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Alm
Brand

ALM. BRAND

Interim report
9M 2019
2019

Alm. Brand A/S | Midtermolen 7 | DK-2100 Copenhagen Ø
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*Statement by the Board of
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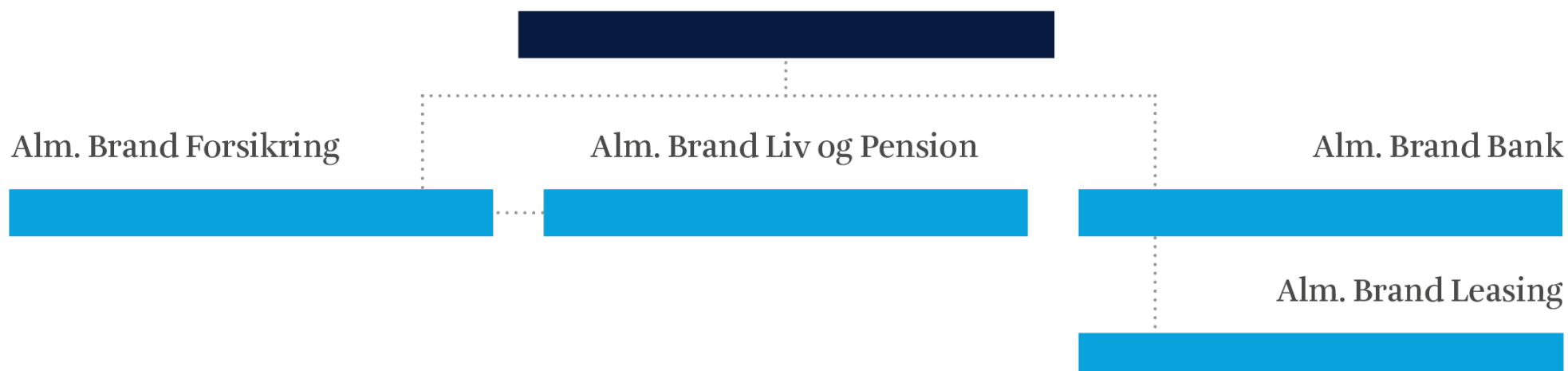
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Company information

Group companies

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

Alm. Brand A/S



Denmark's
4th largest insurer

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

Life insurance and
pension based on
personal advice

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

Helping customers
every day

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

Satisfactory earnings and decent business performance

Q3 PERFORMANCE

Alm. Brand achieved a pre-tax profit of DKK 162 million in Q3 2019, against DKK 36 million in Q3 2018, equalling a return on equity of 14% p.a.

The profit reflected satisfactory performances in Non-life Insurance and Life Insurance. While the bank's overall financial performance was in line with expectations, the profit composition was not satisfactory.

Non-life Insurance

Non-life Insurance posted a pre-tax profit of DKK 139 million in Q3 2019, against DKK 205 million in Q3 2018. The performance was satisfactory and in line with expectations.

Gross premiums for the Q3 period totalled DKK 1,357 million, corresponding to an increase of 1.6% relative to Q3 2018. The private customer segment grew by 1.3%, while growth in the commercial customer segment was 1.8%. Customer retention remained high in both segments.

The combined ratio was 90.2 and was composed of a claims experience of 73.9% and an expense ratio of 16.3. The combined ratio was favourably affected by a general improvement of the underlying business and by run-off gains, but ad-

versely affected by the falling discount rate, which in Q3 increased the combined ratio by close to 2 percentage points relative to the year-earlier period.

The investment return after technical interest was DKK 7 million in Q3 2019, against DKK 10 million in the year-earlier period, being lifted by equity market developments. The hedging of provisions also produced a favourable return in Q3 2019.

Life Insurance

Life Insurance posted a pre-tax profit of DKK 21 million in Q3 2019, against DKK 31 million in Q3 2018. The performance was satisfactory and in line with expectations.

Total pension contributions amounted to DKK 413 million, against DKK 432 million in Q3 2018. Of this amount, single payments represented DKK 240 million, against an exceptionally high level of DKK 272 million in 2018.

Regular premium payments increased by 6.9% relative to the same period of last year. Accordingly, growth in pension contributions was in line with the ambitions defined for the pensions area. The substantial influx of corporate pension schemes remained the overriding growth driver. The bonus rate was 11.4% at 30

September 2019, which was 2.3 percentage points lower than at the year-earlier date. The bonus rate remained at a satisfactory level given the very low level of interest rates, making it possible for Alm. Brand to offer customers high and competitive rates on policyholders' savings.

Banking

Banking posted a pre-tax profit of DKK 14 million in Q3 2019, against DKK 6 million in Q3 2018. The performance was supported by a high level of remortgaging activity and new customers in the bank's Financial Markets division, just as impairment write-down reversals lifted the bank's profit. Detracting from the bank's performance was the continued low level of interest rates, which affected the bank's investment portfolio earnings. While the bank's overall profit was in line with expectations, the profit composition was not satisfactory.

The bank's lending grew to DKK 5.1 billion at 30 September 2019 from DKK 5.0 billion at 31 December 2018. The increase was distributed on both commercial and private customer lending, but the rate of growth was curbed by the growing savings trend among customers, extraordinary redemptions and conversion of bank loans into mortgage loans.

At 30 September 2019, the portfolio of Totalkredit mortgage loans amounted to DKK 16.5 billion, equivalent to an increase of DKK 0.3 billion in Q3.

Other activities

Other business activities, consisting primarily of corporate expenses, performed in line with expectations. The Q3 performance was a pre-tax loss of DKK 12 million, against a loss of DKK 12 million in the same period of 2018.

9M PERFORMANCE

Alm. Brand posted a consolidated profit of DKK 532 million in 9M 2019, against a profit of DKK 640 million in the year-earlier period. The consolidated profit equalled a return on equity of 15% p.a.

The performance was satisfactory and in line with the guidance provided in the most recent quarterly report.

The Non-life Insurance and Life Insurance business areas developed satisfactorily, although the profit of non-life insurance activities was not up to the exceptionally high level recorded in Q3 2018. The bank's profit remained favourably affected by a continued inflow of customers and impairment writedown reversals, whereas the low level of money market rates continued to weigh on performance.

CAPITALISATION

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

The distributable total capital of the group was DKK 5,382 million at 30 September 2019, corresponding to an excess of DKK 411 million relative to the group's capital target. The excess cover was up from DKK 381 million at 30 June 2019. Quarterly earnings had a DKK 125 million positive effect, but at the same time the capital target increased for the group, partly as a result of the lower level of interest rates and partly as a result of higher credit risk in the bank.

Capitalisation

	9M 2019	FY 2018
DKKm		
Distributable total capital of the group	5,382	4,795
Internal capital target for the group	4,971	4,715
Excess relative to the capital target	411	80

OTHER EVENTS

Distribution aligned with "Alm. Brand for the Customer"

The essence of the group's strategy "Alm. Brand for the Customer" is to assist customers across the full spectrum of their financial needs and to do this as simple and digitised as possible – if that is what the customer prefers. To facilitate this, the group aligned its distribution structure at the end of August. As a result of the alignment, the customer service centres were combined for management purposes in order to be able to more easily assist customers across business areas and to introduce strong, digital customer service tools. Moreover, responsibility for serving large commercial customers and life insurance and pension customers was united in one specialised and dedicated unit, with Alm. Brand's three regions also being focused on customer liaisons.

Events after the balance sheet date

On 30 October 2019, the Board of Directors of Alm. Brand appointed CFO Rasmus Werner Nielsen to serve as Interim CEO for the period until a new chief executive has been

appointed. Termination benefits for the previous CEO constitute about DKK 30 million, which amount will be expensed in Q4 2019.

OUTLOOK FOR 2019

At the beginning of 2019, Alm. Brand provided guidance of a full-year profit of DKK 500-600 million before tax. In connection with the Q1 and Q2 interim financial statements, this guidance was lifted to a pre-tax profit of DKK 625-725 million. This full-year guidance is maintained.

Outlook

DKKm	2019
Expected consolidated profit/loss before tax	625-725
Non-life Insurance	600
Life Insurance	90
Banking	50-70
Other activities	-65

Non-life Insurance

The guidance for Non-life Insurance is unchanged at a pre-tax profit of about DKK

600 million. The outlook for the year does not include run-off gains or losses for the remainder of 2019.

The guidance for the combined ratio is unchanged at about 89 – and the guidance for the expense ratio is maintained at around 17. Premium growth is expected to be unchanged at the level of 2%.

Life Insurance

The guidance for Life Insurance is unchanged at a pre-tax profit of about DKK 90 million.

Regular premiums are still expected to grow at a rate of 7-8%.

Banking

The guidance for Banking is unchanged at a pre-tax profit of about DKK 50-70 million including amortisation of customer relationships of approximately DKK 30 million.

The guidance for net growth in lending is unchanged at 3-5%.

Combined ratio

89

Expected combined ratio
in Non-life Insurance.

Growth in Life Insurance

7-8%

Expected growth in regular
premiums in Life Insurance.

Growth in lending

3-5%

Expected growth in lending.

Other activities

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

DISCLAIMER

The forecast is based on the interest rate and price levels prevailing at end-October 2019. All other forward-looking statements are based exclusively on the information available when this report was released. This announcement contains forward-looking statements regarding the company's expectations for future financial developments and results and other statements which are not historical facts.

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

Actual and future results and developments may differ materially from those contained or assumed in such statements. Matters which may affect the future development and results of the group as well as of the individual business areas include changes in economic conditions in the financial markets, legislative changes, changes in the competitive environment,

in the reinsurance market and in the property market, unforeseen events, such as extreme weather conditions or terrorist attacks, bad debts, major changes in the claims experience, unexpected outcomes of legal proceedings, etc.

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

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.

