DKK 35 million. The annual recalibration of provisioning models had no significant impact on the result. After Q3 2020, the provisioning models have been calibrated so as to ensure that the probability of run-off gains remains higher than the probability of run-off losses.

### Risk margin

The change in the overall risk margin reduced the Q3 performance by 0.4 of a percentage point, equivalent to DKK 5 million. The amount is composed of a DKK 11 million income attributable to the run-off result and a DKK 16 million expense related to the accumulation of risk margin on claims reported in Q3 2020. By comparison, the effect in Q3 2019 was an income of 0.1 of a percentage point, equivalent to DKK 2 million, which was composed of a DKK 17 million income attributable to the run-off result and a DKK 15 million expense related to claims in Q3 2019.

### Costs

Total costs amounted to DKK 218 million in Q3 2020, equivalent to an expense ratio of 15.9. Costs improved by 0.4 of a percentage point from Q3 2019 to Q3 2020 driven by the efficiency measures completed at the beginning of the year.

### Net reinsurance ratio

The net reinsurance ratio was 1.3 in Q3 2020, against 4.4 in Q3 2019. The lower net reinsurance ratio in Q3 2020 was due to the occurrence of a single major claim, which is expected to trigger compensation under the reinsurance cover.

### Discounting

The yield curve, which is used for discounting purposes, showed a slight increase overall in the period from 30 September 2019 to 30 September 2020. Technical provisions are affected the most by short-term yields due to the composition of expected premium payments and claims payouts.

### PRIVATE

The technical result amounted to a profit of DKK 143 million in Q3 2020, against DKK 101 million in Q3 2019. The combined ratio was 79.4, which was highly satisfactory. Relative to expectations, the result was favourably affected by a significantly lower level of claims as well as by a positive run-off result.

Gross premium income amounted to DKK 692 million in Q3 2020, up by 1.1% year on year, which was less than expected. Growth was adversely affected by periodically weaker sales and a declining customer retention rate, which was still at a high level, however.

The claims experience excluding run-off gains on claims was 66.1%, against 71.3% in Q3 2019.

Expenses for weather-related claims totalled DKK 9 million net of reinsurance in Q3 2020, against DKK 18 million in Q3 2019, and affected the combined ratio by 1.3 percentage points, against 2.6 percentage points in Q3 2019.

Expenses for major claims totalled DKK 19 million net of reinsurance in Q3 2020, against DKK 14 million in Q3 2019, and affected the combined ratio by 2.7 percentage points, against 2.0 percentage points in Q3 2019.

The underlying claims ratio was 61.9, which was somewhat below expectations and a 5.0 percentage point improvement on Q3 2019. The claims ratio was favourably affected by generally fewer claims due to the COVID-19 knock-on effects, resulting in a lower-than-normal frequency of burglary claims, motor claims and travel insurance claims.

## Private

DKKm	Q3 2020	Q3 2019	FY 2019
Gross premium income	692	684	2,695
Gross claims expenses	-413	-445	-1,774
Insurance operating expenses	-120	-125	-516
Profit/loss on reinsurance	-16	-13	-59
<b>Technical result</b>	<b>143</b>	<b>101</b>	<b>346</b>
Run-off result, claims	29	30	91
Run-off result, risk margin	4	6	26
Gross claims ratio *)	59.8	65.0	65.8
Net reinsurance ratio	2.2	1.9	2.2
<b>Claims experience *)</b>	<b>62.0</b>	<b>66.9</b>	<b>68.0</b>
Gross expense ratio *)	17.4	18.3	19.2
<b>Combined ratio *)</b>	<b>79.4</b>	<b>85.2</b>	<b>87.2</b>
Combined ratio, underlying business *)	79.3	85.2	87.0
Weather-related claims, net of reinsurance	1.3	2.6	1.6
Major claims, net of reinsurance	2.7	2.0	2.1
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-4.2	-4.5	-3.4
Change in risk margin, run-off result and current year	0.2	-0.1	-0.1
<b>Combined ratio *)</b>	<b>79.4</b>	<b>85.2</b>	<b>87.2</b>

\*) FY 2019 is net of extraordinary costs in a total amount of DKK 21 million, equivalent to an impact of 0.8 of a percentage point on the combined ratio

The net reinsurance ratio was 2.2 in Q3 2020, against 1.9 in Q3 2019.

The expense ratio was 17.4 in Q3 2020, marking a year-on-year improvement of 0.9 of a percentage point.

Run-off gains on claims net of reinsurance amounted to DKK 29 million in Q3 2020, against DKK 30 million in Q3 2019. The 2020 run-off result was mainly attributable to gains on personal accident and liability insurance.

The change in the overall risk margin reduced the Q3 performance by DKK 1 million, equivalent to a negative effect on the combined ratio of 0.2 of a percentage point.

## COMMERCIAL

The technical result was a profit of DKK 67 million in Q3 2020, against a profit of DKK 31 million in the same period of 2019.

The combined ratio was 90.2, which was 5.1 percentage points better than in 2019. Relative to expectations, the Q3 2020 result was favourably affected by significantly fewer expenses for weather-related claims and minor claims, but adversely affected in particular by one major claim as well as by a negative run-off result.

Gross premium income was DKK 682 million in Q3 2020, against DKK 673 million in Q3 2019. The increase in premium income, corresponding to a growth rate of 1.3%, should be seen against the backdrop of the COVID-19 situation. For instance, premiums on workers' compensation insurance in connection with redundancies have been adjusted in order to reflect the actual workforce and, moreover, a number of customers have obtained offers for

vehicle downtime insurance. The general expectation of weaker economic growth in Denmark and a decline in GDP is also expected to affect gross premium income for the rest of the year.

The customer retention rate remained at a high level.

The claims experience excluding run-off losses on claims was 75.4%, against 81.8% in Q3 2019.

Net of reinsurance, total weather-related claims amounted to DKK 6 million in Q3 2020, against DKK 37 million in Q3 2019. Weather-related claims expenses were significantly below the expected level for the quarter. Weather-related claims affected the combined ratio by 0.8 of a percentage point, against 5.5 percentage points last year.

Net of reinsurance, major claims amounted to DKK 105 million in Q3 2020, against DKK 84 million in Q3 2019. Major claims affected the Q3 2020 combined ratio by 15.4 percentage points, as compared with 12.5 percentage points last year.

In Q3 2020, the underlying claims ratio was 58.6, against 63.9 in the year-earlier period. The claims ratio was favourably affected by fewer claims in general due to an expected temporary lower level of activity as a result of the COVID-19 situation. Profitability is an ongoing focus area in Commercial, including building insurances in the residential segment, and planned measures to lift profitability have been completed.

The net reinsurance ratio was 0.3 in Q3 2020, against 7.0 in Q3 2019. The lower net expense for reinsurance in Q3 2020 was due to a single major claim, which is expected to trigger compensation under the reinsurance cover.

## Commercial

DKKm	Q3 2020	Q3 2019	FY 2019
Gross premium income	682	673	2,670
Gross claims expenses	-516	-499	-1,842
Insurance operating expenses	-98	-96	-417
Profit/loss on reinsurance	-1	-47	-187
<b>Technical result</b>	<b>67</b>	<b>31</b>	<b>224</b>
Run-off result, claims	-3	5	-14
Run-off result, risk margin	6	11	39
Gross claims ratio *)	75.6	74.1	69.0
Net reinsurance ratio	0.3	7.0	7.0
<b>Claims experience *)</b>	<b>75.9</b>	<b>81.1</b>	<b>76.0</b>
Gross expense ratio *)	14.3	14.2	15.6
<b>Combined ratio *)</b>	<b>90.2</b>	<b>95.3</b>	<b>91.6</b>
Combined ratio, underlying business *)	72.8	78.0	78.3
Weather-related claims, net of reinsurance	0.8	5.5	3.6
Major claims, net of reinsurance	15.4	12.5	9.4
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	0.5	-0.6	0.5
Change in risk margin, run-off result and current year	0.6	-0.1	-0.2
<b>Combined ratio *)</b>	<b>90.2</b>	<b>95.3</b>	<b>91.6</b>

\*) FY 2019 is net of extraordinary costs in a total amount of DKK 23 million, equivalent to an impact of 0.9 of a percentage point on the combined ratio

The expense ratio was 14.3 in Q3 2020, against 14.2 in Q3 2019.

The run-off result on claims net of reinsurance amounted to a loss of DKK 3 million, against a gain of DKK 4 million in Q3 2019. The 2020 run-off result was mainly attributable to workers' compensation insurance. The loss on workers' compensation insurance was offset by minor gains on e.g. building insurances.

The change in the overall risk margin reduced the Q3 performance by DKK 4 million, equivalent to a negative effect on the combined ratio of 0.6 of a percentage point.

## INVESTMENT RESULT

The investment result was a gain of DKK 25 million in Q3 2020, against a gain of DKK 7 million in the year-earlier period. The investment result was satisfactory, lifted by favourable market conditions as a result of central bank stimuli and government relief packages.

The Q3 2020 investment return was favourably affected by the developments in most asset classes, supported in particular by the equity market and narrowing mortgage and credit bond spreads. In Q2 2020, Non-life Insurance slightly increased its strategic exposure to shares and

credit bonds, which – in isolation – added to the performance. In Q3, the hedging of provisions produced a minor positive return, while the part of the bond portfolio which is not allocated to the hedging of provisions yielded a satisfactory return due to developments in the mortgage bond market. Mortgage deeds saw increased redemptions, which detracted from the performance.

