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Alm
Brand

ALM. BRAND

Interim report the fourth quarter 2019

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Group companies

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

Alm. Brand A/S

Alm. Brand Forsikring

Alm. Brand Liv og Pension

Alm. Brand Bank

Alm. Brand Leasing

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 profit and decent business performance

FINANCIAL RESULTS FOR FY2019

In 2019, Alm. Brand generated a consolidated pre-tax profit excluding extraordinary costs of DKK 684 million, as compared with a DKK 724 million profit in 2018. The profit for the year was satisfactory and in line with expectations. Return on equity totalled 14.8%.

The Non-life Insurance and Life Insurance business areas both achieved satisfactory results. While the bank's overall financial performance was in line with expectations, the profit composition was not satisfactory.

The 2019 profit comprised extraordinary costs in a total amount of DKK 115 million, composed of a DKK 85 million provision for restructuring across the group and a DKK 30 million impairment writedown of the capitalised share of the Bankdata capital market programme. Including these items, the pre-tax profit was DKK 569 million.

The Board of Directors recommends distribution of an ordinary dividend of DKK 3.00 per share. This means that Alm. Brand will distribute approximately DKK 460 million for the 2019 financial year, corresponding to a payout ratio of 102% of the profit after tax.

Establishing a more customer-oriented and competitive Alm. Brand

In connection with the release of the preliminary statement of financial results for 2019, Alm. Brand has announced comprehensive changes across group which are intended to unlock the full potential of the "Alm. Brand for the Customer" strategy.

The changes comprise the establishment of a new customer-oriented organisation, freeing-up of resources and a reduction of the headcount. At the same time, new financial targets to be achieved in the period until 2022 will be introduced.

A new customer-oriented organisation divided into Private and Commercial across all of the group's three business areas will be established. At the same time, development activities are being combined in a single organisation, which will be able to quickly and more efficiently deliver new digital solutions that are intended to make it easier and more attractive to be a customer of Alm. Brand. The initiatives also include measures to reduce the group's costs with effect immediately.

In connection with the establishment of the new organisation, the number of full-time equivalents in Alm. Brand will be reduced by 120. Most redundancies will be effected at the group's head office, including in the bank.

At the same time, Alm. Brand will align the bank's service model so that, going forward, the bank will focus its efforts on serving group-wide customers. This will enable the group to offer an even higher level of service to its customers, while improving profitability as a result of a reduced cost base.

Financial outlook for 2020

Against this background, Alm. Brand expects to post a pre-tax profit of DKK 650-700 million in 2020 excluding run-off result, corresponding to an increase of about DKK 150 million, or close to 30%, relative to the comparable 2019 profit. The profit guidance for 2020 includes a profit-enhancing full-year effect of redundancies of approximately DKK 100 million in total.

Non-life Insurance is expected to generate a pre-tax profit excluding run-off result of about DKK 525 million, Life Insurance a pre-tax profit of about DKK 100 million and Banking a profit of about DKK 100 million before tax. The combined ratio is expected to be in the region of 91 in 2020.

The financial outlook is based on the assumption of continued low interest rates in 2020. The group has a substantial portfolio of investment assets, and a continued low interest rate level therefore affects all of the group's business areas.

Financial targets for the period until 2022

In continuation of the above-mentioned changes, Alm. Brand has introduced new financial targets to be achieved in the period until 2022:

- growth in Non-life Insurance defined as an average annual increase in gross premiums of 3%;
- improved earnings in Non-life Insurance as expressed by a combined ratio of less than 90 and a gross expense ratio of about 16%;
- improved earnings in Banking as expressed by an annual return on equity of at least 10% before amortisation of customer relationships and tax;
- average annual growth in regular premium payments in Life Insurance of 7%.

In addition to the financial targets, Alm. Brand will strive to achieve its non-financial targets in respect of customer and employee satisfaction. The target for customer satisfaction as expressed by the net promoter score has been raised from 60 to 70, while the target for employee satisfaction is maintained at a score of 80.