Financial highlights and key ratios

	DKKm	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
GROUP	Income					
	Non-life Insurance	1,357	1,336	4,007	3,945	5,274
	Life Insurance	413	432	1,397	1,443	2,004
	Banking	197	200	602	746	954
	Investment etc.	111	78	307	300	376
	Total income	2,078	2,046	6,313	6,434	8,608
	Profit/loss					
	Non-life Insurance	139	205	456	560	652
	Life Insurance	21	31	71	82	104
	Banking	14	6	45	40	26
	Other activities	-12	-12	-40	-42	-58
	Profit/loss before tax	162	230	532	640	724
	Tax	-37	-49	-108	-136	-155
	Profit/loss after tax	125	181	424	504	569
	Total provisions for insurance contracts	23,909	21,764	23,909	21,764	21,626
	Consolidated shareholders' equity	4,598	4,716	4,598	4,716	4,748
	Total assets	43,530	38,852	43,530	38,852	39,025
	Average no. of employees	1,773	1,749	1,773	1,749	1,770
	Return on equity before tax (%)	14.2	19.0	15.3	17.8	15.2
	Return on equity after tax (%)	11.0	15.0	12.2	14.0	12.0

	DKKm	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
FINANCIAL RATIOS	Earnings per share	0.8	1.1	2.7	3.2	3.6
	Diluted earnings per share	0.8	1.1	2.7	3.2	3.6
	Net asset value per share	30	30	30	30	30
	Share price, end of period	53.9	54.9	53.9	54.9	49.3
	Price/NAV	1.82	1.85	1.82	1.85	1.65
	Average no. of shares (in thousands)	155,694	159,108	156,237	157,666	158,150
	No. of shares at year-end, diluted (in thousands)	155,826	158,558	155,826	158,558	157,955
	Average no. of shares, diluted (in thousands)	156,317	160,436	157,070	159,108	159,723
	Dividend per share	0.0	0.0	0.0	0.0	1.5
	Dividend per share, extraordinary	0.0	0.0	0.0	0.0	1.5
	No. of shares bought back (in thousands)	783	1,338	1,322	3,307	3,959
	Avg. price of shares bought back, DKK	59.1	64.5	57.3	65.5	63.6

Non-life Insurance

Satisfactory profit and improved underlying business

Q3 PERFORMANCE

Non-life Insurance generated a pre-tax profit of DKK 139 million in Q3 2019, which was satisfactory compared with the guidance previously provided. The performance was lifted by a general improvement of the underlying business and by run-off gains, whereas a slightly higher-than-expected number of weather-related claims and a considerably lower discount rate detracted from performance. By comparison, the Q3 2018 performance was a pre-tax profit of DKK 205 million, driven primarily by significantly greater run-off gains and a significantly lower level of major claims and weather-related claims.

The technical result was a profit of DKK 132 million, against DKK 195 million in Q3 2018.

The Q3 combined ratio was 90.2. Net of run-off gains on claims provisions, the combined ratio was 92.8 in Q3 2019, against an expected normal level of 91-92.

The underlying combined ratio was 81.7 in Q3 2019, which was 0.4 of a percentage point better than expected and an improvement of 0.7 of a percentage point relative to Q3 2018. The improvement was very positive, particularly in light of the fact that the discount rate alone impacted the underlying combined ratio adversely by close to 2 percentage points in Q3 2019 as compared with the year-earlier period.

Premiums

Gross premiums amounted to DKK 1,357 million in Q3 2019, which was 1.6% more than in Q3 2018 and less than expected. In

particular, premium income was adversely affected by the interest rate level, with negative discount rates impacting growth adversely by 0.4 of a percentage point.

Customer loyalty as measured by the retention rate remained at a high level.

Claims experience

The claims experience for Q3 2019 was 73.9%, against 69.4% in Q3 2018. The increase should be seen in light of the fact that the interest rate decline affected the claims ratio by close to 1.6 percentage points. In addition, Q3 weather-related claims expenses were slightly higher than had been expected for the period, with a tough comparison to the exceptionally low level reported in the year-earlier period. Excluding weather-related claims, the claims experience was in line with expectations. Net of run-off gains, the claims experience was 76.5%, which was 0.9 of a percentage point higher than anticipated as a consequence of the decline in interest rates.

Weather-related claims

The third quarter of 2019 was characterised by changing weather conditions and periods of heavy rain and local cloudbursts in August and September. Net of reinsurance, expenses for weather-related claims totalled DKK 54 million in Q3 2019, against DKK 29 million in Q3 2018.

Overall, weather-related claims in Q3 2019 affected the combined ratio by 4.0 percentage points, which was slightly more than expected for the quarter.

Major claims

In Q3 2019, total expenses for major claims were at the lower end of the expected range. Net of reinsurance, major claims expenses totalled DKK 98 million in Q3 2019, against DKK 79 million in the same period of 2018. Major claims affected the combined ratio by 7.2 percentage points in Q3 2019, against 5.9 percentage points in the year-earlier period.

Underlying business

The underlying claims ratio was 65.4 in Q3 2019, which was more or less in line with expectations in spite of the low interest rate level. The underlying claims ratio was favourably affected by a strong experience in the private customer insurance market in particular, but adversely impacted by a general increase in commercial building claims expenses, with a particularly steep increase in concealed pipework claims.

Run-off result

The run-off result net of reinsurance amounted to a gain of DKK 35 million, which was primarily attributable to personal accident and motor insurance. The annual recalibration of provisioning models

Combined ratio

	Q3 2019	Q3 2018	FY 2018
Combined ratio, underlying business	81.7	82.4	82.4
Weather-related claims, net of reinsurance	4.0	2.2	1.2
Major claims, net of reinsurance	7.2	5.9	7.3
Run-off result, claims	-2.6	-4.7	-3.7
Change in risk margin, run-off result and current year	-0.1	-0.4	-0.2
Combined ratio	90.2	85.4	87.0

in Q3 had no significant impact on the result. By comparison, the Q3 2018 run-off result amounted to DKK 63 million, which included a somewhat larger gain from recalibration. The provisioning models have been recalibrated so that the probability of run-off gains remains greater than the probability of run-off losses, but run-off gains are generally below prior-year levels and expected to remain so.

Risk margin

The change in the overall risk margin lifted the Q3 performance by 0.1 of a percentage point, equivalent to DKK 2 million, composed of a DKK 17 million income attributable to the run-off result and a DKK 15 million expense related to the accumulation of risk margin on claims reported in Q3 2019. By comparison, the effect in Q3 2018 was an income of 0.4 of a percentage point, equivalent to DKK 5 million, which was composed of a DKK 17 million income attributable to the run-off result and a DKK 12 million expense related to claims in Q3 2018.

Costs

Total costs amounted to DKK 221 million in Q3 2019, equivalent to an expense ratio of 16.3. Costs were 0.5 of a percentage point below the expected level for the quarter, but slightly above the level for the same period of 2018.

Net reinsurance ratio

The net reinsurance ratio was 4.4 in Q3 2019, against 5.0 in Q3 2018. The net expense levels for reinsurance in Q3 2019 and Q3 2018 were a result of the positive fact that in both quarters no claims events large enough to trigger compensation under the reinsurance programme were reported.

Discounting

Interest rates continued to move lower in Q3 2019, although increasing slightly in September. From 30 September 2018 to 30 September 2019, the yield curve, which is used for discounting, fell significantly, composed of decline of more than 0.4 of a percentage point at the short end and a decline of about 1.4 percentage points in the 10-year yield. Technical provisions are affected the most by the short-term yield due to the composition of expected premium payments and claims payouts. Overall, interest rate developments in Q3 2019 increased the combined ratio by close to 2 percentage points relative to the same period of 2018.

PRIVATE

The technical result was a profit of DKK 101 million in Q3 2019, against a DKK 89 million profit in Q3 2018.

The combined ratio was 85.2, which was satisfactory. Relative to expectations, the result was favourably affected by a lower

level of expenses for minor and major claims as well as by run-off gains.

Premium income amounted to DKK 684 million in Q3 2019, up by 1.3% relative to Q3 2018, which was slightly better than expected. Sales of new insurance policies were somewhat higher in Q3 2019 than in Q3 2018. The customer retention rate remained at a high level.

Several of the main products have been modularised in terms of coverage and pricing in order to better match individual customer needs. Many customers have been converted to these new products, thereby adjusting pricing and risk. This conversion will continue into 2020 and have a favourable impact on performance.

The claims experience excluding run-off gains on claims was 71.4%, against 72.3% in Q3 2018.

Net of reinsurance, total weather-related claims amounted to DKK 17 million, against DKK 10 million in 2018. In terms of both number of claims and total claims expenses, weather-related claims were above the level expected for the segment in the third quarter as a result of heavy rainfall and cloudbursts in the period. Weather-related claims affected the combined ratio by 2.6 percentage points in Q3 2019.

Private

	Q3 2019	Q3 2018	FY 2018
DKK m			
Gross premium income	684	675	2,670
Gross claims expenses	-445	-449	-1,771
Insurance operating expenses	-125	-122	-514
Profit/loss on reinsurance	-13	-15	-51
Technical result	101	89	334
Run-off result, claims	31	23	95
Run-off result, risk margin	6	6	30
Gross claims ratio	65.0	66.6	66.3
Net reinsurance ratio	1.9	2.3	1.9
Claims experience	66.9	68.9	68.2
Gross expense ratio	18.3	17.9	19.3
Combined ratio	85.2	86.8	87.5

Major claims expenses totalled DKK 14 million net of reinsurance, which was on a par with Q3 2018, and impacted the combined ratio by 2.0 percentage points, against 2.2 percentage points in 2018. In terms of both number of claims and total claims expenses, major claims were quite a bit below the level expected for Q3 2019.

The underlying claims ratio was 66.9, which was a fair bit better than expected and a 2.0 percentage point improvement

on Q3 2018. The claims ratio generally declined for most major products.