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

The interest on technical provisions is calculated using the EIOPA discount curve plus a volatility adjustment (the "VA premium").

## Investment return

DKKm	Q3 2020			Q3 2019		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	9,392	32	0.4%	8,939	53	0.6%
Mortgage deeds etc.	684	-1	-0.1%	848	-2	-0.3%
Equities	351	19	7.8%	244	5	2.2%
Properties	43	-1	-1.9%	7	3	31.3%
<b>Total return on investments</b>	<b>10,470</b>	<b>49</b>	<b>0.5%</b>	<b>10,038</b>	<b>59</b>	<b>0.6%</b>
Administrative expenses related to investment activities		-6			-7	
Return on and value adjustment of technical provisions		-18			-45	
<b>Net investment return</b>		<b>25</b>			<b>7</b>	

## 9M PERFORMANCE

The group's non-life insurance activities generated a pre-tax profit of DKK 569 million in 9M 2019, as compared with DKK 456 million in 9M 2019. The performance was satisfactory and better than expected at year start.

The technical result amounted to a profit of DKK 578 million in 9M 2020, against DKK 472 million in 9M 2019, corresponding to a combined ratio of 85.9 in 9M 2019, against 88.2 last year. The performance was favourably affected by a lower level of expenses in the underlying business, few expenses for weather-related claims and by run-off gains.

Premium income totalled DKK 4,093 million, against DKK 4,007 million in 9M 2019, an increase of 2.1%, which was slightly less than expected.

Weather-related claims totalled DKK 74 million net of reinsurance in 9M 2019, against DKK 119 million in the year-earlier period. The first nine months of 2020 were characterised by mild weather with few weather-related events and, overall, the level of weather-related claims expenses was lower than expected. Weather-related claims affected the combined ratio by 1.8 percentage points, against 3.0 percentage points in 9M 2019.

## Combined ratio

	9M 2020	9M 2019	FY 2019
Combined ratio, underlying business *)	81.6	82.7	82.6
COVID-19 effect, estimated	-1.8	-	-
Combined ratio, underlying business *)	79.8	82.7	82.6
Weather-related claims, net of reinsurance	1.8	3.0	2.6
Major claims, net of reinsurance	6.2	5.5	5.7
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-2.2	-3.0	-1.4
Change in risk margin, run-off result and current year	0.3	0.0	-0.1
<b>Combined ratio *)</b>	<b>85.9</b>	<b>88.2</b>	<b>89.4</b>

\*) FY 2019 is net of extraordinary costs in a total amount of DKK 44 million, equivalent to an impact of 0.8 of a percentage point on the combined ratio

Major claims totalled DKK 255 million in 9M 2020, against last year's low level of DKK 220 million. The number of major claims reported in the nine months ended 30 September 2020 was on a par with expectations, while average claims expenses for major claims were generally slightly below the expected level. Overall, major claims affected the combined ratio by 6.2 percentage points in 9M 2020, against 5.5 percentage points in 9M 2019.

The combined ratio of the underlying business was 79.8 in 9M 2020, against 82.7 last year. The improved result was to some extent attributable to knock-on effects of COVID-19, as a lower level of activity in society has resulted in temporarily lower claims expenses. In addition, the underlying claims ratio improved by 0.5 of a percentage point relative to the year-earlier period.

The run-off result on claims net of reinsurance was a gain of DKK 89 million in 9M 2020, against DKK 118 million in 9M 2019. The 2020 run-off result was mainly attributable to gains on personal accident insurance and motor insurance.

The change in the overall risk margin in the nine months ended 30 September 2020 affected the performance by an expense of DKK 13 million, equivalent to an impact on the combined ratio of 0.3 of a percentage point. The amount is composed of a DKK 40 million income attributable to the run-off result and a DKK 53 million expense related to the accumulation of risk margin on claims reported in 2020. In the same period of 2019, changes in the overall risk margin contributed an income of DKK 1 million distributed on a DKK 52 million run-off gain and a DKK 51 million expense related to the accumulation of risk margin for 2019.

The net reinsurance ratio was 3.3 for 9M 2020, as compared with 4.6 for the same period of 2019. The lower net reinsurance ratio was due to the occurrence of a single major claim in Q3 2020, which is expected to trigger compensation under the reinsurance cover.

The expense ratio was 17.0 in 9M 2020, which was 0.5 of a percentage point lower than in the same period of 2019.

The investment result after interest on technical provisions was a loss of DKK 9 million in 9M 2020, against a loss of DKK 16 million in 9M 2019. The 2020 investment result was favourably affected by the strategic holdings of shares and credit bonds in Q2 2020, and the performance is generally assessed to be satisfactory in light of a difficult first quarter.

## CAPITALISATION

The capital requirement of Alm. Brand Forsikring A/S was DKK 998 million at 30 September 2020. The total capital was DKK 3,939 million, which means that the company had an excess cover of DKK 2,941 million relative to the capital requirement.

At 30 September 2020, shareholders' equity allocated to Non-life Insurance was DKK 2,867 million.

# Life Insurance

	DKKkm	Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
INCOME STATEMENT	Regular premiums	175	172	597	577	803
	Single payments	148	241	511	820	1,047
	<b>Premiums</b>	<b>323</b>	<b>413</b>	<b>1,108</b>	<b>1,397</b>	<b>1,850</b>
	Investment return after allocation of interest	219	443	432	1,305	1,131
	Benefits paid	-279	-242	-990	-765	-1,034
	Total insurance operating expenses	-26	-27	-81	-78	-101
	Result of ceded business	0	-3	-1	-4	-4
	Change in life insurance provisions	-209	-564	-361	-1,800	-1,813
	Change in profit margin	0	3	-17	17	70
	<b>Technical result</b>	<b>28</b>	<b>23</b>	<b>90</b>	<b>72</b>	<b>99</b>
	Return on investment allocated to equity	2	-2	2	-1	-3
	<b>Profit before tax excluding extraordinary costs</b>	<b>30</b>	<b>21</b>	<b>92</b>	<b>71</b>	<b>96</b>
	Extraordinary costs	-	-	-	-	-5
	<b>Profit/loss before tax</b>	<b>30</b>	<b>21</b>	<b>92</b>	<b>71</b>	<b>91</b>
	Tax	-6	-4	-20	-7	-9
	<b>Profit/loss after tax</b>	<b>24</b>	<b>17</b>	<b>72</b>	<b>64</b>	<b>82</b>
	<b>Return requirement for shareholders' equity</b>					
Return on investment allocated to equity	2	-2	2	-1	-3	
Result of portfolios without bonus entitlement	3	-1	3	4	5	
Gruppeliv	3	2	10	8	12	
Interest result	11	8	35	22	29	
Expense result	1	0	4	6	9	
Risk result	10	14	38	32	44	
<b>Profit before tax excluding extraordinary costs</b>	<b>30</b>	<b>21</b>	<b>92</b>	<b>71</b>	<b>96</b>	
Extraordinary costs	-	-	-	-	-5	
<b>Profit/loss before tax</b>	<b>30</b>	<b>21</b>	<b>92</b>	<b>71</b>	<b>91</b>	

	DKKkm	Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
BALANCE SHEET	Total provisions for insurance contracts	16,594	16,297	16,594	16,297	16,218
	Total shareholders' equity	698	609	698	609	626
	Total assets	18,247	17,893	18,247	17,893	18,239
FINANCIAL RATIOS	Return on equity before tax (%) *)	18.5	14.4	18.6	15.5	15.6
	Return on equity after tax (%) *)	14.5	11.3	14.5	13.9	13.9
	Bonus rate (%)	13.5	11.4	13.5	11.4	16.1

\*) The key ratios for FY 2019 have been calculated net of extraordinary costs totalling DKK 5 million before tax

# Life Insurance

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## Satisfactory performance

### Q3 PERFORMANCE

Alm. Brand Liv og Pension A/S reported a highly satisfactory pre-tax profit for Q3 2020 of DKK 30 million, against DKK 21 million in Q3 2019. Regular premiums continued to grow, albeit at a rate below the strategic target.

In Q3 2020, the expense and risk result was DKK 11 million, against DKK 14 million in the same period of 2019, which was satisfactory, driven by a continued strong risk result.

The interest rate result increased to DKK 11 million in Q3 2020, from DKK 8 million in the year-earlier period, primarily due to price adjustments made earlier in the year.

The bonus rate was 13.5% at 30 September 2020, marking an increase of 0.5 of a percentage point relative to 30 June 2020. The increase was mainly due to equity markets having recovered much of the ground lost in the wake of the initial reaction to COVID-19. The bonus rate remained satisfactory, ensuring that Alm. Brand Pension may continue to offer competitive rates on policyholders' savings.

The company's total assets under management grew by 2.0% year on year to stand at DKK 16.6 billion at 30 September 2020.

### Pension contributions

#### Payments into guaranteed schemes

Premiums totalled DKK 323 million in Q3 2020, against DKK 413 million in the year-earlier period. This figure covers an increase in regular premiums of 2.1% and a decline in single payments of 38.6%.

The decline in single payments should be seen against the backdrop of the very high levels reported in 2018 and 2019 and the general reluctance triggered by COVID-19 uncertainty.

The commercial customer segment remains the company's primary growth driver for regular premium payments. Growth in the commercial customer segment was driven by several strategic initiatives that have supported developments. These include easier access for customers through digitalisation of the underwriting process. Moreover, the company has adjusted prices on selected products with a view to improving its competitive strength.