Targets for the group

DKKm	Realised 2019	Target 2022
Non-life Insurance, average growth in gross premiums p.a.	1.7%	3%
Non-life Insurance, combined ratio excluding run-off result	90.8%	90%
Non-life Insurance, gross expense ratio	17.4%	16%
Banking, return on equity before amortisation of customer relationships and tax	5.1%	10%
Life Insurance, average growth in regular premiums p.a.	4.7%	7%
Customer satisfaction (NPS)	65	70
Employee satisfaction	78	80

Non-life Insurance

Non-life Insurance generated a pre-tax profit excluding extraordinary costs of DKK 607 million in 2019, as compared with DKK 652 million in 2018. The profit was favourably affected by a positive trend in the underlying business, but lower run-off gains relative to last year and a negative effect from a lower discount rate detracted from performance. The 2019 profit included run-off gains of DKK 77 million, against DKK 196 million in 2018, reflecting, in line with expectations, a decline in the effect of run-offs on the profit. The performance was satisfactory and in line with expectations.

Gross premiums increased by 1.7% in 2019 to a total of DKK 5,365 million, against DKK 5,274 million in 2018. The private customer segment and the commercial customer segment contributed to the overall growth by 0.9% and 2.6%, respectively. Customer retention remained high in both segments, although affected by profitability-enhancing measures. Overall growth was in line with the most recent guidance, but it fell short of the guidance provided at the beginning of the year.

Excluding extraordinary costs, the combined ratio was 89.4%, composed of a claims experience of 72.0% and costs of 17.4%. The combined ratio was favourably affected by a general improvement of the underlying business and an overall positive major claims and weather-related claims experience, whereas a declining discount rate and lower run-off gains detracted from performance. Costs were slightly higher than anticipated, among other things due to continued investments in digitalisation.

Non-life Insurance continued its insurance product digitalisation activities in 2019. These activities include product characteristics, underlying processes and customer-oriented self-service options.

The investment return after technical interest was a profit of DKK 37 million, against a loss of DKK 33 million in 2018.

This performance was satisfactory in light of the very low interest rate level and the fact that the change in the calculation of the VA premium at the beginning of the year resulted in an extraordinary expense of about DKK 25 million.

Life Insurance

Life Insurance generated a pre-tax profit excluding extraordinary costs of DKK 96 million in 2019, as compared with DKK 104 million in 2018. The performance was satisfactory and in line with expectations.

Total pension contributions amounted to DKK 1,850 million, against DKK 2,004 million in 2018. Of this amount, single payments represented DKK 1,047 million, against the exceptionally high level of DKK 1,238 million reported in 2018.

Regular payments increased by 4.7% to DKK 803 million in 2019, against DKK 766 million in 2018, which was short of expectations.

The substantial influx of corporate pension schemes remained the company's overriding growth driver. This development should be seen in light of a number of initiatives taken to simplify access for the customer through digitalised underwriting and in connection with provision of personal health information.

The bonus rate was 16.1% at 31 December 2019, against 18.6% at the year-end.

lier date, due to a sustained low interest rate level and the rate on policyholders' savings of 3.5% paid in the past year. The bonus rate was satisfactory considering the interest rate level and enables Life Insurance to continue to offer a competitive rate on policyholders' savings. The rate on policyholders' savings for 2020 has been determined at 2.5%, which is still one of the highest rates in the market.

Banking

Banking generated a pre-tax profit excluding extraordinary costs of DKK 67 million in 2019, as compared with DKK 26 million in 2018. The higher profit was driven by increased business volume, supported by strong trading and customer remortgaging activity. Earnings benefited from reversed impairment writedowns on loans, while a loss on the investment portfolio related to negative interest on the bank's considerable deposit surplus detracted from performance. Although the profit was in line with expectations, the profit composition was not satisfactory.

Throughout the year, the bank's lending operations were characterised by substantial new lending and a high level of repayment and redemption relative to the size of the lending portfolio. The bank's loans and advances amounted to DKK 5.0 billion at 31 December 2019, which was unchanged from 31 December 2018. The portfolio of Totalkredit loans amounted

to DKK 16.9 billion at 31 December 2019, against DKK 15.3 billion at 31 December 2018, equivalent to an increase of 10.5%.

The declining interest rate level has made it attractive for many customers to convert or remortgage existing loans and, especially towards the end of the summer months, the bank experienced brisk conversion and remortgaging activity. Moreover, the bank experienced brisker asset management and securities trading activity.

As a result of the sustained favourable economic climate, rising property prices and improved economic conditions for several of the bank's customers, the bank was able to reverse writedowns in the amount of DKK 75 million in 2019.