The net reinsurance ratio was 1.9 in Q3 2019, against 2.3 in the year-earlier period.

The expense ratio was 18.3 in Q3 2019, which was 0.6 of a percentage point better than expected. The expense ratio was 17.9 in Q3 2018.

Run-off gains on claims net of reinsurance amounted to DKK 31 million in Q3 2019, against DKK 23 million in Q3 2018. The 2019 run-off result was mainly attributable to gains on personal insurance lines.

The change in the overall risk margin lifted the Q3 performance by an income of DKK 1 million, equivalent to a favourable effect on the combined ratio of 0.1 of a percentage point.

COMMERCIAL

The technical result was a profit of DKK 31 million in Q3 2019, against a DKK 106 million profit in Q3 2018.

The combined ratio was 95.3, which was not quite satisfactory, it being noted, however, that the development in the discount rate in the third quarter alone affected the combined ratio by 2.5 percentage points. As a result of this, the combined ratio was higher than expected and 11.4 percentage

points higher than in Q3 2018, when the result was supported by a low number of major claims and weather-related claims. Excluding interest rate developments, the Q3 performance was favourably affected by an improved underlying claims ratio, but adversely affected by a slightly higher level of major and weather-related claims expenses than anticipated for the period.

Premium income was DKK 673 million in Q3 2019, against DKK 661 million in Q3

Commercial

	Q3 2019	Q3 2018	FY 2018
DKK m			
Gross premium income	673	661	2,604
Gross claims expenses	-499	-410	-1,665
Insurance operating expenses	-96	-93	-394
Profit/loss on reinsurance	-47	-52	-194
Technical result	31	106	351
Run-off result, claims	4	40	101
Run-off result, risk margin	11	11	42
Gross claims ratio	74.1	62.1	64.0
Net reinsurance ratio	7.0	7.7	7.4
Claims experience	81.1	69.8	71.4
Gross expense ratio	14.2	14.1	15.1
Combined ratio	95.3	83.9	86.5

2018. This year-on-year increase of 1.8% was slightly below the expected level.

The customer retention rate remained at a high level.

The claims experience excluding run-off gains on claims was 81.8%, against 75.7% in Q3 2018.

Weather-related claims totalled DKK 37 million net of reinsurance, against DKK 19 million in Q3 2018, which affected the combined ratio by 5.5 percentage points, against 2.9 percentage points in Q3 2018. In Q3 2019, weather-related claims were higher than expected as a result of heavy rainfall and cloudbursts in the period.

Major claims totalled DKK 84 million net of reinsurance, against DKK 64 million in Q3 2018, and impacted the combined ratio by 12.5 percentage points, against 9.7 percentage points in Q3 2018. Total expenses for major claims were slightly above the level expected for Q3 2019.

In Q3 2019, the underlying claims ratio was 63.9, against 63.7 in the year-earlier period. The claims ratio was favourably affected by slightly fewer contents claims in commercial customer lines. The claims ratio was adversely affected by interest rate developments in the third quarter and by a general increase in building insurance claims

expenses, particularly within concealed pipework claims. In order to improve the profitability of selected building insurances, Alm. Brand in Q3 2019 continued to tighten the terms for commercial customers in the residential segment by introducing higher premiums and higher deductibles. The profitability-enhancing measures are expected to continue into 2020.

The net reinsurance ratio was 7.0, which was 0.7 of a percentage point better than in the same period of 2018. The net expense levels for reinsurance in Q3 2019 and Q3 2018 were a result of the positive fact that in both quarters there were no claims events large enough to trigger compensation under the reinsurance programme.

The expense ratio was 14.2 in Q3 2019, against 14.1 in Q3 2018.

The run-off result on claims net of reinsurance was a gain of DKK 4 million, against DKK 40 million in 2018. The 2019 run-off result was mainly attributable to workers' compensation insurance.

The change in the overall risk margin lifted the Q3 performance by an income of DKK 1 million, equivalent to a favourable effect on the combined ratio of 0.1 of a percentage point.

INVESTMENT RESULT

The investment result was a gain of DKK 7 million in Q3 2019, against a gain of DKK 10 million in the year-earlier period. The result was satisfactory given the current market conditions.

The Q3 investment return was lifted by equity market developments, and the hedging of provisions produced a favourable return in the quarter. A part of the bond portfolio is not allocated to the hedging of provisions, and this yielded a

negative return. Moreover, the portfolio of mortgage deeds saw increased redemptions, which also detracted from performance.

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

Investment return

DKKkm	Q3 2019			Q3 2018		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	8,939	53	0.6%	8,549	-11	-0.1%
Mortgage deeds etc.	848	-2	-0.3%	976	4	0.4%
Equities	244	5	2.2%	205	8	4.3%
Properties	7	3	31.3%	13	0	2.2%
Total return on investments	10,038	59	0.6%	9,743	1	0.0%
Administrative expenses related to investment activities		-7			-6	
Capital gains related to the discounting of technical provisions		-68			17	
Interest on technical provisions		23			-2	
Net investment return		7			10	

The interest on technical provisions is calculated using the EIOPA (European Insurance and Occupational Pensions Authority) yield curve plus a volatility adjustment (the "VA premium").

9M PERFORMANCE

The group's non-life insurance activities generated a profit before tax of DKK 456 million in 9M 2019, as compared with DKK 560 million in 9M 2018. The performance was satisfactory and better than expected.

The technical result was a profit of DKK 472 million, against DKK 561 million in 2018, corresponding to a combined ratio of 88.2 in 9M 2019, against 85.8 in 2018. The performance was supported by a stable underlying business and by run-off gains, but adversely impacted by higher-than-expected expenses for weather-related and major claims. Moreover, the declining interest rates affected the combined ratio by close to 2 percentage points.

Premium income totalled DKK 4,007 million, against DKK 3,945 million in 9M 2018, an increase of 1.6%, which was in line with expectations.

Weather-related claims totalled DKK 119 million net of reinsurance in 9M 2019 (9M 2018: DKK 54 million). The nine months ended 30 September 2019 were affected by several periods of heavy rainfall and a

few periods of severe lightning incidents. Overall, the 9M period saw quite a few more weather-related claims expenses than expected. Weather-related claims affected the combined ratio by 3.0 percentage points, against 1.4 percentage points in 9M 2018.

Major claims totalled DKK 220 million in 9M 2019 (9M 2018: DKK 258 million). The number of major claims reported in the nine months ended 30 September 2019 was slightly higher than anticipated, but this was offset by the fact that average claims expenses for major claims were generally below the expected level. Overall, major claims expenses affected the combined ratio by 5.5 percentage points in 9M 2019 (9M 2018: 6.6 percentage points), which was better than the expected full-year level of 7-8 percentage points.

The combined ratio of the underlying business was 82.7 in 9M 2019, against 82.8 in the same period of 2018. The unchanged level was due to two opposing factors, as the underlying undiscounted claims ratio improved, while the combined ratio was adversely affected by interest rate developments. The decline in the discount rate in the nine months ended 30 September 2019 increased the combined ratio by 1.3%.

Combined ratio

	9M 2019	9M 2018	FY 2018
Combined ratio, underlying business	82.7	82.8	82.4
Weather-related claims, net of reinsurance	3.0	1.4	1.2
Major claims, net of reinsurance	5.5	6.6	7.3
Run-off result, claims	-3.0	-4.7	-3.7
Change in risk margin, run-off result and current year	0.0	-0.3	-0.2
Combined ratio	88.2	85.8	87.0

The run-off result on claims net of re-insurance was a gain of DKK 118 million in 9M 2018, against DKK 183 million in 2018. The 2019 run-off result was mainly attributable to personal accident insurance and workers' compensation insurance. In line with expectations, the level of run-off gains on workers' compensation insurance was generally lower than in previous years.

The change in the overall risk margin in the nine months ended 30 September 2019 lifted the performance by an income of DKK 1 million, equivalent to an impact on the combined ratio of less than 0.1 of

a percentage point. The amount is composed of a DKK 52 million income attributable to the run-off result and a DKK 51 million expense related to the accumulation of risk margin on claims reported in 2019. In the nine months ended 30 September 2018, changes in the overall risk margin contributed an expense of DKK 12 million, composed of a DKK 62 million income attributable to the run-off result and a DKK 50 million expense related to the accumulation of risk margin.

The net reinsurance ratio was 4.6 for 9M 2019, as compared with 4.9 for the same period of 2018. The higher net expense for reinsurance in 2019 was due to the fact that no claims triggering coverage under the reinsurance programme have been reported in 2019 to date.

The expense ratio was 17.5 in 9M 2019, which was 0.4 of a percentage point higher than in the same period of 2018. The full-year expense ratio forecast of 17 is maintained.

The investment result after interest on technical provisions was a loss of DKK 16 million in 9M 2019, against a loss of DKK 1 million in 9M 2018. The result was satisfactory given the current market conditions.

CAPITALISATION

The capital requirement of Alm. Brand Forsikring A/S was DKK 973 million at 30 September 2019. The total capital was DKK 3,302 million, which means that the company had an excess cover of DKK 2,329 million relative to the capital requirement.

At 30 September 2019, shareholders' equity allocated to Non-life Insurance was DKK 2,344 million.