#### Benefits paid

Total benefits paid amounted to DKK 279 million in Q3 2020, against DKK 242 million last year. The higher amount of benefits paid in 2020 is in line with expectations and the guidance provided, as some of the employees who were made redundant as a result of the changes made in the Alm. Brand Group have transferred their scheme and savings to their new employer.

#### Risk result

Net of reinsurance, the risk result, which expresses the difference between premiums charged and actual claims expenses paid, was an income of DKK 10 million in Q3 2020, marking a decrease relative to Q3 2019. The risk result is still among the best in the industry.

#### Costs

Acquisition costs and administrative expenses totalled DKK 26 million in Q3 2020, which was on a par with Q3 2019 and slightly below expectations. The fact that costs have remained stable in spite of the company's decent growth in recent years is highly satisfactory.

#### Expense result

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was positive at DKK 1 million, which was on a par with the year-earlier period. 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

Despite market volatility, Alm. Brand maintained its equity and credit exposures throughout the quarter.

In spite of a flare-up of COVID-19, the global financial markets were characterised by optimistic sentiments in Q3 2020, although with sectoral and geographic differences. Especially Danish and Nordic shares performed well, and the major US indices also developed favourably. However, uncertainty about the development of COVID-19 continues to impact the financial markets.

The investment return on policyholders' funds (before pension return tax) was DKK 259 million in Q3 2020, distributed on a DKK 153 million return on shares, a DKK 89 million return on bonds and a DKK 16 million return on

properties.

## Life insurance provisions

Total technical provisions increased by DKK 209 million in Q3 2020 to stand at DKK 16.6 billion. The increase was primarily attributable to the excellent investment return as well as to a continued net inflow of pension funds during the period.

## Bonus rate

The total bonus rate was 13.5% at 30 September 2020, an increase of 0.5 of a percentage point relative to 30 June 2020. The bonus rate remained satisfactory in light of the very low interest rate setting. New policyholders are placed in interest rate group A, which had a bonus rate of 13.9% at 30 September 2020.

Almost 13% of the portfolio is placed in high interest rate groups (interest rate groups 2 and 3), which pursue an investment strategy based on a substantial share of bonds and financial instruments with a view to striking 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 five interest rate groups into which the portfolio of policies with bonus entitlement is divided.

## 9M PERFORMANCE

Life Insurance posted a pre-tax profit of DKK 92 million in 9M 2020, an increase of DKK 21 million relative to 9M 2019. The performance was satisfactory.

The expense and risk result was DKK 43 million, against DKK 38 million in 9M 2019, which was extremely satisfactory, driven among other things by a favourable trend in the risk experience for disability covers. The favourable trend in disability risk was attributable to increased use of distance working during the COVID-19 lockdown period, which resulted in a reduction in stress-related claims.

## Investment return

DKKm	Investment assets	Return Q3 2020	Return Q3 2019
Bonds	14,093	0.6%	4.0%
Equities	1,806	8.1%	1.7%
Properties	1,734	0.9%	1.4%
<b>Total</b>	<b>17,633</b>	<b>1.5%</b>	<b>3.3%</b>

	Interest rate group A	Interest rate group 0	Interest rate group 1	Interest rate group 2	Interest rate group 3	Total
Technical rate of interest (% p.a.)	-0.48-0.52	0.5-1.5	1.5-2.5	2.5-3.5	3.5-4.5	
Investment assets (DKKbn)	12.1	1.7	1.0	1.0	1.9	17.6
Rate on policyholders' savings 2020 (% p.a.)	2.50	2.50	5.50	5.50	6.00	
Bonus rate (%)	13.9	10.0	19.2	10.4	13.7	13.5
Return (% YTD annualised)	4.2	6.0	7.8	2.6	2.6	4.3
<b>Distribution of investment assets (%):</b>						
Bonds	77	84	78	89	90	80
Equities	12	8	12	5	5	10
Properties	11	8	10	6	5	10

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In addition, a positive interest rate result of DKK 35 million was reported for 9M 2020, which was DKK 13 million higher than in the same period of 2019.

Total payments amounted to DKK 1,108 million in 9M 2020, which was 20.6% less than last year. The decline was due to exceptionally many single contributions made in 2019 due to the high rate on policyholders' savings, as regular payments increased by 3.5% in 9M 2020.

Benefits paid amounted to DKK 990 million, against DKK 765 million in 9M 2019. This was due to an increase in surrenders, among other things as a result of a lower rate on policyholders' savings in 2020.

Insurance operating expenses amounted to DKK 81 million, marking an increase of DKK 3 million relative to the year-earlier period. The increase was the result of a change in the allocation of group expenses between the individual business areas. The expense result was a profit of DKK 4 million in 9M 2020 and hence slightly lower than in 9M 2019.

The investment return on policyholders' funds was DKK 525 million (before pension return tax), corresponding to a return of 3.2%, and was favourably affected by the drop in long-term yields, but adversely affected by equity market developments.

The technical result was DKK 90 million in 9M 2020, against DKK 72 million in 9M 2019.

#### CAPITALISATION

The solvency capital requirement of Alm. Brand Liv og Pension A/S amounted to DKK 149 million at 30 September 2020, against DKK 146 million at 31 December 2019.

The total capital for coverage of the solvency capital requirement was DKK 1,139 million at 30 September 2020, an excess cover of DKK 989 million relative to the solvency capital requirement. The company's solvency capital requirement is quite low as a result of the decent bonus potentials at 30 September 2020.

Equity allocated to Life Insurance was DKK 698 million at 30 September 2020.

# Banking

DKKkm		Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
INCOME STATEMENT	Net interest income	61	56	177	170	224
	Net fee income	44	38	123	100	141
	<b>Net interest and fee income</b>	<b>105</b>	<b>94</b>	<b>300</b>	<b>270</b>	<b>365</b>
	Trading income	56	54	149	152	202
	Leasing	17	16	53	56	75
	Other income	-4	4	19	26	64
	<b>Total income</b>	<b>174</b>	<b>168</b>	<b>521</b>	<b>504</b>	<b>706</b>
	Costs	-134	-147	-422	-457	-622
	<b>Core earnings</b>	<b>40</b>	<b>21</b>	<b>99</b>	<b>47</b>	<b>84</b>
	Investment portfolio earnings	4	-17	-17	-36	-60
	<b>Profit/loss before depreciation, amortisation and impairment losses</b>	<b>44</b>	<b>4</b>	<b>82</b>	<b>11</b>	<b>24</b>
	Amortisation, customer relationships	-8	-8	-24	-24	-32
	Impairment of loans	16	18	29	58	75
	<b>Profit before tax excluding extraordinary costs</b>	<b>52</b>	<b>14</b>	<b>87</b>	<b>45</b>	<b>67</b>
	Extraordinary costs	-	-	-	-	-51
<b>Profit/loss before tax</b>	<b>52</b>	<b>14</b>	<b>87</b>	<b>45</b>	<b>16</b>	
Tax	-10	-4	-14	-8	-4	
<b>Profit/loss after tax</b>	<b>42</b>	<b>10</b>	<b>73</b>	<b>37</b>	<b>12</b>	

DKKkm		Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
BALANCE SHEET	Loans and advances	5,009	5,061	5,009	5,061	4,960
	Deposits	9,574	11,002	9,574	11,002	10,824
	Shareholders' equity	1,973	1,920	1,973	1,920	1,896
	Total assets	12,913	14,321	12,931	14,321	13,470
FINANCIAL RATIOS	Interest margin (%)	2.6	2.1	2.4	2.2	2.2
	Income/cost ratio	1.30	1.08	1.16	1.08	1.02
	Impairment ratio for the period	-0.1	-0.2	-0.4	-0.4	-0.8
	Total capital ratio	22.3	20.1	22.3	19.2	20.0
	Return on equity before tax (%) *	10.9	3.0	6.0	2.6	3.4
	Return on equity after tax (%) *	8.7	2.1	5.0	2.3	2.7

\*) The key ratios for FY 2019 have been calculated net of extraordinary costs totalling DKK 51 million before tax

# Banking

## Core earnings doubled

### Q3 PERFORMANCE

In Q3 2020, the bank's core earnings continued to grow to DKK 40 million, against DKK 21 million in Q3 2019, driven by higher net interest and fee income and lower costs.

The bank generated a pre-tax profit of DKK 52 million in Q3 2020, against DKK 14 million in Q3 2019. The Q3 profit included investment portfolio earnings of DKK 4 million, against a loss of DKK 17 million in Q3 2019, and a DKK 16 million reversal of impairment writedowns on loans, against DKK 18 million in Q3 2019.

### Income

The bank's total income amounted to DKK 176 million in Q3 2020, against DKK 168 million in Q3 2019, marking a year-on-year increase of 5%.

Net interest and fee income amounted to DKK 105 million in Q3 2020, up by DKK 11 million from DKK 94 million in Q3 2019. The positive trend was primarily attributable to the initiatives completed on the income side, including the introduction of negative interest rates and fee changes for private customers. The increase was composed of a DKK 5 million increase in net interest income and a DKK 6 million increase in net fee income.

Trading income totalled DKK 56 million in Q3 2020, against DKK 54 million in the same period of last year. The continued positive sentiment in the financial markets resulted in a positive investment result as well as a high level of customer securities trading.

Leasing reported net income of DKK 17 million in Q3 2020, against DKK 16 million in the same period of last year, which was better than expected and reflected a gradual market improvement towards the end of the quarter and a positive return on car sales in connection with lease agreement expiries.