At 31 December 2019, the bank had a deposit surplus of DKK 5.8 billion, which combined with negative money market rates to produce a loss on the investment portfolio with a direct effect on the bank's total earnings of about DKK 25-30 million.

The bank has announced that it will introduce negative interest rates and fee changes for private customers, which is expected to lift 2020 earnings by about DKK 40 million.

Other activities

Other business activities, consisting primarily of corporate expenses, performed

in line with expectations. The performance was a loss of DKK 86 million, against a loss of DKK 58 million in 2018. The higher cost level was primarily due to expensed payments in connection with the departure of the former Chief Executive Officer.

FINANCIAL RESULTS FOR Q4

In Q4 2019, Alm. Brand generated a pre-tax profit excluding extraordinary costs of DKK 152 million, as compared with a DKK 84 million profit in 2018. The Q4 profit was satisfactory and in line with expectations. Including the above-mentioned extraordinary costs, the pre-tax profit was DKK 37 million.

Non-life Insurance posted a pre-tax profit excluding extraordinary costs of DKK 151 million in Q4 2019, against DKK 92 million in Q4 2018. The performance was favourably affected by a generally good claims experience and a strong investment result as compared with the year-earlier period. The technical result was a profit of DKK 98 million before tax in Q4 2019, against DKK 124 million in Q4 2018. The performance was satisfactory and equalled a combined ratio of 92.9, against 90.7 a year earlier, being supported by a favourable underlying trend, but adversely affected by a run-off loss related to provisions to cover workers' compensation claims. The Q4 2019 expense ratio was 17.0.

Life Insurance posted a pre-tax profit excluding extraordinary costs of DKK 25

million in Q4 2019, against DKK 22 million in Q4 2018. Total pension contributions amounted to DKK 453 million lifted by continued growth in regular payments. The performance was in line with expectations and satisfactory.

Banking posted a pre-tax profit excluding extraordinary costs of DKK 22 million in Q4 2019, against a loss of DKK 14 million in Q4 2018. The performance was supported by higher trading income, capital gains on shares and the final settlement of the acquisition of the majority of Saxo Privatbank's activities. While in line with expectations, the performance was not satisfactory.

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 and special risks.

The distributable total capital of the group was DKK 5,391 million at 31 December 2019, corresponding to an excess of DKK 500 million relative to the group's capital target, which marked an improvement of DKK 89 million relative to 30 September 2019. This was primarily due to a decline in the capital target as a result of the bank's lower credit risk.

Capitalisation

DKKm	FY 2019	FY 2018*)
Distributable total capital of the group	5,391	4,795
Internal capital target for the group	4,891	4,715
Excess relative to the capital target	500	80

*) The total capital at 31 December 2018 was reduced by the distributions made in respect of the 2018 financial year.

For purposes of the bank's financing of the MREL add-on, Alm. Brand A/S on 22 January 2020 in a private placement initiated the issue of an unlisted senior bond loan with six years to maturity (possibility of early redemption after five years) carrying interest at the rate of CIBOR 3M plus 1.45%. Final closing of the agreement is 4 February 2020. The proceeds will be channelled to Alm. Brand Bank as non-preferred senior debt in the amount of DKK 150 million carrying interest at the rate of CIBOR 3M plus 2.0% with the same term to maturity and the same possibility of early redemption. The existing loan facility of DKK 250 million with Alm. Brand af 1792 fmba has been reduced by DKK 150 million to DKK 100 million. The loan facility between Alm. Brand A/S and Alm. Brand Bank has been similarly reduced. On completion of this transaction, the uncertainty surrounding the financing of the bank's fully phased-in MREL add-on is considered to have been further reduced.

Alm. Brand remains strongly capitalised with a total excess of about DKK 3 billion relative to the solvency requirement for the group. The capitalisation level is considered sufficient to resist very severe stresses. Alm. Brand has defined a target for future ordinary dividends equivalent to a payout ratio of at least 70% of the profit for the year after tax.

MAJOR EVENTS

Share buybacks

Since 2015, the Alm. Brand Group has used share buyback programmes as part of the total distribution. The principal shareholder, Alm. Brand af 1792 fmba, participates proportionately in the buyback programmes, thereby maintaining its ownership interest of just under 60%.