Non-life Insurance

	DKKkm	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
INCOME STATEMENT	Gross premium income	1,357	1,336	4,007	3,945	5,274
	Claims expenses	-944	-859	-2,648	-2,513	-3,436
	Insurance operating expenses	-221	-215	-702	-676	-908
	Profit/loss on reinsurance	-60	-67	-185	-195	-245
	Technical result	132	195	472	561	685
	Interest and dividends, etc.	34	34	102	110	146
	Capital gains	25	-33	141	-104	-155
	Administrative expenses related to investment activities	-7	-6	-20	-19	-27
	Return on and value adjustment of technical provisions	-45	15	-239	12	3
	Investment return after return on and value adjustment of provisions	7	10	-16	-1	-33
	Profit/loss before tax	139	205	456	560	652
	Tax	-32	-44	-103	-119	-139
	Profit/loss after tax	107	161	353	441	513

	DKKkm	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
BALANCE SHEET	Run-off result, claims	35	63	118	183	196
	Run-off result, risk margin	17	17	52	62	72
	Technical provisions	7,612	7,375	7,612	7,375	7,147
	Insurance assets	163	139	163	139	148
	Shareholders' equity	2,344	2,329	2,344	2,329	2,400
	Total assets	10,959	10,440	10,959	10,440	10,553
FINANCIAL RATIOS	Gross claims ratio	69.5	64.4	66.1	63.8	65.2
	Net reinsurance ratio	4.4	5.0	4.6	4.9	4.6
	Claims experience	73.9	69.4	70.7	68.7	69.8
	Gross expense ratio	16.3	16.0	17.5	17.1	17.2
	Combined ratio	90.2	85.4	88.2	85.8	87.0
	Combined ratio excluding run-off result *)	92.8	90.0	91.2	90.4	90.7
	Return on equity before tax (%)	24.2	34.1	26.0	32.4	28.4
	Return on equity after tax (%)	18.7	26.8	20.1	25.5	22.3

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

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

Life Insurance

Satisfactory profit and growth in regular premium payments

Q3 PERFORMANCE

The Q3 performance was a pre-tax profit of DKK 21 million, against DKK 31 million in Q3 2018. The performance was satisfactory and in line with expectations. The expense and risk result was DKK 14 million, against DKK 22 million in Q3 2018, and the interest rate result was DKK 8 million, against DKK 7 million in the year-earlier period.

The bonus rate was 11.4% at 30 September 2019, marking a 2.3 percentage point reduction relative to the year-earlier date. This development was due to the continued interest rate decline, which reduces forward-looking return expectations, which is one of the components impacting the bonus rate. The bonus rate was satisfactory, ensuring that Alm. Brand Pension may continue to offer competitive rates on policyholders' savings.

Measured in terms of the volume of policyholders' funds, AUM (assets under management) increased to DKK 16.3 billion at 30 September 2019, marking a year-on-year increase of 13%.

Pension contributions

Payments into guaranteed schemes

Premiums totalled DKK 413 million in Q3 2019, against DKK 432 million in the year-earlier period. Single payments represented DKK 240 million of this amount, against the exceptionally high level of DKK 272 million in Q3 2018. Measured against the Q3 2017 level, growth in single payments represented 71%.

Regular premium payments increased by 6.9% driven by favourable developments, in particular in the corporate customer segment. Growth in the corporate customer segment was driven by several strategic initiatives that have contributed to supporting developments, including easier access for customers through a digitised and simplified underwriting process and the fact that the company has adjusted pricing of selected products in order to strengthen competitiveness.

Growth was satisfactory and in line with the group's ambition to grow its pension business.

Benefits paid

Total benefits paid amounted to DKK 242 million, which was unchanged relative to Q3 2018. The unchanged level was positive in light of the growing portfolio and reflected increased customer loyalty.

Risk result

Net of reinsurance, the risk result, which expresses the difference between risk premiums and actual claims expenses, was an income of DKK 14 million in Q3 2019, against DKK 19 million in Q3 2018. This was primarily due to a lower mortality risk result. The risk result is still considered to rank among the best in the industry.

Costs

Acquisition costs and administrative expenses totalled DKK 27 million in Q3 2019, against DKK 23 million in Q3 2018. The increase was partly due to the company's sales growth and partly to one-off investments in systems supporting a good advisory process.

Expense result

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was at break-even in Q3 2019, against a profit of DKK 3 million in the year-earlier period. This result reflects the development in actual costs. The result was highly satisfactory given that Alm. Brand Pension has some of the industry's lowest costs for average rate products (see APR listed on the industry comparison portal, "Fakta om pension" ("Facts about pension")).

Investment return on policyholders' funds

The Q3 2019 performance was dominated by sharply declining interest rates due to recessionary fears and financial market jitters. European interest rates dropped by about 40 basis points to new historic lows in Q3. This generally produces a large return on the bond portfolio. The slightly upward trend in global equity markets also served to lift the performance.

The return on investment of policyholders' funds was DKK 524 million in Q3 2019, of which DKK 477 million was attributable to the interest-bearing portfolio. As a result of the upward trend in global equity markets, policyholders' funds invested in equities produced a positive return on DKK 26 million.

The property portfolio produced a return of DKK 21 million in Q3, equivalent to a return 1.4%.

Investment return

	Investment assets	Return Q3	Return p.a.
DKKmn			
Bonds	13,550	4.0%	16.1%
Equities	1,862	1.7%	6.6%
Properties	1,607	1.4%	5.5%
Total	17,019	3.3%	13.3%

Life insurance provisions

Total life insurance provisions increased by DKK 564 million to an aggregate of DKK 15.9 billion in Q3 2019.

The increase was attributable to the investment return and the net inflow of pension funds in the period as well as to the development in the discount rate.

Profit margin

The profit margin was DKK 409 million in Q3 2019, which was more or less unchanged from 30 June 2019.

Bonus rate

The total bonus rate was 11.4% at 30 September 2019, marking a reduction of 2.3 percentage points relative to 30 June 2019. The bonus rate remained satisfactory in light of the very low interest rate setting. All other things being equal, the bonus rate is expected to increase in Q4 2019 as a result of the discount rate being favourably affected by remortgaging.

New policyholders are placed in interest rate group 0, which had a bonus rate of 11.4% at 30 September 2019.

In interest rate groups 2 and 3, which comprise customers with a high guarantee rate, the bonus rate was around 10% at 30 September 2019, which was highly satisfactory. The interest rate groups continue to pursue a prudent 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 four interest rate groups into which the portfolio of policies with bonus entitlement is divided.

	U74*	Interest rate group 0	Interest rate group 1	Interest rate group 2	Interest rate group 3	Total
Technical rate of interest (% p.a.)		0.5-1.5	1.5-2.5	2.5-3.5	3.5-4.5	
Rate on policyholders' savings (% p.a.)		3.50	5.50	5.50	6.00	
Investment assets (DKKbn)	0.1	12.5	1.1	1.1	2.2	17.0
Bonus rate (%)		11.4	16.1	9.3	10.4	11.4
Return (% YTD annualised)	5.4	15.9	13.2	8.0	11.6	14.5
Distribution of investment assets (%):						
Bonds	100	77	78	87	89	80
Equities	0	13	12	5	5	10
Properties	0	10	10	8	6	10

*Portfolios without bonus entitlement

9M PERFORMANCE

Alm. Brand Pension generated a pre-tax profit of DKK 71 million in 9M 2019, against DKK 82 million in 9M 2018. The performance should be seen in light of the exceptionally strong risk result reported in 2018, which was replaced by a more normalised performance in 2019. The expense and risk result was DKK 38 million, against DKK 58 million in 9M 2018, and the interest rate result was DKK 22 million, against DKK 20 million in the year-earlier period.

Total contributions remained almost on a par with the exceptionally strong performance in 2018. Accordingly, total contributions only declined by 3.2% to DKK 1,397 million in 9M 2019 as compared with 9M 2018. Regular payments were up by 4.6%, while single payments decreased by 8.2%.

Benefits paid amounted to DKK 765 million, against DKK 794 million in 9M 2018, reflecting a continued strong trend in customer loyalty. The risk result was DKK 32 million, which was satisfactory, but somewhat lower than the exceptionally strong result reported in 2018.

Insurance operating expenses amounted to DKK 78 million, marking an increase of DKK 72 million relative to the year-earlier period. The expense result was a profit of DKK 6 million on a par with the result reported for 9M 2018.

The investment return on policyholders' funds was DKK 1,548 million (before pension return tax), corresponding to 10.6% (14.4% p.a.). The performance was driven by the positive trend in both equities and bonds. In the same period of 2018, the return was DKK 179 million.

The technical result was a profit of DKK 72 million, against DKK 85 million in 9M 2018.

CONTRIBUTIONS TO BANK PENSION SCHEMES

In addition to making payments into Alm. Brand Pension, customers have the option of paying into market rate pension schemes with the bank.

Total payments into schemes with the bank amounted to DKK 187 million in Q3 2019, against DKK 153 million in Q3 2018. DKK 73 million of the total contributions paid into the bank related to the OpsparingPlus product, as compared with DKK 54 million in Q3 2018.

Total pension assets related to pension schemes with the bank amounted to DKK 7.4 billion at 30 September 2019, which was unchanged as compared with the year-earlier date.

CAPITALISATION

The total capital of Alm. Brand Liv og Pension A/S amounted to DKK 1,064 million at 30 September 2019.

The company's capital requirement amounted to DKK 142 million. Accordingly, the company had excess liquidity of DKK 922 million, corresponding to a solvency coverage ratio of 750%. The company's capital requirement is very low as a result of the large bonus potentials at 30 September 2019.

Equity allocated to Life Insurance was DKK 609 million at 30 September 2019.