Other operating income is primarily composed of value adjustments on strategic shareholdings. The performance was a loss of DKK 4 million in Q3 2020, against profit of DKK 4 million in Q3 2019.

### Costs

Costs improved by DKK 13 million to total DKK 134 million in Q3 2020, against DKK 147 million in Q3 2019. The favourable development was in line with expectations and primarily attributable to the changes completed as announced in connection with the release of the 2019 financial statements.

### Investment portfolio earnings

Investment portfolio earnings amounted to DKK 4 million in Q3 2020, against loss of DKK 17 million in Q3 2019. The performance was achieved on the back of a strong return on positions in interest-bearing instruments, including mainly Danish mortgage and government bonds.

### Impairment writedowns

In Q1 2020, the bank made a management estimate of DKK 30 million to cover any credit-related consequences of COVID-19. Developments in Q2 and Q3 did not give rise to

any further provisions, but even though the bank has not yet incurred any actual losses as a result of COVID-19, the long-term credit-related consequences of the pandemic remain subject to uncertainty. The management estimate related to COVID-19 is therefore maintained.

In Q3 2020, the bank made a DKK 16 million reversal of impairment writedowns on loans previously made in the agricultural and private customer segments.

As in previous quarters, DKK 5 million of the reversed impairment writedowns concerned interest income from loans written down.

## Impairment writedowns<sup>b)</sup>

DKKm	Q3 2020	Q3 2019
<b>Loans and advances</b>		
Private	12	19
Commercial	5	-3
Agriculture	1	6
<b>Loan impairment charges</b>	<b>18</b>	<b>22</b>
Mortgage deed option agreement <sup>a)</sup>	-2	-4
<b>Total impairment writedowns</b>	<b>16</b>	<b>18</b>

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

<sup>b)</sup> Positive figures represent income

## Business volume

The bank's business volume, covering bank loans, mortgage lending and leasing activities, traced a stable development trend in Q3 2020 and totalled DKK 22.8 billion at 30 September 2020, which was unchanged from 31 December 2019. The bank's loans and advances amounted to DKK 5.0 billion at 30 September 2020, which was also on a par with 31 December 2019. The performance is a reflection of an unchanged repayment pattern for bank loans and sustained moderate demand for new bank loans, due in part to favourable mortgage credit financing options. The volume of Totalkredit loans was DKK 16.9 billion, which was on a par with 31 December 2019.

## Retail

The bank's retail business continued to develop satisfactorily in Q3 2020, reporting an earnings improvement driv-

en by the completed interest rate and fee changes, most of which were aimed at the private customer segment. In line with expectations, the changes have reduced the size of private customer deposits, and a part of these deposits were instead placed in savings products. Following recent interest rate changes, about DKK 5.5 billion of the bank's deposit portfolio will be subject to negative interest rates.

## Wealth Management

In Q3 2020, the bank's asset management and securities trading division, Wealth Management, continued to see an inflow of new customers and funds into the asset management products *OpsparingPlus* and *IndexPlus*. Trading activity among the bank's customers was brisk compared with the same period of last year, resulting in satisfactory earnings from the Alm. Brand Trader platform.

## Deposits

The bank had deposits of DKK 9.6 billion at 30 September 2020, against DKK 10.8 billion at 31 December 2019. Accordingly, and in line with expectations, total deposits declined in continuation of the introduction of negative interest rates for private customers, with some of these funds being placed in the bank's investment products instead. As the bank's total bank loans only experienced minor changes, the bank still has a significant deposit surplus of about DKK 4.6 billion.

## 9M PERFORMANCE

The bank generated a total pre-tax profit of DKK 87 million in 9M 2020, against a profit of DKK 45 million in the year-earlier period.

Net interest and fee income amounted to DKK 300 million in 9M 2020, up by 11% from DKK 270 million in 9M 2019. At the beginning of the year, Alm. Brand introduced new account fees and negative interest rates on deposits for private customers as well in order to align the price level to the persistent negative interest rate environment, and the realised increase was mainly driven by these changes.

Leasing reported income of DKK 53 million, against DKK 56 million in the same period of last year. For several months, the leasing market has been affected by the knock-on effects of the COVID-19 pandemic, including weaker demand from customers and delays in car manufacturer deliveries.

Other income amounted to DKK 19 million, which was less than in 9M 2019. This item among other things contains value adjustments of strategic shareholdings.

## Credit exposure after writedowns

DKKm	Share of portfolio in %	30 Sep. 2020	30 June 2020	31 March 2020	31 Dec. 2019
<b>Loans and advances</b>					
Private	64	3,596	3,660	3,664	3,694
Commercial	18	1,043	1,001	958	935
Agriculture	1	68	74	78	85
<b>Total loans and advances</b>	<b>83</b>	<b>4,707</b>	<b>4,735</b>	<b>4,700</b>	<b>4,714</b>
Mortgage deed option agreement	12	684	720	759	803
Reverse transactions and intra-group exposures	5	303	210	328	246
<b>Total credit exposure</b>	<b>100</b>	<b>5,693</b>	<b>5,665</b>	<b>5,787</b>	<b>5,763</b>

Costs amounted to DKK 422 million, against DKK 457 million in 9M 2019. The lower cost level was mainly due to the efficiency measures completed at the end of January 2020.

Investment portfolio earnings were a loss of DKK 17 million in 9M 2020, against loss of DKK 36 million last year. This loss was predominantly attributable to the combination of a sustained low interest rate level and the bank's liquidity surplus and should be seen in the context of the bank's net interest and fee income.

### Liquidity

The bank has a strong liquidity position, reporting a liquidity coverage ratio (LCR) of 323% at 30 September 2020.

### Capitalisation

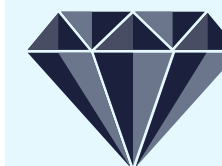
At 30 September 2020, the banking group's MREL capital amounted to DKK 2.1 billion, against an MREL capital requirement of DKK 1.3 billion. Accordingly, the banking group had an excess of DKK 0.8 billion. The total risk exposure amount of the banking group was DKK 8.8 billion. More elaborate information about the bank's solvency need is available on the website, <https://almbrand.dk/Risiko>.

### Capital reservation for credit risk

The bank's total capital reservation for credit risk amounted to DKK 1,650 million at 30 September 2020, against DKK 1,736 million at 31 December 2019. The capital reservation equalled 24% of the credit exposure.

### SUPERVISORY DIAMOND

At 30 September 2020, 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		30 September 2020	2019
Threshold value < 175%		49%	52%
Growth in lending		30 September 2020	2019
Threshold value < 20%		-0,1%	-0,5%
Funding ratio		30 September 2020	2019
Threshold value < 1		0.47	0.43
Property exposure		30 September 2020	2019
Threshold value < 25%		8%	8%
Excess liquidity coverage		30 September 2020	2019
Threshold value > 100%		363%	434%

## Capital reservation for credit risk

DKKm	30 September 2020						31 December 2019	
	Total assets	Credit exposure <sup>a)</sup>	Accumulated impairment writedowns <sup>b)</sup>	Required capital	Total reservation	Reservation/credit exposure	Total reservation	Reservation/credit exposure
Private	3,595	3,930	335	278	613	16%	622	15%
Commercial	1,043	2,187	460	257	717	33%	715	32%
Agriculture	68	354	286	20	306	86%	386	86%
<b>Total, excl. reverse transactions</b>	<b>4,706</b>	<b>6,471</b>	<b>1,081</b>	<b>555</b>	<b>1,636</b>	<b>25%</b>	<b>1,723</b>	<b>26%</b>
Reverse transactions and intra-group exposures	303	304	2	12	14	5%	13	5%
<b>Total, group</b>	<b>5,009</b>	<b>6,776</b>	<b>1,083</b>	<b>567</b>	<b>1,650</b>	<b>24%</b>	<b>1,736</b>	<b>25%</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

Developments in the bank's supervisory diamond values were in line with expectations.

# 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 30 September 2020.

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 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 30 September 2020 and of the group’s cash flows for the period 1 January to 30 September 2020.