On 22 March 2019, Alm. Brand completed a DKK 200 million share buyback programme.

On 30 April 2019, the group launched a new share buyback programme of up to DKK 200 million in aggregate, which runs until end-March 2020. At 31 December 2019, shares for a total amount of DKK 161 million had been bought back under the share buyback programme. A small portion is used for the existing share-based remuneration scheme.

Share-based remuneration scheme

The group's employees were offered to participate in a share-based remuneration scheme again in December 2019. The scheme runs for a period of one year with effect from 1 January 2020, and the shares will be granted on a quarterly basis, the first grant taking place in May 2020. The scheme represents a total market value of approximately DKK 31 million.

Shares to be granted under the share-based remuneration scheme are purchased in the equity market, and the scheme has been individually approved by the Danish Financial Supervisory Authority.

Financial highlights and key ratios

	DKKm	Q4 2019	Q4 2018	FY 2019	FY 2018
GROUP	Income				
	Non-life Insurance	1,358	1,329	5,365	5,274
	Life Insurance	453	561	1,850	2,004
	Banking	223	208	825	954
	Investment etc.	98	76	405	376
	Total income	2,132	2,174	8,445	8,608
	Profit/loss				
	Non-life Insurance	151	92	607	652
	Life Insurance	25	22	96	104
	Banking	22	-14	67	26
	Other activities	-46	-16	-86	-58
	Profit before tax excluding extraordinary costs	152	84	684	724
	Extraordinary costs	-115	-	-115	-
	Profit/loss before tax	37	84	569	724
	Tax	-9	-19	-117	-155
	Profit/loss after tax	28	65	452	569
	Total provisions for insurance contracts	23,593	21,626	23,593	21,626
	Consolidated shareholders' equity	4,576	4,748	4,576	4,748
	Total assets	41,798	39,025	41,798	39,025
	Average no. of employees	1,796	1,770	1,796	1,770
	Return on equity before tax (%) *)	13.0	7.0	14.8	15.2
	Return on equity after tax (%) *)	10.1	5.4	11.7	12.0

	DKKm	Q4 2019	Q4 2018	FY 2019	FY 2018
FINANCIAL RATIOS	Earnings per share	0.2	0.4	2.9	3.6
	Diluted earnings per share	0.2	0.4	2.9	3.6
	Net asset value per share	30	30	30	30
	Share price, end of period	59.2	49.3	59.2	49.3
	Price/NAV	2.00	1.65	2.00	1.65
	Average no. of shares (in thousands)	154,631	155,264	155,832	158,150
	No. of shares at year-end, diluted (in thousands)	154,588	157,955	154,588	157,955
	Average no. of shares, diluted (in thousands)	154,989	158,214	156,527	159,723
	Dividend per share	3.0	3.0	3.0	3.0
	No. of shares bought back (in thousands)	1,212	652	3,891	3,959
	Avg. price of shares bought back, DKK	54.4	53.8	56.0	63.6

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

Non-life Insurance

Improved underlying business, but growth slightly below expectations

FINANCIAL RESULTS FOR FY2019

Non-life Insurance generated a pre-tax profit excluding extraordinary costs of DKK 607 million in 2019, which was satisfactory and in line with expectations. Relative to the pre-tax profit of DKK 652 million reported in 2018, the 2019 performance was favourably affected by a good claims experience and a significantly improved investment result, but adversely affected by interest rate developments, weaker growth and a significantly lower run-off result. The run-off result was affected by a change in the processing of industrial injury cases by Labour Market Insurance (Arbejdsmarkedets Erhvervssikring).

The technical result amounted to a profit of DKK 570 million in 2019, against DKK 685 million in 2018.

The total profit for 2019 also comprises extraordinary restructuring costs of DKK 44 in total, bringing the pre-tax profit to DKK 563 million.

The combined ratio was 89.4 in 2019, being favourably affected by a lower level of expenses for weather-related and major claims, but adversely affected by interest rate developments. Net of run-off gains on claims provisions, the combined ratio was 90.8 in 2019, marking a slight improvement relative to the expected level of 91-92.

The underlying combined ratio was 82.6 in 2019, which was slightly higher than expected. Adjusted for interest rate developments, the combined ratio was 81.2 and consequently better than the year before.