Life Insurance

	DKKkM	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
INCOME STATEMENT	Premiums	413	432	1,397	1,443	2,004
	Investment return after allocation of interest	443	90	1,305	132	-41
	Benefits paid	-242	-242	-765	-794	-1,030
	Total insurance operating expenses	-27	-23	-78	-72	-99
	Result of ceded business	-3	-1	-4	-1	-4
	Change in life insurance provisions	-564	-224	-1,800	-596	-687
	Change in profit margin	3	0	17	-27	-35
	Technical result	23	32	72	85	108
	Return on investment allocated to equity	-2	-1	-1	-3	-4
	Profit/loss before tax	21	31	71	82	104
	Tax	-4	-7	-7	-18	-25
	Profit/loss after tax	17	24	64	64	79
Return requirement for shareholders' equity						
	Return on investment allocated to equity	-2	-1	-1	-3	-4
	Result of portfolios without bonus entitlement	-1	1	4	1	1
	Gruppeliv	2	2	8	6	10
	Interest result	8	7	22	20	27
	Expense result	0	3	6	7	8
	Risk result	14	19	32	51	62
	Profit/loss before tax	21	31	71	82	104

	DKKkM	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
BALANCE SHEET	Total provisions for insurance contracts	16,297	14,390	16,297	14,390	14,479
	Total shareholders' equity	609	620	609	620	634
	Total assets	17,893	15,179	17,893	15,179	15,927
FINANCIAL RATIOS	Return on equity before tax (%)	14.4	17.7	15.5	16.5	16.0
	Return on equity after tax (%)	11.3	13.8	13.9	12.9	12.2
	Bonus rate (%)	11.4	21.0	11.4	21.0	18.6

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

Banking

Fairly strong activity, but earnings are challenged

Q3 PERFORMANCE

The bank generated a pre-tax profit of DKK 14 million in Q3 2019, against a DKK 6 million profit in Q3 2018. The level of activity was high in the quarter, and the profit was in line with expectations.

Income

The bank reported income of DKK 168 million in Q3 2019, an increase of DKK 14 million relative to Q3 2018.

Net interest and fee income for Q3 2019 amounted to DKK 94 million, against DKK 93 million in Q3 2018. Recent years' intense competition for banking customers continued, combining with a further decline in interest rates to put the interest margin under pressure. In mid-September 2019, the Danish central bank lowered the current account rate by 0.1 of a percentage point to minus 0.75%. In immediate continuation thereof, the bank chose to adjust the deposit rate for commercial customers from minus 0.4% to minus 0.75%. Moreover, the bank in October 2019 announced new account fees and negative interest rates for private customers with deposits in excess of DKK 750,000.

Trading income from Financial Markets amounted to DKK 54 million in Q3 2019, against DKK 38 million in Q3 2018. The level once again improved significantly and was higher than anticipated. Many of the

bank's customers have remortgaged in the quarter, which led to significant mortgage bond trading activity. Moreover, Financial Markets reported a large volume of customer trades involving credit and mortgage bonds and also experienced strong interest from potential customers, among other things due to the ethical profile of the bank's investment products.

Leasing reported net income of DKK 16 million, against DKK 18 million in the same period of last year. The income level fell slightly short of expectations.

Other income amounted to DKK 4 million in Q3 2019, against DKK 5 million in Q3 2018, and was in line with expectations.

Costs

Costs amounted to DKK 147 million in Q3 2019, against DKK 151 million in the year-earlier period. The bank continued to have a high cost level, which was attributable, among other things, to compliance with increased statutory requirements and development of digital solutions for customer-oriented platforms. In addition, the bank's data centre incurred substantial costs related to developing infrastructure for its member banks.

Investment portfolio earnings

Investment portfolio earnings were negative at DKK 17 million in Q3 2019, against a

negative figure of DKK 9 million in the same period of 2018, which was the result of negative interest rates. The negative interest rate setting and the bank's considerable deposit surplus continued to challenge the profitability of the bank's operations.

Impairment writedowns

The bank made a DKK 18 million reversal of impairment writedowns in Q3 2019, against DKK 20 million in Q3 2018. The reversed impairment writedowns were mainly due to repayment of a number of loan exposures as a result of improved economic conditions among these customers. A net

amount of DKK 5 million of the reversed impairment writedowns related to interest income from loans written down.

Business volume

The bank's total business volume, comprising bank loans, mortgage loans and leasing activities, developed favourably from Q3 2018 to Q3 2019, driven by brisk remortgaging activity, resulting in increased mortgage lending, and loans and advances raised directly with the bank also increased. Accordingly, the bank's total business volume stood at DKK 22.5 billion at 30 September 2019, an increase of close to 8% from DKK 20.9 billion at the year-earlier date.

Retail

Alm. Brand's strategy "*Alm. Brand for the Customer*" and the strategic measures taken in that connection have had a favourable effect on customer on-boarding. Alm. Brand's three business areas – Banking, Non-life Insurance and Life Insurance – strengthened cooperation across typical business boundaries, and the group has become much better at referring customers internally.

Declining interest rates resulted in a new remortgaging wave in Q3 2019, and home owners were able to convert higher-interest or floating-rate loans to loans with low, fixed interest rates. At the same time, a number of customers chose to exploit

Impairment writedowns

DKK m	Q3 2019	Q3 2018
Loans and advances		
Private	19	4
Commercial	-3	7
Agriculture	6	14
Loan impairment charges		
Mortgage deed option agreement ^{a)}	-4	-4
Total impairment writedowns (income)	18	21

^{a)} The impairment writedowns include credit-related value adjustments of mortgage deeds

their home equity to raise top-up loans to obtain increased financial latitude or to make extraordinary payments on their bank loans. The bank's customer advisers are continuously working to ensure that customers have the product composition most optimal for them. In Q3 2019, the bank completed a campaign to encourage existing and potential customers to get their bank finances checked. This, together with advisory services and help to convert customers' mortgage loans, resulted in an extraordinary workload for the bank's employees, which had the added effect that customer advisers had less time to on-board new customers. The inflow of customers to the bank was therefore relatively moderate in the third quarter. Nevertheless, the bank experienced a customer inflow of close to 8% for the year to date, which was satisfactory.

The portfolio of Totalkredit loans grew by DKK 0.3 billion in Q3 2019 to total DKK 16.5 billion. Compared with the same period of last year, the portfolio increased by DKK 1.5 billion, continuing the year's positive trend as regards new and existing customers' conversion of bank loans to mortgage loans. The development also contributes to ensuring a continued stable earnings base for the bank.

Leasing

From an overall perspective, leasing activities have traced a stable development

trend in recent years. The leasing portfolio totalled DKK 926 million at 30 September 2019, distributed on some 8,000 cars.

The leasing market has generally experienced growth in both the commercial customer segment and the private customer segment in 2019 against the backdrop of intense competition. Following a number of years with declining demand, the private customer leasing market has increased substantially in 2019 to almost reach the record levels of prior years. Alm. Brand Leasing has succeeded in increasing its market share of commercially leased vehicles again this year to total about 5% of the commercial customer leasing market. The leasing company reported satisfactory growth in the inflow of commercial customers, with increases in orders for both passenger cars and commercial vehicles, and the bank expects this trend to continue throughout the year.

Although Alm. Brand has experienced a reduction in the portfolio of privately leased cars as a result of the fierce competition, the company remains the fourth-largest provider of private customer leases in Denmark.

Agriculture

In the agricultural sector, pig breeders are experiencing a good year with rising settlement prices. Crops promise well for grain producers, and dairy prices have stabilised

at a decent level. At 30 September 2019, gross lending in the agricultural portfolio was DKK 484 million, with net lending at DKK 97 million, marking a significant reduction of the portfolio.

Financial Markets

Financial Markets saw an exceptionally strong level of activity in Q3 2019, driven by customer remortgaging and increased demand for managed investment solutions. Following a long period of growth reserved mainly for passively managed mandates, actively managed mandates are now also growing. This favourable development is attributable in particular to intra-group cooperation about customers. The possibility of opting for extensive ESG

focus (sustainability) on managed mandates was in several cases the factor that incentivised customers to choose Alm. Brand.

Deposits

The bank had deposits of DKK 11.0 billion at 30 September 2019, against DKK 10.4 billion at 30 September 2018. The increase was attributable to the inflow of new customers.

The bank has a substantial deposit surplus of about DKK 5.9 billion, which, based on the current interest rate level and investment in certificates of deposit, means a loss for the bank of approximately DKK 25 million in 2019.

Credit exposure after writedowns

DKKm	Share of portfolio in %	30 Sept. 2019	30 June 2019	31 March 2019	31 Dec. 2018
Loans and advances					
Private	64	3,772	3,815	3,801	3,745
Commercial	17	1,008	877	880	942
Agriculture	2	97	103	122	118
Total loans and advances	83	4,877	4,795	4,803	4,805
Mortgage deed option agreement	14	848	888	908	941
Reverse transactions and intra-group transactions	3	184	5	256	150
Total credit exposure	100	5,909	5,688	5,967	5,896

9M PERFORMANCE

The bank generated a total pre-tax profit of DKK 45 million in 9M 2019, against DKK 40 million in 9M 2018.

The 2019 figure includes the full effect of the acquisition of the former Saxo Privatbank activities in 2019, whereas the 2018 figure only includes effects from the second quarter onwards.

Net interest and fee income for 9M 2019 amounted to DKK 270 million, against DKK 248 million for the year-earlier period.

Trading income amounted to DKK 152 million, against DKK 107 million in the same period of last year, driven by strong activity from credit bond trading and more customers proactively choosing Alm. Brand.

Leasing reported income of DKK 56 million in 9M 2019, which was in line with the same period of last year. Private customer leasing is under pressure from fierce competition, but this trend was offset by growth in commercial customer leasing.

Other income amounted to DKK 26 million, against DKK 40 million in 9M 2018, of which DKK 24 million was non-recurring income related to the acquisition of the majority of Saxo Privatbank's activities.

Costs totalled DKK 457 million, against DKK 436 million in the same period of

last year. In spite of efficiency enhancements and synergies from the acquisition of the Saxo Privatbank activities, the bank continued to have a high cost level, among other things due to costs related to compliance with increased statutory requirements and development of digital solutions for customer-oriented platforms. In addition, the bank's data centre incurred substantial costs related to developing infrastructure for its member banks.