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, 4 November 2020

**Rasmus Werner Nielsen**

Chief Executive Officer

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## Board of Directors

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Copenhagen, 4 November 2020

**Jørgen Hesselbjerg Mikkelsen**

Chairman

**Jan Skytte Pedersen**

Deputy Chairman

**Anette Eberhard**

**Per Viggo Hasling Frandsen**

**Karen Sofie Hansen-Hoeck**

**Flemming Fuglede Jørgensen**

**Boris Nørgaard Kjeldsen**

**Pia Laub**

**Brian Egested**

**Claus Nexø Jensen**

**Susanne Larsen**

**Lotte Kathrine Sørensen**

# Income statement

Mio.kr.	Note	Koncern				
		3. kv. 2020	3. kv. 2019	1.-3. kv. 2020	1.-3. kv. 2019	Året 2019
<b>Indtægter</b>						
Præmieindtægter		1.697	1.770	5.201	5.404	7.215
Renteindtægter mv.		160	179	489	533	705
Gebyrindtægter mv.		68	60	203	160	227
Andre indtægter fra investeringsvirksomhed		2	2	6	4	4
Anden indkomst		69	67	215	212	294
<b>Indtægter i alt</b>		<b>1.996</b>	<b>2.078</b>	<b>6.114</b>	<b>6.313</b>	<b>8.445</b>
<b>Omkostninger</b>						
Erstatningsudgifter		-1.208	-1.186	-3.674	-3.413	-4.671
Renteudgifter		-12	-9	-40	-31	-46
Andre udgifter fra investeringsvirksomhed		-18	-18	-54	-47	-111
Nedskrivning på udlån og tilgodehavender	1	13	18	35	62	81
Erhvervs- og administrationsomkostninger		-421	-436	-1.327	-1.365	-1.907
<b>Omkostninger i alt</b>		<b>-1.646</b>	<b>-1.631</b>	<b>-5.060</b>	<b>-4.794</b>	<b>-6.654</b>
Resultat af afgiven forretning		-17	-63	-138	-189	-250
Ændring i livsforsikringshensættelser		-209	-564	-361	-1.800	-1.772
Ændring i fortjenstmargen i Pension		0	3	-17	17	70
Kursreguleringer		208	415	239	1.217	916
Pensionsafkastskat		-32	-76	-73	-232	-186
<b>Resultat før skat</b>		<b>300</b>	<b>162</b>	<b>704</b>	<b>532</b>	<b>569</b>
Skat		-65	-37	-155	-108	-117
<b>Resultat efter skat</b>		<b>235</b>	<b>125</b>	<b>549</b>	<b>424</b>	<b>452</b>
Resultat pr. aktie, kr.		1,5	0,8	3,6	2,7	2,9
Resultat pr. aktie udvandet, kr.		1,5	0,8	3,6	2,7	2,9

# Statement of comprehensive income

Mio.kr.					Koncern
	3. kvrt. 2020	3. kvrt. 2019	1.-3. kvrt. 2020	1.-3. kvrt. 2019	Året 2019
<b>Totalindkomstoppgørelse</b>					
Periodens resultat	235	125	549	424	452
<i>Poster, som kan blive omklassificeret til resultatet</i>	0	0	0	0	0
<i>Poster, som ikke kan blive omklassificeret til resultatet:</i>					
Opskrivning domicilejendomme	2	0	2	0	-41
Overført til kollektivt bonuspotentiale	0	0	0	0	41
Skat af anden totalindkomst	0	0	0	0	0
<b>Anden totalindkomst i alt</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>Totalindkomst i alt</b>	<b>237</b>	<b>125</b>	<b>551</b>	<b>424</b>	<b>452</b>
<b>Fordeles således:</b>					
Alm. Brands andel af periodens resultat	237	125	551	424	452
<b>Totalindkomst i alt</b>	<b>237</b>	<b>125</b>	<b>551</b>	<b>424</b>	<b>452</b>

# Balance sheet

Mio.kr.	Koncern		
	30. september 2020	30. september 2019	Året 2019
<b>Aktiver</b>			
Immaterielle aktiver	167	195	187
Domicilejendomme	754	709	752
Genforsikringsandele af forsikringskontrakter	245	194	170
Aktuelle skatteaktiver	0	0	45
Andre aktiver	1.835	2.155	1.777
Udlån	5.385	5.909	5.514
Investeringsjendomme	744	727	750
Investeringsaktiver	32.169	32.570	31.567
Tilgodehavender hos kreditinstitutter og centralbanker	1.171	852	792
Kassebeholdning og anfordringstilgodehavender	241	219	244
<b>Aktiver i alt</b>	<b>42.711</b>	<b>43.530</b>	<b>41.798</b>
<b>Passiver</b>			
Aktiekapital	1.577	1.577	1.577
Reserver, overført resultat mv.	3.523	3.021	2.539
Foreslået udbytte	0	0	460
<b>Koncernegenkapital</b>	<b>5.100</b>	<b>4.598</b>	<b>4.576</b>
Efterstillede kapitalindskud	575	575	575
Hensættelser til forsikringskontrakter	24.492	23.909	23.593
Andre hensættelser	36	58	41
Udskudte skatteforpligtelser	73	55	55
Udstedte obligationer	150	0	0
Aktuelle skatteforpligtelser	87	57	0
Andre passiver	1.859	2.175	1.628
Indlån	9.092	10.746	10.492
Gæld til kreditinstitutter og centralbanker	1.247	1.357	838
<b>Passiver i alt</b>	<b>42.711</b>	<b>43.530</b>	<b>41.798</b>
Note 2	Egne aktier		
Note 3	Eventualforpligtelser, garantier og leasingaftaler		
Note 4	Dagsværdimåling af finansielle instrumenter		
Note 5	Anvendt regnskabspraksis Koncern		
Note 6	Hoved- og nøgletalsoversigt		

# Statement of changes in equity

Mio.kr.	Aktie- kapital	Sikker- heds- fonde	Andre henlæg- gelser mv.	Overført resultat	Foreslået udbytte	Koncern- egen- kapital
<b>Egenkapital pr. 1. januar 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>Egenkapitalbevægelser i 1.-3. kvrt. 2019:</b>						
Periodens resultat				424		424
Totalindkomst	0	0	0	424	0	424
Udbetalt udbytte				3	-470	-467
Annullering af egne aktier	-33			33		0
Aktieoptionsordning, udnyttelse				29		29
Køb og salg af egne aktier				-136		-136
<b>Egenkapitalbevægelser i alt</b>	<b>-33</b>	<b>0</b>	<b>0</b>	<b>353</b>	<b>-470</b>	<b>-150</b>
<b>Egenkapital pr. 30. september 2019</b>	<b>1.577</b>	<b>182</b>	<b>1.215</b>	<b>1.588</b>	<b>0</b>	<b>4.598</b>
<b>Egenkapital pr. 1. januar 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>Egenkapitalbevægelser i 2019:</b>						
Årets resultat				452	0	452
Opskrivning af domicilejendomme				-41		-41
Overført kollektivt bonuspotentiale				41		41
Totalindkomst	0	0	0	452	0	452
Annullering af egne aktier	-33			33		0
Foreslået udbytte				-460	460	0
Udbetalt udbytte				3	-470	-467
Aktieoptionsordning, udnyttelse				33		33
Køb og salg af egne aktier				-190		-190
<b>Egenkapitalbevægelser i alt</b>	<b>-33</b>	<b>0</b>	<b>0</b>	<b>-129</b>	<b>-10</b>	<b>-172</b>
<b>Egenkapital pr. 31. december 2019</b>	<b>1.577</b>	<b>182</b>	<b>1.215</b>	<b>1.142</b>	<b>460</b>	<b>4.576</b>
<b>Egenkapital pr. 1. januar 2020</b>	<b>1.577</b>	<b>182</b>	<b>1.215</b>	<b>1.142</b>	<b>460</b>	<b>4.576</b>
<b>Egenkapitalbevægelser i 2020:</b>						
Periodens resultat				551		551
Opskrivning af domicilejendomme				2		2
Totalindkomst	0	0	0	553	0	553
Annullering af foreslået udbytte				460	-460	0
Egenkapitalbevægelser i datterselskaber				3		3
Aktieoptionsordning, udnyttelse				9		9
Køb og salg af egne aktier				-41		-41
<b>Egenkapitalbevægelser i alt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>984</b>	<b>-460</b>	<b>524</b>
<b>Egenkapital pr. 30. september 2020</b>	<b>1.577</b>	<b>182</b>	<b>1.215</b>	<b>2.126</b>	<b>0</b>	<b>5.100</b>

# Cash flow statement

Mio.kr.				Koncern		
	1.-3. kvrt. 2020	1.-3. kvrt. 2019	Året 2019	1.-3. kvrt. 2020	1.-3. kvrt. 2019	Året 2019
<b>Likviditet fra drift</b>						
Indbetalte præmier	5.335	5.462	7.080			
Udbetalte erstatninger	-3.370	-3.251	-4.404			
Modtaget udbytter	39	40	42			
Indbetalte renter mv.	430	300	640			
Udbetalte renter	-14	-8	-18			
Modtaget vedrørende reassurance	-235	-252	-269			
Indbetalte gebyrindtægter	209	166	234			
Udbetalte afgivne gebyrer	-6	-6	-6			
Betalte omkostninger	-1.104	-1.107	-1.946			
Betalt afkastskat	-88	-82	-82			
Modtaget andre ordinære indtægter	215	212	294			
Betalte/modtagne skatter	-6	-6	-134			
<b>Likviditet fra drift</b>	<b>1.405</b>	<b>1.468</b>	<b>1.431</b>			
<b>Ændringer i investeringsplacering</b>						
Køb af immaterielle aktiver, inventar, it-anlæg mv.	59	-121	23			
Køb og ombygning af ejendomme	10	7	-35			
Salg/køb af kapitalandele	-617	284	320			
Salg/afdrag på pantebreve og udlån	145	-120	291			
Salg/køb af obligationer	252	-2.346	-2.055			
<b>Ændringer i investeringsplacering</b>	<b>-151</b>	<b>-2.296</b>	<b>-1.456</b>			
<b>Ændringer i finansiering</b>						
Salg/køb af egne aktier				-31	-107	-157
Udbetalt udbytte				0	-470	-470
Modtaget udbytte egne aktier				0	3	3
Ændring af indlån				-1.400	448	194
Ændring af gæld til kreditinstitutter				558	926	408
Ændring i anden gæld				-5	6	-10
<b>Ændringer i finansiering *)</b>				<b>-878</b>	<b>806</b>	<b>-32</b>
<b>Ændringer i likvide midler</b>						
Likvide midler primo				1.036	1.093	1.093
<b>Likvide midler ultimo</b>				<b>1.412</b>	<b>1.071</b>	<b>1.036</b>

\*) Bevægelsen på 878 mio.kr. består alene af kontante pengestrømme.