Premiums

Gross premiums increased by 1.7% to DKK 5,365 million in 2019, and growth was thus below the expected level of 2-3%. The weaker growth was seen in particular in the private customer segment and was due to profitability-enhancing measures implemented for selected parts of the portfolio as well as sustained fierce competition.

Customer loyalty as measured by the retention rate remains high in both commercial and private lines, which is highly satisfactory. In line with expectations, the retention rate was impacted by the profitability-enhancing measures implemented.

Claims experience

The claims experience was 72.0%, against 69.8% in 2018. The increase in the claims experience should be seen in light of the fact that interest rate developments in 2019 affected the claims ratio by close to 1.4 percentage points, and run-off gains on claims net of reinsurance affected the claims experience favourably by 1.4 percentage points, against 3.7 percentage points in 2018. Relative to expectations, the 2019 claims experience was favourably affected by fewer expenses for weather-related and major claims, but adversely affected by the run-off result, especially in Q4 2019. Net of the run-off result, the claims experience was 73.4%.

Including extraordinary costs, the claims experience was 72.4% in 2019.

Weather-related claims

In 2019, weather conditions were characterised by the absence of severe windstorms. However, there were a number heavy rain and cloudburst incidents in both summer and autumn, although these did not result in significant claims expenses. Expenses for weather-related claims net of reinsurance were DKK 140 million in 2019, against the exceptionally low level of DKK 62 million reported in 2018. Weather-related claims affected the combined ratio by 2.6 percentage points in 2019.

Major claims

Both the number of major claims and total expenses for major claims came out better than anticipated in 2019. In 2019, there were no single claims large enough, whether in size or number, to trigger compensation under the reinsurance covers. Net of reinsurance, major claims expenses totalled DKK 308 million, against DKK 383 million in 2018, having a combined effect on the combined ratio of 5.7 percentage points.

Underlying business

The underlying claims ratio was 65.2 in 2019, which was in line with the year before, although slightly above the expect-

Combined ratio

	2019	2018	2017	2016	2015
Combined ratio, underlying business *)	82.6	82.4	81.3	80.4	78.9
Weather-related claims, net of reinsurance	2.6	1.2	1.5	2.2	4.4
Major claims, net of reinsurance	5.7	7.3	6.6	7.4	5.3
Reinstatement premium	0.0	0.0	0.0	-0.1	0.3
Run-off result, claims	-1.4	-3.7	-5.3	-7.9	-8.5
Change in risk margin, run-off result and current year	-0.1	-0.2	0.3	0.2	0.0
Combined ratio *)	89.4	87.0	84.4	82.2	80.4

*) 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

ed level. The claims ratio was favourably affected by a good experience in private lines in particular, but adversely affected by interest rate developments and a general increase in building insurance claims expenses, including in particular increased expenses for concealed pipework claims. Including extraordinary costs, the underlying claims ratio was 65.6 in 2019.

Run-off result

Run-off gains on claims net of reinsurance amounted to DKK 77 million in 2019, against DKK 196 million in 2018. In line with expectations, the result reflected a lower level of run-off gains following recent years' recalibration of the provisioning models, but also to a significant extent adverse effects resulting from a change in the processing of industrial injury cases by Labour Market Insurance (Arbejdsmarkedets Erhvervssikring). A significant change in the pattern of assessment of loss of earning capacity cases over a period of time has resulted in increased average claims. Non-life Insurance is monitoring these developments closely and will adjust the provisioning level as and when required. As a result, the level of run-off gains on workers' compensation insurance was considerably lower than in previous years. In addition, run-offs in 2019 were adversely affected by a number of adjustments of previously reported personal injury claims on motor liability insurance.

Risk margin

The change in the overall risk margin affected the 2019 performance by a net income of DKK 6 million, equivalent to 0.1 of a percentage point. The amount is composed of a DKK 65 million income attributable to the run-off result and a DKK 59 million expense related to the building-up of risk margin on claims reported in 2019. By comparison, the 2018 result was affected by a net income of DKK 12 million, equivalent to 0.2 of a percentage point, composed of a DKK 72 million income and a DKK 60 million expense.

Costs

Costs totalled DKK 933 million in 2019, against DKK 908 million in 2018, equivalent to an expense ratio of 17.4, which was slightly higher than expected at the beginning of the year.