Investment portfolio earnings were negative at DKK 36 million in 9M 2019, against

a negative figure of DKK 24 million for the year-earlier period. The non-satisfactory performance was attributable to a lower bond return as well as to a further decline in interest rates, both of which affected the return on excess liquidity.

Reversed impairment writedowns totalled DKK 58 million, DKK 16 million of which was interest on loans already written down. In the same period of 2018, reversed impairment writedowns amounted to DKK 65 million.

Liquidity

At 30 September 2019, the liquidity coverage ratio (LCR) was 421%.

Capital reservation for credit risk

The bank's total capital reservation for credit risk amounted to DKK 1,826 million at 30 September 2019, against DKK 2,159 million at 30 September 2018. The capital reservation equalled 29% of the credit exposure.

Capital reservation for credit risk

DKKm	30/09/2019						31/12/2018	
	Total assets	Credit exposure ^{a)}	Accumulated impairment writedowns ^{b)}	Required capital	Total reservation	Reservation/credit exposure	Total reservation	Reservation/credit exposure
Private	3,772	4,091	319	305	624	15%	625	15%
Commercial	1,008	1,511	503	260	763	50%	842	34%
Agriculture	97	484	387	21	408	84%	466	83%
Total, excl. reverse transactions	4,877	6,086	1,209	586	1,795	29%	1,933	27%
Reverse transactions and intra-group transactions	184	185	1	30	31	17%	13	9%
Total, group	5,061	6,271	1,210	616	1,826	29%	1,946	27%

^{a)} Gross lending, residual debt on mortgage deeds and credit exposure through the option agreement with Alm. Brand Forsikring

^{b)} Including value adjustments of mortgage deeds

Capitalisation

At 30 September 2019, the bank's total capital stood at DKK 1.9 billion, and the total capital ratio was 20.1.

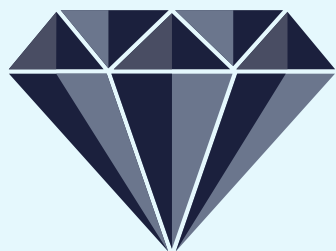
Capitalisation

DKKm	Parent company	Group
Total capital	1,965	1,948
Risk exposure amount	9,141	9,670
Total capital ratio	21.5	20.1
Tier 1 capital ratio	19.6	18.3
Individual solvency need (%)	11.1	11.2
Excess cover (%)	10.4	8.9

SUPERVISORY DIAMOND

At 30 September 2019, the bank was in compliance with all five threshold values of the Danish Financial Supervisory Authority's supervisory diamond as shown in the figure below.

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



Large exposures

Threshold value < 175%	30 September 2019	45%	2018	43%
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Growth in lending

Threshold value < 20%	30 September 2019	3%	2018	23%
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Funding ratio

Threshold value < 1	30 September 2019	0.44	2018	0.44
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Property exposure

Threshold value < 25%	30 September 2019	8%	2018	9%
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Excess liquidity coverage

Threshold value > 100%	30 September 2019	451%	2018	496%
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OTHER EVENTS

Stock market game

In September 2019, the stock market game was launched by Danish financial daily Børsen in collaboration with Alm. Brand, using Alm. Brand Trader as trading platform. Just over 50,000 participants have signed up to play the game, which contributes to increasing awareness about equity investment and about Alm. Brand Trader as a trading platform.

Banking

	DKKkm	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
INCOME STATEMENT	Net interest and fee income	94	93	270	248	340
	Trading income	54	38	152	107	138
	Leasing	16	18	56	56	75
	Other income	4	5	26	40	51
	Total income	168	154	504	451	604
	Costs	-147	-151	-457	-436	-598
	Core earnings	21	3	47	15	6
	Investment portfolio earnings	-17	-9	-36	-24	-42
	Profit/loss before depreciation, amortisation and impairment losses	4	-6	11	-9	-36
	Amortisation, customer relationships	-8	-8	-24	-16	-24
	Impairment writedowns	18	20	58	65	86
	Profit/loss before tax	14	6	45	40	26
	Tax	-4	-1	-8	-10	-5
	Profit/loss after tax	10	5	37	30	21

	DKKkm	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
BALANCE SHEET	Loans and advances	5,061	4,879	5,061	4,879	4,955
	Deposits	11,002	10,368	11,002	10,368	10,480
	Shareholders' equity	1,920	1,993	1,920	1,993	1,984
	Balance sheet	14,321	13,158	14,321	13,158	13,233
FINANCIAL RATIOS	Interest margin (%)	2.1	2.2	2.3	2.1	2.2
	Income/cost ratio	1.08	1.03	1.08	0.99	0.98
	Impairment ratio for the period	-0.2	-0.3	-0.6	-0.8	-0.9
	Total capital ratio	20.1	21.6	20.1	21.6	20.3
	Return on equity before tax (%)*	3.0	1.1	3.1	2.8	1.4
	Return on equity after tax (%)	2.1	0.8	2.5	3.0	1.1

*The calculation of Return on equity before tax for 2018 takes into account deferred tax of DKK 49 million from an intangible asset (customer relationships) derived from the acquisition of activities from Saxo Privatbank.

Financial ratios are based on the definitions and guidelines of the Danish Financial Supervisory Authority and on the online version of "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts.

Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board have today considered and approved the interim report of Alm. Brand A/S for the period 1 January to 30 September 2019.

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

In our opinion, the interim report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30 September 2019 and of the group's cash flows for the period 1 January to 30 September 2019.

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

Management Board

Copenhagen, 5 November 2019

Rasmus Werner Nielsen
Chief Executive Officer

Board of Directors

Copenhagen, 5 November 2019

Jørgen Hesselbjerg Mikkelsen
Chairman

Jan Skytte Pedersen
Deputy Chairman

Ebbe Castella

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Flemming Fuglede Jørgensen

Boris Nørgaard Kjeldsen

Brian Egested

Helle Låsby Frederiksen

Claus Nexø Jensen

Susanne Larsen

Income statement

					Group	
DKK m	Note	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	FY 2018
Income						
Premium income		1,770	1,768	5,404	5,388	7,278
Interest income etc.		179	156	533	510	671
Fee income etc.		60	49	160	143	181
Other income from investment activities		2	0	4	-1	7
Other income		67	73	212	394	471
Total income		2,078	2,046	6,313	6,434	8,608
Costs						
Claims incurred		-1,186	-1,101	-3,413	-3,307	-4,466
Interest expenses		-9	-15	-31	-48	-64
Other cost from investment activities		-18	-14	-47	-47	-54
Impairment of loans, advances and receivables, etc.	1	18	22	62	70	77
Acquisition and administrative costs		-436	-434	-1,365	-1,510	-1,980
Total costs		-1,631	-1,542	-4,794	-4,842	-6,487
Profit from business ceded		-63	-68	-189	-196	-249
Change in life insurance provisions		-564	-224	-1,800	-596	-658
Change in profit margin, Life Insurance		3	0	17	-27	-35
Exchange rate adjustments		415	38	1,217	-162	-518
Tax on pension investment returns		-76	-20	-232	-20	14
Profit/loss before tax		162	230	532	591	675
Tax		-37	-49	-108	-87	-106
Profit/loss after tax		125	181	424	504	569
Earnings per share, DKK		0.8	1.1	2.7	3.2	3.6
Diluted earnings per share, DKK		0.8	1.1	2.7	3.2	3.6

Statement of comprehensive income

DKKm					Group
	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018	FY 2018
Comprehensive income					
Profit for the period	125	181	424	504	569
<i>Items that may be recycled to profit or loss</i>	0	0	0	0	0
<i>Items that may not be recycled to profit or loss:</i>					
Revaluation of owner-occupied properties	0	0	0	0	29
Transferred to collective bonus potential	0	0	0	0	-29
Tax on other comprehensive income	0	0	0	0	0
Total other comprehensive income	0	0	0	0	0
Comprehensive income	125	181	424	504	569
Proposed allocation of profit/loss:					
Share attributable to Alm. Brand	125	181	424	504	569
Comprehensive income	125	181	424	504	569

Balance sheet

DKKm	Group		
	30 September 2019	30 September 2018	FY 2018
Assets			
Intangible assets	195	216	211
Owner-occupied properties	709	692	713
Deferred tax assets	0	24	46
Reinsurers' share of insurance contracts	194	152	166
Current tax assets	0	7	48
Other assets	2,155	1,865	1,866
Loans	5,909	5,848	5,745
Investment properties	727	691	724
Investment assets	32,570	28,246	28,413
Amounts due from credit institutions and central banks	852	901	861
Cash in hand and demand deposits	219	210	232
Total assets	43,530	38,852	39,025
Liabilities and equity			
Share capital	1,577	1,610	1,610
Reserves, retained profit etc.	3,021	3,106	2,668
Proposed dividend	0	0	470
Consolidated shareholders' equity	4,598	4,716	4,748
Subordinated debt	575	575	575
Provisions for insurance contracts	23,909	21,764	21,626
Other provisions	58	50	52
Deferred tax liabilities	55	0	0
Current tax liabilities	57	0	0
Other liabilities	2,175	1,198	1,295
Deposits	10,746	10,133	10,298
Payables to credit institutions and central banks	1,357	416	431
Total liabilities and equity	43,530	38,852	39,025
Note 2	Own shares		
Note 3	Contingent liabilities, guaranties and leasing		
Note 4	Fair value measurement of financial instruments		
Note 5	Accounting policies - Group		
Note 6	Financial highlights and key ratios		