# Segment reporting

Mio.kr.	1.-3. kvrt. 2020					
	Forsikring	Pension	Bank	Øvrige	Elimine- ringer	Koncern
Præmier	4.093	1.108	0	0		5.201
Renteindtægter mv.	112	178	201	4	-6	489
Gebyrindtægter mv.	0	0	237	0	-34	203
Andre indtægter fra investeringsvirksomhed	0	52	0	0	-46	6
Anden indkomst	0	0	215	0		215
<b>Indtægter i alt</b>	<b>4.205</b>	<b>1.338</b>	<b>653</b>	<b>4</b>	<b>-86</b>	<b>6.114</b>
Erstatningsudgifter	-2.684	-990	0	0		-3.674
Renteudgifter	-20	-4	-16	-6	6	-40
Andre udgifter fra investeringsvirksomhed	-20	-27	0	-41	34	-54
Nedskrivning på udlån og tilgodehavender	0	0	35	0		35
Erhvervs- og administrationsomkostninger	-694	-81	-596	0	46	-1.325
<b>Omkostninger i alt</b>	<b>-3.418</b>	<b>-1.102</b>	<b>-577</b>	<b>-47</b>	<b>86</b>	<b>-5.058</b>
Resultat af afgiven forretning	-137	-1	0	0		-138
Ændring i livsforsikringshensættelser	0	-361	0	0	0	-361
Ændring i fortjenstmargen i Pension	0	-17	0	0		-17
Kursreguleringer	-81	308	11	1	0	239
Pensionsafkastskat	0	-73	0	0		-73
<b>Resultat før skat</b>	<b>569</b>	<b>92</b>	<b>87</b>	<b>-42</b>	<b>0</b>	<b>706</b>
Skat	-129	-20	-14	8		-155
<b>Resultat efter skat</b>	<b>440</b>	<b>72</b>	<b>73</b>	<b>-34</b>	<b>0</b>	<b>551</b>

# Segment reporting

Mio.kr.	1.-3. kvrt. 2019					
	Forsikring	Pension	Bank	Øvrige	Elimine- ringer	Koncern
Præmier	4.007	1.397	0	0		5.404
Renteindtægter mv.	148	193	194	2	-4	533
Gebyrindtægter mv.	0	0	196	0	-36	160
Andre indtægter fra investeringsvirksomhed	1	51	0	0	-48	4
Anden indkomst	0	0	212	0		212
<b>Indtægter i alt</b>	<b>4.156</b>	<b>1.641</b>	<b>602</b>	<b>2</b>	<b>-88</b>	<b>6.313</b>
Erstatningsudgifter	-2.648	-765	0	0		-3.413
Renteudgifter	-14	-4	-10	-7	4	-31
Andre udgifter fra investeringsvirksomhed	-20	-28	0	-35	36	-47
Nedskrivning på udlån og tilgodehavender	0	0	62	0		62
Erhvervs- og administrationsomkostninger	-702	-78	-633	0	48	-1.365
<b>Omkostninger i alt</b>	<b>-3.384</b>	<b>-875</b>	<b>-581</b>	<b>-42</b>	<b>88</b>	<b>-4.794</b>
Resultat af afgiven forretning	-185	-4	0	0		-189
Ændring i livsforsikringshensættelser	0	-1.800	0	0		-1.800
Ændring i fortjenstmargen i Pension	0	17	0	0		17
Kursreguleringer	-131	1.324	24	0		1.217
Pensionsafkastskat	0	-232	0	0		-232
<b>Resultat før skat</b>	<b>456</b>	<b>71</b>	<b>45</b>	<b>-40</b>	<b>0</b>	<b>532</b>
Skat	-103	-7	-8	10		-108
<b>Resultat efter skat</b>	<b>353</b>	<b>64</b>	<b>37</b>	<b>-30</b>	<b>0</b>	<b>424</b>

Mio.kr.	Koncern		
	1.-3. kv. 2020	1.-3. kv. 2019	Året 2019
<b>Note 1 Nedskrivninger på udlån og andre tilgodehavender samt hensættelser på garantier og uudnyttede kreditfaciliteter</b>			
<i>Nedskrivninger på udlån og tilgodehavender til amortiseret kostpris</i>			
<i>Stadie 1 fravær af betydelig stigning i kreditrisikoen</i>			
Nedskrivninger primo	14	3	3
Nye nedskrivninger, netto	-1	18	14
Tidligere nedskrevet, nu endeligt tabt	0	0	0
Andre bevægelser	0	-3	-3
Nedskrivninger ultimo	13	18	14
<i>Stadie 2 betydelig stigning i kreditrisikoen</i>			
Nedskrivninger primo	58	75	75
Nye nedskrivninger, netto	2	-15	-16
Tidligere nedskrevet, nu endeligt tabt	0	0	0
Andre bevægelser	0	-1	-1
Nedskrivninger ultimo	60	59	58
<i>Stadie 3 Kreditforringet</i>			
Nedskrivninger primo	742	806	806
Nye nedskrivninger, netto	-2	-6	-1
Tidligere nedskrevet, nu endeligt tabt	-60	-43	-66
Andre bevægelser	1	6	3
Nedskrivninger ultimo	681	763	742
<i>Udlån, der var kreditforringet ved første indregning</i>			
Nedskrivninger primo	3	0	0
Nye nedskrivninger, netto	2	2	3
Tidligere nedskrevet, nu endeligt tabt	-1	0	0
Andre bevægelser	0	0	0
Nedskrivninger ultimo	4	2	3
<i>Hensættelser til tab på garantier og uudnyttede kredittilsagn</i>			
<i>Stadie 1 fravær af betydelig stigning i kreditrisikoen</i>			
Hensættelser primo	6	10	10
Nye hensættelser, netto	0	-5	-7
Tidligere hensat, nu endeligt tabt	0	0	0
Andre bevægelser	0	3	3
Hensættelser ultimo	6	8	6

Mio.kr.	Koncern		
	1.-3. kv. 2020	1.-3. kv. 2019	Året 2019
<i>Stadie 2 betydelig stigning i kreditrisikoen</i>			
Hensættelser primo	4	6	6
Nye hensættelser, netto	2	-1	-2
Tidligere hensat, nu endeligt tabt	0	0	0
Andre bevægelser	0	1	0
Hensættelser ultimo	6	6	4
<i>Stadie 3 Kreditforringet</i>			
Hensættelser primo	9	6	6
Nye hensættelser, netto	-4	3	3
Tidligere hensat, nu endeligt tabt	0	0	0
Andre bevægelser	0	0	0
Hensættelser ultimo	5	9	9
Nedskrivnings- og hensættelsessaldo i alt, ultimo	775	865	836
<i>Nedskrivninger på udlån og tilgodehavender mv. indregnet i resultatopgørelsen</i>			
Årets nedskrivninger på udlån	3	25	28
Årets hensættelser til tab på garantier og uudnyttede kredittilsagn	3	3	6
Årets nedskrivninger på tilgodehavende hos kreditinstitutter og andre poster med kreditrisiko	0	0	0
Tilbageførsel af nedskrivninger og hensættelser foretaget i tidligere regnskabsår	0	0	0
Endelig tabt, ikke tidligere nedskrevet/hensat	-7	-9	-11
Indgået på tidligere afskrevne fordringer	36	43	58
Indregnet i resultatopgørelsen	35	62	81

# Notes

Mio.kr.	30. september		Koncern
	2020	2019	Året 2019
<b>Note 2 Egne aktier</b>			
Primo, nominal værdi	34	43	43
Årets køb, nominal værdi	11	27	39
Årets salg, nominal værdi	-4	-12	-15
Annullering af egne aktier	0	-33	-33
<b>Ultimobeholdning, nominal værdi</b>	<b>41</b>	<b>24</b>	<b>34</b>
Beholdning primo (1.000 stk.)	3.349	4.310	4.310
Årets køb	1.098	2.680	3.891
Årets salg	-358	-1.184	-1.512
Annullering af egne aktier	0	-3.340	-3.340
<b>Beholdning ultimo</b>	<b>4.089</b>	<b>2.466</b>	<b>3.349</b>
<b>Procentdel af aktiekapital, ultimo</b>	<b>2,6%</b>	<b>1,6%</b>	<b>2,1%</b>

### Note 3 Eventualforpligtelser, garantier og leasingaftaler

Garantiforpligtelser	4.651	3.941	4.993
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Alm. Brand-koncernen er kontraktligt forpligtet til at betale husleje på 45 mio.kr. over de næste 5 år. Forpligtelsen er inkluderet i leasingforpligtelse indregnet under andre passiver.

Koncernens selskaber har givet tilsagn om deltagelse i investering i noterede værdipapirer med 1.308 mio.kr.