Including extraordinary costs, total costs amounted to DKK 956 million in 2019.

Net reinsurance ratio

The net reinsurance ratio for the year was 4.6, which was on a par with the expense level reported for 2018. There were no claims events in 2019 large enough to trigger compensation under the reinsurance covers.

Discounting

The discount rates used declined across the yield curve from 31 December 2018 to 31 December 2019. The year was character-

ised by a significant interest rate decline until reaching a historical low in August, after which interest rates have increased slightly. At year-end, long-term interest rates were back in positive territory, while short-term interest rates remain negative. Due to the composition of expected cash flows, the technical provisions are affected the most by movements in short-term interest rates. Overall, interest rate developments impaired the combined ratio by 1.4 percentage points relative to 2018.

PRIVATE

The technical result was a profit of DKK 346 million in 2019, against DKK 334 million in 2018. Including extraordinary costs, the technical result was a profit of DKK 325 million.

The combined ratio was 87.2, which was satisfactory and better than expected, supported by a lower level of expenses for weather-related and major claims.

Premium income was up by 0.9% to DKK 2,695 million, which was below the level expected for the year as a whole. In 2019, Non-life Insurance introduced profitability-enhancing measures for a number of private customers who, from a risk perspective, were not paying the right price. Although the customer retention rate – and thus growth – was adversely affected by the measures introduced in 2019, the retention rate remains at a satisfactory

Private

DKK m	2019	2018
Gross premium income	2,695	2,670
Gross claims expenses	-1,774	-1,771
Insurance operating expenses	-516	-514
Profit/loss on reinsurance	-59	-51
Technical result	346	334
Run-off result, claims	91	95
Run-off result, risk margin	26	30
Gross claims ratio *)	65.8	66.3
Net reinsurance ratio	2.2	1.9
Claims experience *)	68.0	68.2
Gross expense ratio *)	19.2	19.3
Combined ratio *)	87.2	87.5

*) 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

high level. There are still areas of the portfolio where the correlation between price and risk is not satisfactory, and the targeted measures will therefore continue in 2020. Competition in the private customer market remains fierce, especially in motor insurance lines, which has a rub-off effect on other lines as customers normally prefer to pool all of their insurance business with one provider.

The claims experience excluding run-off gains on claims was 71.4%, marking an improvement relative to 2018.

Net of reinsurance, total weather-related claims amounted to DKK 43 million, against DKK 21 million in 2018. In spite of several heavy rain and cloudburst incidents in June, August and September, expenses for weather-related claims for the year were below the expected level. Weather-related claims affected the combined ratio by 1.6 percentage points, against 0.8 of a percentage point in 2018.

Expenses for major claims totalled DKK 57 million net of reinsurance, which was quite a bit below the expected level, affecting the combined ratio by 2.1 percentage points. In 2018, expenses for major claims were DKK 78 million and affected the combined ratio by 2.9 percentage points.

The underlying claims ratio was 67.4 in 2019, which was slightly better than expected and an improvement relative to 2018. The claims ratio fell on a number of large products generally and was favourably affected, among other things, by the continuing in 2019 of recent years' trend of a decline in the number of burglary and theft claims, with Alm. Brand recording the lowest level of burglary claims in more than eight years. However, the claims ratio was adversely affected by a general increase in commercial building claims ex-

penses, with a particularly steep increase in concealed pipework claims.

The run-off result on claims net of reinsurance was a gain of DKK 91 million, against DKK 95 million in 2018, mainly attributable to a positive result on motor and personal accident insurance.

The change in the overall risk margin affected the 2019 performance by an income of DKK 3 million, equivalent to a favourable effect of 0.1 of a percentage point on the combined ratio.

COMMERCIAL

The technical result was a profit of DKK 224 million in 2019, against a profit of DKK 351 million in 2018. Including extraordinary costs, the technical result was a profit of DKK 201 million.

The combined ratio was 91.6, which was higher than expected and 5.1 percentage points higher than in 2018, being favourably affected by fewer expenses for weather-related claims, but adversely affected by a lower level of run-off gains.

Premium income was up by 2.6% to DKK 2,670 million, which was in line with expectations. Competition from Danish players in the commercial customer market is generally fierce, including within sales of insurances for productive farms.