Statement of changes in equity

DKKm	Share capital	Contin- gency funds	Other provi- sions	Retained profit	Proposed dividend	Consoli- dated equity
Shareholders' equity, 1 January 2018	1,655	182	1,215	1,404	480	4,936
Change in accounting policies				-62		-62
Adjusted shareholders' equity at 1 January 2018	1,655	182	1,215	1,342	480	4,874
Changes in equity Q1-Q3 2018:						
Profit/loss for the period				504		504
Total income	0	0	0	504	0	504
Dividend distributed				3	-480	-477
Cancellation of treasury shares	-45			45		0
Share option scheme, exercise				28		28
Purchase and sale of treasury shares				-213		-213
Changes in equity	-45	0	0	367	-480	-158
Shareholders' equity, 30 September 2018	1,610	182	1,215	1,709	0	4,716
Adjusted shareholders' equity at 1 January 2018	1,655	182	1,215	1,342	480	4,874
Changes in equity 2018:						
Profit/loss for the year				569	0	569
Revaluation of owner-occupied properties				29		29
Transferred to collective bonus potential				-29		-29
Total income	0	0	0	569	0	569
Cancellation of treasury shares	-45			45		0
Proposed dividend				-470	470	0
Dividend distributed				3	-480	-477
Share option scheme, exercise				28		28
Purchase and sale of treasury shares				-246		-246
Changes in equity	-45	0	0	-71	-10	-126
Shareholders' equity, 31 December 2018	1,610	182	1,215	1,271	470	4,748
Shareholders' equity, 1 January 2019	1,610	182	1,215	1,271	470	4,748
Changes in equity Q1-Q3 2019:						
Profit/loss for the period				424		424
Total income	0	0	0	424	0	424
Dividend distributed				3	-470	-467
Cancellation of treasury shares	-33			33		0
Share option scheme, exercise				29		29
Purchase and sale of treasury shares				-136		-136
Changes in equity	-33	0	0	353	-470	-150
Shareholders' equity, 30 September 2019	1,577	182	1,215	1,624	0	4,598

Capital target

DKKm	Total capital 30 September 2019
Equity	4,598
Intangible assets	-157
NEP facility 2019	48
Share buyback programme, outstanding	-112
Profit and risk margin	411
Tier 2 capital	575
Reservation employee shares	19
Total distributable capital of the group	5,382

DKKm	Capital target 30 September 2019
Non-life insurance (40% of gross premium income)	2,137
Life Insurance (7,5% of life insurance provisions)	1,076
Banking (19,5% of risk weighted assets)	1,886
Reservation MREL add-on	150
Alm. Brand A/S add-on	22
Diversification effects	-300
Consolidated capital target	4,971
Excess relative to internal capital target	411

Cash flow statement

DKKm				Group		
	Q1-Q3 2019	Q1-Q3 2018	FY 2018	Q1-Q3 2019	Q1-Q3 2018	FY 2018
Cash flows from operating activities						
Premiums received	5,462	5,693	7,279			
Claims paid	-3,251	-3,437	-4,489			
Dividends received	40	55	57			
Interest, etc. received	300	298	485			
Interest payable	-8	-12	-14			
Payments concerning reinsurance	-252	-199	-214			
Fee income received	166	149	187			
Fee income paid	-6	-6	-6			
Expences paid	-1,107	-1,575	-2,163			
Tax on pension investment returns paid	-82	-125	-127			
Other ordinary income received	212	394	471			
Taxes paid/received	-6	26	-3			
Cash flows from operating activities	1,468	1,261	1,463			
Change in investment placement						
Acquisition of intangible assets, furniture, equipment,	-121	59	86			
Properties acquired or converted	7	-111	-135			
Sale/aquisition of equity investments	284	-59	-412			
Sale/repayment of mortgage deeds and loans	-120	-1226	426			
Sale/aquisition of bonds	-2,346	-2,177	-817			
Acquisition of activities from Saxo Privatbank A/S	0	0	-380			
Change in investment placement	-2,296	-3,514	-1,232			
Change in financing						
Sale/purchase of treasury shares	-107	-188	-218			
Dividend distributed	-470	-480	-480			
Dividend received, treasury shares	3	3	3			
Subordinated debt	0	0	0			
Share issue	0	4	0			
Change in deposits	448	3,427	228			
Change in payables to credit institutions	926	84	99			
Change in other liabilities	6	14	12			
Change in financing *)	806	2,864	-356			
Net change in cash and cash equivalents	-22	611	-125			
Cash and cash equivalents, beginning of period	1,093	500	1,218			
Cash and cash equivalents, end of period	1,071	1,111	1,093			

*) The amount of DKK 806 million consists only of cash inflows og outflows.

Segment reporting

DKKm	Q1-Q3 2019					
	Non-life	Life	Banking	Other	Elimi- nation	Group
Premium income	4,007	1,397	0	0		5,404
Interest income etc.	148	193	194	2	-4	533
Fee income etc.	0	0	196	0	-36	160
Other investment income	1	51	0	0	-48	4
Other income	0	0	212	0		212
Total income	4,156	1,641	602	2	-88	6,313
Claims incurred	-2,648	-765	0	0		-3,413
Interest expenses	-14	-4	-10	-7	4	-31
Other investment expenses	-20	-28	0	-35	36	-47
Impairment of loans, advances and receivables, etc.	0	0	62	0		62
Acquisition and administrative expenses	-702	-78	-633	0	48	-1,365
Total expenses	-3,384	-875	-581	-42	88	-4,794
Result of business ceded	-185	-4	0	0		-189
Change in life insurance provisions	0	-1,800	0	0		-1,800
Change in profit margin, Life Insurance	0	17	0	0		17
Exchange rate adjustments	-131	1,324	24	0		1,217
Tax on pension investment returns	0	-232	0	0		-232
Profit/loss before tax	456	71	45	-40	0	532
Tax	-103	-7	-8	10		-108
Profit/loss after tax	353	64	37	-30	0	424

Segment reporting

DKKm	Q1-Q3 2018					
	Non-life	Life	Banking	Other	Elimi- nation	Group
Premium income	3,945	1,443	0	0		5,388
Interest income etc.	128	208	175	3	-4	510
Fee income etc.	0	0	177	0	-34	143
Other investment income	1	46	0	0	-48	-1
Other income	0	0	394	0		394
Total income	4,074	1,697	746	3	-86	6,434
Claims incurred	-2,513	-794	0	0		-3,307
Interest expenses	-26	-3	-14	-9	4	-48
Other investment expenses	-19	-26	0	-36	34	-47
Impairment of loans, advances and receivables, etc.	0	0	70	0		70
Acquisition and administrative expenses	-676	-72	-810	0	48	-1,510
Total expenses	-3,234	-895	-754	-45	86	-4,842
Result of business ceded	-195	-1	0	0		-196
Change in life insurance provisions	0	-596	0	0		-596
Change in profit margin, Life Insurance	0	-27	0	0		-27
Exchange rate adjustments	-85	-76	-1	0		-162
Tax on pension investment returns	0	-20	0	0		-20
Profit/loss before tax	560	82	-9	-42	0	591
Tax	-119	-18	39	11		-87
Profit/loss after tax	441	64	30	-31	0	504

Notes

DKKm	Group		
	Q1-Q3 2019	Q1-Q3 2018	FY 2018
Note 1 Impairment writedowns on loans, advances and other receivables as well as provisions for guarantees and undrawn credit facilities			
<i>Impairment writedowns on loans, advances and receivables at amortised cost</i>			
<i>Stage 1 no significant increase in credit risk</i>			
Impairment writedowns, beginning of year	3	48	10
New impairment writedowns, net	18	-26	-7
Previously impaired, now finally lost	0	0	0
Other movements	-3	1	0
Impairment writedowns, end of period	18	23	3
<i>Stage 2 significant increase in credit risk</i>			
Impairment writedowns, beginning of year	75	53	83
New impairment writedowns, net	-15	27	-8
Previously impaired, now finally lost	0	-14	0
Other movements	-1	21	0
Impairment writedowns, end of period	59	87	75
<i>Stage 3 Credit-impaired</i>			
Impairment writedowns, beginning of year	806	1,058	1,065
New impairment writedowns, net	-6	-46	-30
Previously impaired, now finally lost	-43	-112	-229
Other movements	6	95	0
Impairment writedowns, end of period	763	995	806
<i>Loans which were kredit-impaired at initial recognition</i>			
Impairment writedowns, beginning of year	0	0	0
New impairment writedowns, net	2	0	0
Previously impaired, now finally lost	0	0	0
Other movements	0	0	0
Impairment writedowns, end of period	2	0	0
<i>Stage 1 no significant increase in credit risk</i>			
Provisions, beginning of period	10	2	2
New provisions, net	-5	0	6
Previously provided for, now finally lost	0	0	0
Other movements	3	1	2
Provisions, end of period	8	3	10

Notes

DKKm	Group		
	Q1-Q3 2019	Q1-Q3 2018	FY 2018
<i>Stage 2 significant increase in credit risk</i>			
Provisions, beginning of period	6	1	2
New provisions, net	-1	7	4
Previously provided for, now finally lost	0	0	0
Other movements	1	1	0
Provisions, end of period	6	9	6
<i>Stage 3 Credit-impaired</i>			
Provisions, beginning of period	6	5	5
New provisions, net	3	0	0
Previously provided for, now finally lost	0	0	0
Other movements	0	1	1
Provisions, end of period	9	6	6
Total impairment writedowns and provisions, end of period	865	1,123	906
<i>Impairment writedowns on loans, advances and receivables, etc. recognised in the income statement</i>			
Impairment writedowns on loans and advances for the period	25	-137	59
Provisions for losses on guarantees and undrawn credit facilities for the period	3	-14	-11
Impairment writedowns on receivables from credit institutions and other items subject to credit risk for the period	0	0	0
Reversal of prior-year impairment writedowns and provisions	0	190	0
Finally lost, where impairment writedowns/provisions have not been made	-9	-7	-22
Settlements made on debt previously written off	43	38	51
Recognised in the income statement	62	70	77

Notes

DKKm	Group		
	Q1-Q3 2019	Q1-Q3 2018	FY 2018
Note 2 Own shares			
Nominal value, beginning of period	43	59	59
Acquired during the period	27	33	40
Sold during the period	-12	-11	-11
Cancellation of treasury shares	-33	-45	-45
Nominal value, end of period	24	36	43
Holding number of shares ('000), beginning of period	4,310	5,915	5,915
Additions, number of shares	2,680	3,307	3,959
Disposals, number of shares	-1,184	-1,027	-1,064
Cancellation of treasury shares	-3,340	-4,500	-4,500
Holding number of shares ('000), end of period	2,466	3,695	4,310
Percentage of share capital, end of period	1.6%	2.3%	2.7%
Note 3 Contingent liabilities, guaranties and leasing			
Guarantee commitments	3,941	2,899	2,708

The Alm. Brand Group is contractually obliged to pay rent of DKK 55 million over the next five years. The obligation is recognised in Other liabilities as a lease obligation.