Mio.kr.	30. september 2020				31. december 2019			
	Niveau 1	Niveau 2	Niveau 3	I alt	Niveau 1	Niveau 2	Niveau 3	I alt
<b>Note 4 Dagsværdimåling af finansielle instrumenter</b>								
<u>Finansielle aktiver</u>								
Udlån	0	4.583	802	5.385	0	4.578	936	5.514
Obligationer	21.723	5.740	6	27.469	20.019	7.655	8	27.682
Aktier	2.350	146	273	2.769	1.721	143	334	2.198
Investeringsejendomme	0	0	744	744	0	0	750	750
Andre aktiver	4	1.602	0	1.606	0	1.328	0	1.328
<b>Finansielle aktiver i alt</b>	<b>24.077</b>	<b>12.071</b>	<b>1.825</b>	<b>37.973</b>	<b>21.740</b>	<b>13.704</b>	<b>2.028</b>	<b>37.472</b>
<u>Finansielle passiver</u>								
Efterstillede kapitalindskud	0	0	575	575	0	0	575	575
Udstedte obligationer	0	0	150	150	0	0	0	0
Indlån	0	9.092	0	9.092	0	10.491	0	10.491
Andre passiver	4	605	0	609	0	604	0	604
<b>Finansielle passiver i alt</b>	<b>4</b>	<b>9.697</b>	<b>725</b>	<b>10.426</b>	<b>0</b>	<b>11.095</b>	<b>575</b>	<b>11.670</b>

Dagsværdi er den pris, der ville blive opnået ved salg af et aktiv eller betalt for at overdrage en forpligtelse i en normal transaktion mellem markedsdeltagerne på målingstidspunktet. Dagsværdi kan stemme overens med indre værdi, såfremt indre værdi beregnes på baggrund af underliggende aktiver og forpligtelser målt til dagsværdi. Der er tre niveauer af dagsværdimåling:

Niveau 1 er baseret på officielle (ikke korrigerede) kurser på aktive markeder.

Niveau 2 anvendes, hvor kursen ikke er noteret, men hvor anvendelse af en anden offentlig kurs antages bedst at svare til dagsværdien. For noterede papirer, hvor lukkekursen ikke afspejler dagsværdien, anvendes valuerings teknikker eller andre observerbare oplysninger til fastlæggelse af dagsværdien. Afhængigt af aktivets eller passivets karakter kan der være tale om beregning ud fra grundlæggende parametre som rente, valutakurser og volatilitet eller ved sammenligning med handelspriser for sammenlignelige instrumenter.

Niveau 3 anvendes for finansielle aktiver og forpligtelser, hvor værdiansættelsen ikke kan baseres på observerbare data enten da disse ikke er tilgængelige eller ikke skønnes at være brugbare til fastsættelsen af dagsværdi. I stedet anvendes anerkendte teknikker, herunder diskonterede betalingsstrømme, og egne modeller og forudsætninger til fastsættelsen af dagsværdi. Bankens unoterede aktier, der ikke værdiansættes til en omfordelingskurs, placeres i denne kategori.

Processen for indregning af dagsværdier er tilrettelagt, så der er etableret effektive funktionsadskillelser mellem de afdelinger i koncernen, som rapporterer, overvåger og indgår handlerne. Der er etableret afstemningsprocedurer, som vil identificere væsentlige afvigelser på tværs af de forskellige rapporteringer og anvendte kildesystemer.

Der overføres kun mellem kategorierne i værdiansættelseshierarkiet, såfremt der er ændringer i tilgængelige data til brug for værdiansættelse. Beholdningen gennemgås regelmæssigt for at undersøge, om der er ændringer i tilgængelige data, samt øvrige ændringer der kan have medført ny kategorisering. Der har ikke været overførsel mellem kategorierne i værdiansættelseshierarkiet i 2019 eller 2020.

Mio.kr.	30. september 2020					
	Udlån	Obligationer	Aktier	Investe- ringsejen- domme	Udstedte obligationer (forpligt- else)	Efterstil- let kapital- indskud (forpligt- else)
<b>Udvikling i niveau 3 finansielle instrumenter</b>						
Regnskabsmæssig værdi primo	936	8	334	750	0	575
Årets tilgang	5	0	1	0	150	0
Årets afgang	-119	-1	-64	-13	0	0
Realiserede kursreguleringer	-3	0	12	0	0	0
Urealiserede kursreguleringer	-17	-1	-10	7	0	0
<b>Regnskabsmæssig værdi ultimo</b>	<b>802</b>	<b>6</b>	<b>273</b>	<b>744</b>	<b>150</b>	<b>575</b>
Kursreguleringer indregnet i resultatopgørelsen	-20	-1	2	7	0	0
Mio.kr.	31. december 2019					
	Udlån	Obligationer	Aktier	Investe- ringsejen- domme	Udstedte obligationer (forpligt- else)	Efterstil- let kapital- indskud (forpligt- else)
<b>Udvikling i niveau 3 finansielle instrumenter</b>						
Regnskabsmæssig værdi primo	1.096	7	92	724	0	575
Årets tilgang	4	2	213	11	0	250
Årets afgang	-151	-1	0	-6	0	-250
Realiserede kursreguleringer	-3	0	1	0	0	0
Urealiserede kursreguleringer	-10	0	28	21	0	0
<b>Regnskabsmæssig værdi ultimo</b>	<b>936</b>	<b>8</b>	<b>334</b>	<b>750</b>	<b>0</b>	<b>575</b>
Kursreguleringer indregnet i resultatopgørelsen	-13	0	29	21	0	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 2019, 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

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 requires a theoretically more sophisticated methodology for calculating the profit margin. As a result, Alm. Brand 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.

### Change in accounting policies

IFRS 16 Leases was implemented with effect from 1 January 2020. 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 external tenancy agreements will be comprised by the standard. On implementation, an amount of DKK 196 million was capitalised in “Other assets” and recognised as a liability of DKK 196 million in “Other liabilities”. Overall, the results for the year are largely unaffected by the implementation.

In addition, a number of amendments and interpretations have been issued to the International Financial Reporting Standards that entered into force on 1 January 2019. However, none of these have had any significant effect on the accounting policies of the group.

### Segment information

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

Non-life Insurance is divided into Private and Commercial. Private comprises the group’s insurance sales to private households through own sales channels and the group’s health and personal accident activities, which for legal purposes are placed in Alm. Brand Liv og Pension A/S. Commercial comprises the group’s sales to agricultural and commercial customers through own sales channels and partnerships. The management reporting related to Private and Commercial consists exclusively of reporting of the technical result.

### Banking

The bank is reported as a combined bank broken down as in the financial highlights.

Net interest and fee income comprises interest and fees from lending to private customers, small and medium-sized businesses and from the winding-up portfolio. Further included is income from Alm. Brand Forsikring related to the administration of mortgage deeds. Trading income comprises the bank’s earnings from market activities, including brokerage fees and advisory and asset management fees. Leasing consists of lease agreements with private and commercial customers, the income being calculated on a net basis, i.e. after depreciation of the lease assets. Other income consists of other operating income, including income from sector shares etc., proceeds from the sale of properties and an option premium for the hedging coverage of credit risk on mortgage deeds sold to Alm. Brand Forsikring.

Costs comprise remuneration for the Management Board and the Board of Directors and staff costs and other administrative expenses. Costs also comprise amortisation and depreciation of intangible assets and property plant and equipment which are not lease assets or customer relationships recognised in connection with the acquisition of Saxo Privatbank’s activities.

Investment portfolio earnings consist of the return on the investment portfolio of bonds. Further included is the result of internal funding, interest paid on a subordinated loan, interest from money market placements, hedging of interest and currency positions in the banking group.

Impairment writedowns comprise credit losses from loans and advances and mortgage deeds as well as income from exposures previously written off. Amortisation, customer relationships concerns amortisation of the intangible asset relating to customer relationships.

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

**NOTE 6 FINANCIAL HIGHLIGHTS AND KEY RATIOS**

See the management's review.

**DISCLAIMER**

The forecast is based on the interest rate and price levels prevailing at end-October 2020. All other forward-looking statements are based exclusively on the information available when this report was released. This announcement contains forward-looking statements regarding the company's expectations for future financial developments and results and other statements which are not historical facts.

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

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

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

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

# Income and comprehensive income statement

Mio.kr.	Note	Morderselskab				
		3. kvrt. 2020	3. kvrt. 2019	1.-3. kvrt. 2020	1.-3. kvrt. 2019	Året 2019
<b>Resultatoppgørelse</b>						
Indtægter fra tilknyttede virksomheder	2	265	134	585	454	530
Kursreguleringer kapitalandele		0	0	0	0	0
Renteindtægter og udbytter mv.		3	1	4	2	3
Renteudgifter		-1	-2	-6	-7	-8
Administrationsomkostninger i forbindelse med investeringsvirksomhed		-16	-11	-40	-35	-96
<b>Resultat før skat</b>		<b>251</b>	<b>122</b>	<b>543</b>	<b>414</b>	<b>429</b>
Skat		1	3	8	10	23
<b>Resultat efter skat</b>		<b>252</b>	<b>125</b>	<b>551</b>	<b>424</b>	<b>452</b>
<b>Totalindkomstoppgørelse</b>						
Periodens resultat		252	125	551	424	452
<b>Totalindkomst i alt</b>		<b>252</b>	<b>125</b>	<b>551</b>	<b>424</b>	<b>452</b>
Fordeles således:						
Foreslået udbytte		0	0	0	0	460
Overført resultat		252	125	551	424	-8
<b>Totalindkomst i alt</b>		<b>252</b>	<b>125</b>	<b>551</b>	<b>424</b>	<b>452</b>