Commercial

DKKm	2019	2018
Gross premium income	2,670	2,604
Gross claims expenses	-1,842	-1,665
Insurance operating expenses	-417	-394
Profit/loss on reinsurance	-187	-194
Technical result	224	351
Run-off result, claims	-14	101
Run-off result, risk margin	39	42
Gross claims ratio *)	69.0	64.0
Net reinsurance ratio	7.0	7.4
Claims experience *)	76.0	71.4
Gross expense ratio *)	15.6	15.1
Combined ratio *)	91.6	86.5

*) 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 customer retention rate remained at a high level.

The claims experience excluding run-off gains on claims was 75.4% in 2019, against 75.3% in 2018.

Net of reinsurance, total weather-related claims amounted to DKK 97 million, which was DKK 57 million more than in 2018. The

higher expense was primarily due to a high frequency of lightning claims in early June and several heavy rain and local cloudburst incidents in June, August and September. Weather-related claims affected the combined ratio by 3.6 percentage points in 2019, against 1.5 percentage points in 2018.

Expenses for major claims were DKK 251 million net of reinsurance, affecting the combined ratio by 9.4 percentage points, which was in line with expectations. In 2018, expenses for major claims were DKK 305 million net of reinsurance and affected the combined ratio by 11.7 percentage points.

The underlying claims ratio was 62.1 in 2019, which was slightly better than expected and on a par with 2018. In 2019, Alm. Brand continued to grow in lines which are less prone to the risk of weather-related and major claims and for which Alm. Brand therefore accepts an above-average underlying claims ratio for the portfolio. However, in some parts of the portfolio profitability is still not satisfactory, and Alm. Brand therefore in 2019 tightened the terms for commercial customers on selected building insurances in the residential segment by introducing higher premiums and higher deductibles. These profitability-enhancing measures are expected to continue in 2020. In addition, individual price adjustments have been implemented on commercial motor

insurance and workers' compensation insurance for customers who, from a risk perspective, were not paying the right price. The claims ratio for the year was moreover adversely affected by interest rate developments and by a general increase in building insurance claims expenses, including in particular claims related to damage caused by concealed pipework.

The run-off result on claims net of re-insurance amounted to a loss of DKK 14 million, against a gain of DKK 101 million in 2018. Run-offs were adversely affected by a change in the processing of industrial

injury cases by Labour Market Insurance (Arbejdsmarkedets Erhvervssikring) as well as by a number of large personal injury claims on motor liability insurance.

The change in the overall risk margin affected the performance by an income of DKK 4 million, equivalent to a favourable effect of 0.1 of a percentage point on the combined ratio.

The net reinsurance ratio was 7.0 in 2019, against 7.4 in 2018. The level of the net expense for reinsurance in 2019 was a result of the positive fact that there were no claims events large enough to trigger compensation under the reinsurance programme.

INVESTMENT RESULT

The investment result after interest on technical provisions was a gain of DKK 37 million in 2019, against a loss of DKK 33 million in 2018. The 2019 performance was satisfactory in light of the very low interest rate level and the fact that the change in the calculation of the VA premium at the beginning of the year resulted in an extraordinary expense of about DKK 25 million.

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

The bond portfolio is placed in Danish government and mortgage bonds and European corporate bonds, and derivative fixed-income instruments are moreover used for general portfolio management purposes. Investments in government and mortgage bonds are predominantly placed in issues carrying the highest rating, whereas investments in corporate bonds are placed in the investment grade segment, i.e. investments carrying a rating of at least BBB-/Baa3.

The return on bonds not attributable to the hedging of provisions contributed negatively to the overall investment result. The low interest rate level and the large remortgaging rounds detracted from the return, whereas the bond portfolio investments were favour-

ably affected by the interest rate declines in 2019.

The interest on technical provisions is calculated using the EIOPA (European Insurance and Occupational Pensions Authority) yield curve including a volatility adjustment (VA) premium. The asset portfolio for the hedging of interest rate risk on provisions is composed so as to match the fluctuations on provisions occurring in step with market changes in the underlying components of the yield curve. The hedging strategy produced a satisfactory result throughout 2019, and the overall result of the hedging portfolio and value adjustment of provisions was positive.

The mortgage deed portfolio includes an option agreement protecting Alm. Brand Forsikring against credit losses, as Alm. Brand Forsikring can sell back mortgage deeds to Alm. Brand Bank if mortgage deed debtors default on their payment obligations. The result of the mortgage deed portfolio fell short of expectations, as the low interest rate level drove up the volume of redemptions, thereby triggering capital losses.