DKKm	30 September 2019				31 December 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Note 4 Fair value measurement of financial instruments								
<u>Financial assets</u>								
Loans and advances	0	4,919	990	5,909	0	4,649	1,096	5,745
Bonds	22,618	6,525	6	29,149	18,869	7,269	7	26,145
Shares	1,660	140	267	2,067	1,624	158	93	1,875
Investment properties	0	0	727	727	0	0	724	724
Other assets	0	1,843	0	1,843	0	687	0	687
	0	0	0	0	0	0	0	0
Total financial assets	24,278	13,427	1,990	39,695	20,493	12,763	1,920	35,176
<u>Financial liabilities</u>								
Subordinated debt	0	0	575	575	0	0	575	575
Deposits	0	10,746	0	10,746	0	10,298	0	10,298
Other payables	0	878	0	878	0	517	0	517
Total financial liabilities	0	11,624	575	12,199	0	10,815	575	11,390

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

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

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

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

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

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

Notes

DKKm	30 September 2019				
	Loans and advances	Bonds	Shares	Investment properties	Subordinated debt
Development in level 3 financial instruments					
Carrying amount, beginning of period	1,096	7	93	724	574
Additions during the year	4	0	143	0	400
Disposals during the year	-116	-2	0	-1	-399
Realised value adjustments	-1	1	0	0	0
Unrealised value adjustments	7	0	31	5	0
Carrying amount, end of period	990	6	267	727	575
Value adjustments recognised in the income statement	6	1	31	5	0

DKKm	31 December 2018				
	Loans and advances	Bonds	Shares	Investment properties	Subordinated debt
Development in level 3 financial instruments					
Carrying amount, beginning of year	1,276	10	81	610	574
Addition during the year on acquisition of activities from Saxo Privatbank A/S	0	0	0	15	0
Additions during the year	8	0	8	84	150
Disposals during the year	-182	-3	0	-2	-149
Value adjustments during the year				17	0
Realised value adjustments	-1	0	0	0	0
Unrealised value adjustments	-5	0	4	0	0
Carrying amount, year-end	1,096	7	93	724	575
Value adjustments recognised in the income statement	-6	0	4	17	0

NOTE 5 ACCOUNTING POLICIES

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

The interim report is unaudited.

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

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

Profit margin of Alm. Brand Liv og Pension

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

the Danish FSA’s new approach. The new calculation principles are not expected to change the company’s capital robustness.

Change in accounting policies

IFRS 16, Leasing was implemented with effect from 1 January 2019. The standard entails that leases are recognised in the balance sheet as an asset and a liability, respectively. In the Alm. Brand A/S Group only a few tenancy agreements will be comprised by the standard. 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 period are largely unaffected by the implementation.

NOTE 6 FINANCIAL HIGHLIGHTS AND KEY RATIOS

See the management’s review.

Income and comprehensive income statement

DKK m	Note	Parent company				
		Q3	Q3	Q1-Q3	Q1-Q3	FY
		2019	2018	2019	2018	2018
Income statement						
Income from group enterprises	2	134	190	454	536	614
Value adjustments, bonds		0	0	0	-1	-1
Interest income and dividends etc.		1	1	2	3	4
Interest expenses		-2	-3	-7	-9	-12
Administrative expenses related to investment activities		-11	-10	-35	-36	-50
Profit/loss before tax		122	178	414	493	555
Tax		3	3	10	11	14
Profit/loss after tax		125	181	424	504	569
Comprehensive income						
Profit/loss for the period		125	181	424	504	569
Comprehensive income		125	181	424	504	569
Proposed allocation of loss:						
Proposed dividend		0	0	0	0	470
Retained earnings		125	181	424	504	99
Comprehensive income		125	181	424	504	569
Accounting policies	3					

Balance sheet

DKK m	Note	Parent company		
		30 September 2019	September 2018	FY 2018
Assets				
Investment in group enterprises	1	4,872	4,941	5,017
Total investments in group enterprises and associates		4,872	4,941	5,017
Equity investments		1	1	1
Bonds		0	0	0
Other loans and advances		2	2	2
Deposits with credit institutions		0	0	0
Cash in hand and balances at call		1	1	1
Total other financial investment assets		4	4	4
Total investment assets		4,876	4,945	5,021
Receivables from group enterprises		0	11	0
Other receivables		39	53	55
Total receivables		39	64	55
Current tax assets		27	32	16
Deferred tax assets		0	2	0
Other assets		180	0	0
Total other assets		207	34	16
Total prepayments		5	0	3
Total assets		5,127	5,043	5,095

Balance sheet

DKKm	Parent company		
	30 September 2019	30 September 2018	FY 2018
Liabilities and equity			
Share capital	1,577	1,610	1,610
Other provisions	1,215	1,215	1,215
Proposed dividend	0	0	470
Retained earnings	1,806	1,891	1,453
Total shareholders' equity	4,598	4,716	4,748
Subordinated debt	250	250	250
Subordinated debt	250	250	250
Deferred tax liabilities	39	40	38
Total provisions	39	40	38
Payables to group enterprises	57	32	41
Other payables	183	5	18
Total payables	240	37	59
Total liabilities and equity	5,127	5,043	5,095

Statement of changes in equity

DKKm	Share capital	Other provisions	Retained earnings	Proposed dividend	Shareholders' equity
Shareholders' equity at 1 January 2018	1,655	1,215	1,586	480	4,936
Change in accounting policies			-62		-62
Adjusted shareholders' equity at 1 January 2018	1,655	1,215	1,524	480	4,874
Changes in equity Q1-Q3 2018:					
Profit/loss for the period			504	0	504
Comprehensive income			504	0	504
Dividend distributed			3	-480	-477
	-45		45		0
Purchase and sale of treasury shares			-213		-213
Share option scheme, exercise			28		28
Changes in equity	-45	0	367	-480	-158
Shareholders' equity at 30 September 2018	1,610	1,215	1,891	0	4,716
Adjusted shareholders' equity at 1 January 2018	1,655	1,215	1,524	480	4,874
Changes in equity 2018:					
Profit/loss for the year			569	0	569
Comprehensive income			569	0	569
Cancellation of treasury shares	-45		45		0
Proposed dividend			-470	470	0
Dividende distributed			3	-480	-477
Purchase and sale of treasury shares			-246		-246
Share option scheme, exercise			28		28
Changes in equity	-45	0	-71	-10	-126
Shareholders' equity at 31 December 2018	1,610	1,215	1,453	470	4,748
Shareholders' equity at 1 January 2019	1,610	1,215	1,453	470	4,748
Changes in equity Q1-Q3 2019:					
Profit/loss for the period			424	0	424
Comprehensive income	0		424		424
Dividend distributed			3	-470	-467
Cancellation of treasury shares	-33		33		0
Share option scheme, exercise			29		29
Purchase and sale of treasury shares			-136		-136
Changes in equity	-33	0	353	-470	-150
Shareholders' equity at 30 September 2019	1,577	1,215	1,806	0	4,598

Notes

DKKm	30 September 2019	30 September 2018	FY 2018
Note 1 Investment in group enterprises			
Cost, beginning of period	8,941	8,491	8,491
Additions	0	450	450
Cost, end of period	8,941	8,941	8,941
Revaluation and impairment, beginning of period	-3,924	-3,626	-3,626
Change in accounting policies	0	-62	-62
Dividend received	-600	-850	-850
Profit/loss for the period	454	536	614
Revaluation and impairment of treasury shares in subsidiaries	1	2	0
Revaluation and impairment, end of period	-4,069	-4,000	-3,924
Investment in group enterprises, end of period	4,872	4,941	5,017
Specification of carrying amount:			
Alm. Brand Bank A/S (DKK 1,021 million nominal value wholly owned)	1,920	1,993	1,982
Alm. Brand Forsikring A/S (DKK 1,032 million nominal value wholly owned)	2,952	2,948	3,035
Investment in group enterprises, end of period	4,872	4,941	5,017
DKKm	Q1-Q3 2019	Q1-Q3 2018	FY 2018
Note 2 Income from group enterprises			
Alm. Brand Bank A/S	37	31	22
Alm. Brand Forsikring A/S	417	505	592
Total income from group enterprises	454	536	614
<i>The results are recognised in the following items:</i>			
Income from group enterprises	454	536	614
Total income from group enterprises	454	536	614

NOTE 3 ACCOUNTING POLICIES PARENT COMPANY

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

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

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

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

The interim report is unaudited.

Company information

Board of Directors

Jørgen Hesselbjerg Mikkelsen
Chairman

Jan Skytte Pedersen
Deputy Chairman

Ebbe Castella

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Flemming Fuglede Jørgensen

Boris Nørgaard Kjeldsen

Brian Egested
Employee representative

Helle Låsby Frederiksen
Employee representative

Claus Nexø Jensen
Employee representative

Susanne Larsen
Employee representative

Management Board

Rasmus Werner Nielsen
Chief Executive Officer

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab

Internal auditor

Morten Bendtsen
Group Chief Auditor

Registration

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

Address

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

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