Anvendt regnskabspraksis

3

# Balance sheet

Mio.kr.	Note	Morderselskab		
		30. september 2020	30. september 2019	Året 2019
<b>Aktiver</b>				
Kapitalandele i tilknyttede virksomheder	1	5.537	4.872	4.948
Udlån til tilknyttede virksomheder		150	0	0
<b>Investeringer i tilknyttede og associerede virksomheder i alt</b>		<b>5.687</b>	<b>4.872</b>	<b>4.948</b>
Kapitalandele		0	1	1
Andre udlån		2	2	2
Kassebeholdning og anfordringstilgodehavender		0	1	1
<b>Andre finansielle investeringsaktiver i alt</b>		<b>2</b>	<b>4</b>	<b>4</b>
<b>Investeringsaktiver i alt</b>		<b>5.689</b>	<b>4.876</b>	<b>4.952</b>
Tilgodehavender hos tilknyttede virksomheder		0	0	0
Andre tilgodehavender		47	39	53
<b>Tilgodehavender i alt</b>		<b>47</b>	<b>39</b>	<b>53</b>
Aktuelle skatteaktiver		32	27	22
Udskudte skatteaktiver		0	0	0
Andre aktiver		632	180	175
<b>Andre aktiver i alt</b>		<b>664</b>	<b>207</b>	<b>197</b>
Periodeafgrænsningsposter, i alt		1	5	6
<b>Aktiver i alt</b>		<b>6.401</b>	<b>5.127</b>	<b>5.208</b>

# Balance sheet

Mio.kr.	Moderselskab		
	30. september 2020	30. september 2019	Året 2019
<b>Passiver</b>			
Aktiekapital	1.577	1.577	1.577
Andre henlæggelser	1.215	1.215	1.215
Foreslået udbytte	0	0	460
Overført resultat	2.308	1.806	1.324
<b>Egenkapital i alt</b>	<b>5.100</b>	<b>4.598</b>	<b>4.576</b>
Ansvarlig lånekapital	250	250	250
<b>Ansvarlig lånekapital i alt</b>	<b>250</b>	<b>250</b>	<b>250</b>
Udskudte skatteforpligtelser	38	39	37
<b>Hensatte forpligtelser i alt</b>	<b>38</b>	<b>39</b>	<b>37</b>
Gæld til tilknyttede virksomheder	224	57	149
Udstedte obligationer	150	0	0
Anden gæld	639	183	196
<b>Gæld i alt</b>	<b>1.013</b>	<b>240</b>	<b>345</b>
<b>Passiver i alt</b>	<b>6.401</b>	<b>5.127</b>	<b>5.208</b>

# Statement of changes in equity

Mio.kr.	Aktie- kapital	Andre hen- læggelser	Overført resultat	Foreslået Udbytte	Egen- kapital
<b>Egenkapital pr. 1. januar 2019</b>	<b>1.610</b>	<b>1.215</b>	<b>1.453</b>	<b>470</b>	<b>4.748</b>
<b>Egenkapitalbevægelser i 1.-3. kvrt. 2019:</b>					
Periodens resultat			424	0	424
Totalindkomst			424	0	424
Annullering af egne aktier	-33		33		0
Udbetalt udbytte			3	-470	-467
Aktieoptionsordning, udnyttelse			29		29
Køb og salg af egne aktier			-136		-136
<b>Egenkapitalbevægelser i alt</b>	<b>-33</b>	<b>0</b>	<b>353</b>	<b>-470</b>	<b>-150</b>
<b>Egenkapital pr. 30. september 2019</b>	<b>1.577</b>	<b>1.215</b>	<b>1.806</b>	<b>0</b>	<b>4.598</b>
<b>Egenkapital pr. 1. januar 2019</b>	<b>1.610</b>	<b>1.215</b>	<b>1.453</b>	<b>470</b>	<b>4.748</b>
<b>Egenkapitalbevægelser i 2019:</b>					
Årets resultat			452	0	452
Totalindkomst			452	0	452
Annullering af egne aktier	-33		33		0
Foreslået udbytte			-460	460	0
Udbetalt udbytte			3	-470	-467
Aktieoptionsordning, udnyttelse			33		33
Køb og salg af egne aktier			-190		-190
<b>Egenkapitalbevægelser i alt</b>	<b>-33</b>	<b>0</b>	<b>-129</b>	<b>-10</b>	<b>-172</b>
<b>Egenkapital pr. 31. december 2019</b>	<b>1.577</b>	<b>1.215</b>	<b>1.324</b>	<b>460</b>	<b>4.576</b>
<b>Egenkapital pr. 1. januar 2020</b>	<b>1.577</b>	<b>1.215</b>	<b>1.324</b>	<b>460</b>	<b>4.576</b>
<b>Egenkapitalbevægelser i 2020:</b>					
Periodens resultat			551	0	551
Opskrivning af domicilejendomme i datterselskaber			2		2
Totalindkomst	0		553		553
Annullering af foreslået udbytte			460	-460	0
Egenkapitalbevægelser i datterselskaber			3		3
Aktieoptionsordning, udnyttelse			9		9
Køb og salg af egne aktier			-41		-41
<b>Egenkapitalbevægelser i alt</b>	<b>0</b>	<b>0</b>	<b>984</b>	<b>-460</b>	<b>524</b>
<b>Egenkapital pr. 30. september 2020</b>	<b>1.577</b>	<b>1.215</b>	<b>2.308</b>	<b>0</b>	<b>5.100</b>

# Notes

Mio.kr.	30. september 2020	30. september 2019	Året 2019
<b>Note 1 Kapitalandele i tilknyttede virksomheder</b>			
Anskaffelsessum primo	8.941	8.941	8.941
Anskaffelsessum ultimo	8.941	8.941	8.941
Op- og nedskrivninger primo	-3.993	-3.924	-3.924
Modtaget udbytte	0	-600	-600
Årets resultat	585	454	530
Opskrivninger	5	0	0
Op- og nedskrivninger af egne aktier i datterselskaber	-1	1	1
Op- og nedskrivninger ultimo	-3.404	-4.069	-3.993
<b>Kapitalandele i tilknyttede virksomheder ultimo</b>	<b>5.537</b>	<b>4.872</b>	<b>4.948</b>
Regnskabsmæssig værdi specificeres således:			
Alm. Brand Bank A/S (nom. 1.021 mio.kr. 100 % ejet)	1.972	1.920	1.895
Alm. Brand Forsikring A/S (nom. 1.032 mio.kr. 100 % ejet)	3.565	2.952	3.053
Kapitalandele i tilknyttede virksomheder ultimo	5.537	4.872	4.948
<b>Mio.kr.</b>	<b>1.-3. kvrt. 2020</b>	<b>1.-3. kvrt. 2019</b>	<b>Året 2019</b>
<b>Note 2 Indtægter fra tilknyttede virksomheder</b>			
Alm. Brand Bank A/S	73	37	12
Alm. Brand Forsikring A/S	512	417	518
<b>Indtægter fra tilknyttede virksomheder i alt</b>	<b>585</b>	<b>454</b>	<b>530</b>
<i>Resultatet indgår i følgende poster:</i>			
Indtægter fra tilknyttede virksomheder	585	454	530

## 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 interim report is unaudited.

# Definitions of financial ratios and Alternative Performance Measures (APM)

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

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

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

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

#### **Underlying combined ratio (Non-life Insurance):**

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

#### **Underlying claims ratio (Non-life Insurance):**

The underlying combined ratio less the expense ratio.

#### **Claims experience (Non-life Insurance):**

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

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

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

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

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

#### **Return requirement for shareholders' equity (Life Insurance):**

Profit before tax broken down according to the guidelines for return on equity which the company has reported to the Danish Financial Supervisory Authority.

#### **Banking**

The bank's financial highlights and key ratios are presented in accordance with the internal reporting. The accounting policies on page 36 contain a detailed description of the individual items of the financial highlights and key ratios.

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

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

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

#### FINANCIAL RATIOS, ALM. BRAND A/S – PARENT COMPANY

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

$$\text{Net asset value per share} = \frac{\text{Shareholders' equity} \times 100}{\text{No. of shares at year-end}}$$

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

$$\text{Diluted earnings per share} = \frac{\text{Profit for the year after tax} \times 100}{\text{Average no. of shares}}$$

$$\text{Price/NAV} = \frac{\text{Share price}}{\text{Net asset value per share}}$$

#### FINANCIAL RATIOS, NON-LIFE INSURANCE

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

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

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

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

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

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

#### FINANCIAL RATIOS, LIFE INSURANCE

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

#### FINANCIAL RATIOS, BANKING

Financial ratios have been calculated in accordance with the Executive Order on financial reporting for credit institutions and investment companies, etc.

$$\text{Interest margin} = \frac{\text{Interest income}}{\text{Avg. interest-bearing assets}} - \frac{\text{Interest expenses}}{\text{Avg. interest-bearing liabilities}}$$

$$\text{Income/cost ratio} = \frac{\text{Income}}{\text{Costs}}$$

$$\text{Impairment ratio for the year} = \frac{\text{Impairment for the year} \times 100}{\text{Loans and advances} + \text{guarantees} + \text{impairment}}$$

# Company information

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## Board of Directors

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**Jørgen Hesselbjerg Mikkelsen**  
Chairman

**Jan Skytte Pedersen**  
Deputy Chairman

**Anette Eberhard**

**Per Viggo Hasling Frandsen**

**Karen Sofie Hansen-Hoeck**

**Flemming Fuglede Jørgensen**

**Boris Nørgaard Kjeldsen**

**Pia Laub**

**Brian Egested**  
Employee representative

**Claus Nexø Jensen**  
Employee representative

**Susanne Larsen**  
Employee representative

**Lotte Kathrine Sørensen**  
Employee representative

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## Management Board

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**Rasmus Werner Nielsen**  
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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Midtermolen 7  
DK-2100 Copenhagen Ø  
Phone: +45 35 47 47 47

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