Alm. Brand Forsikring has limited exposure to equities, consisting primarily of equity futures on international equity indices and a small proportion of strategic equities that support the business. The return on the global equity market was positive in 2019 and contribute favourably to the performance.

Investment return

DKK m	2019			2018		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	8,715	121	1.4%	8,480	-4	0.0%
Mortgage deeds etc.	803	6	0.6%	941	13	1.3%
Equities	214	50	28%	212	-18	-7.9%
Properties	50	3	9.4%	13	0	0.6%
Total return on investments	9,782	180	1.8%	9,646	-9	-0.1%
Administrative expenses related to investment activities		-27			-27	
Capital gains related to the discounting of technical provisions		-163			14	
Interest on technical provisions		47			-11	
Net investment return		37			-33	

FINANCIAL RESULTS FOR Q4

The group's non-life insurance activities generated a pre-tax profit of DKK 151 million in Q4 2019, against DKK 92 million in Q4 2018. Including extraordinary costs, the pre-tax profit amounted to DKK 107 million in 2019.

The performance was favourably affected by a generally good claims experience and a strong investment result as compared with the year-earlier period, but adversely affected by run-off losses on workers' compensation insurance.

The technical result was a profit of DKK 98 million in Q4 2019, against DKK 124 million in Q4 2018, corresponding to a combined ratio of 92.9 in 2019, against 90.7 in 2018. The result was adversely affected by run-off losses equalling 2.9 percentage points.

Premium income rose by 2.2% to DKK 1,358 million in Q4 2019 from DKK 1,329 million in the same period of last year.

Weather-related claims totalled DKK 21 million in Q4 2019, against the exceptionally low level of DKK 7 million in Q4 2018. The fourth quarter of 2019 was favourably affected by a rainy autumn without any severe cloudbursts or major windstorms, which meant significantly fewer-than-expected expenses for weather-related claims. Weather-related claims affected the combined ratio by 1.5 percentage points in Q4 2019, against 0.5 of a percentage point in Q4 2018.

Major claims totalled DKK 88 million in Q4 2019, against DKK 124 million in Q4 2018. The number of major claims was higher than anticipated, but with a low average claims expense, and major claims expenses therefore came out slightly below the expected level in Q4 2019. Overall, major claims expenses affected the combined ratio by 6.5 percentage points in Q4 2019 (Q4 2018: 9.3 percentage points), which was lower than the expected full-year level of 7-8 percentage points.

Combined ratio

	Q4 2019	Q4 2018
Combined ratio, underlying business *)	82.4	82.0
Weather-related claims, net of reinsurance	1.5	0.5
Major claims, net of reinsurance	6.5	9.3
Reinstatement premium	0.0	0.0
Run-off result, claims	2.9	-1.1
Change in risk margin, run-off result and current year	-0.4	0.0
Combined ratio *)	92.9	90.7

*) Net of extraordinary costs in a total amount of DKK 44 million, equivalent to an impact of 3.2 percentage points on the combined ratio

The combined ratio of the underlying business was 82.4 in Q4 2019, against 82.0 in Q4 2018. The underlying claims ratio of the portfolio was generally in line with expectations and improved relative to last year, but it included an unfavourable claims

experience on the small portfolio of health and personal accident insurances. The declining interest rate level also detracted from performance.

The run-off result on claims net of reinsurance was a loss of DKK 41 million in Q4 2019, against gain of DKK 13 million in Q4 2018. The negative run-off result in Q4 2019 was due to provisions to cover workers' compensation claims in individual cases.

The expense ratio was 17.0 in Q4 2019, against 17.5 in Q4 2018. Including extraordinary costs, the expense ratio was 18.7 in 2019.

The investment result was a gain of DKK 53 million in Q4 2019, against a loss of DKK 32 million in the year-earlier period. The Q4 2019 investment return was favourably affected by rising equity prices and rising interest rates. The hedging of provisions made for a satisfactory result and provided protection against fluctuations in the fixed-income market, while the volatility adjustment (the VA premium) increased by 13 basis points over the quarter, which had a favourable effect on the investment result.

CAPITALISATION

The total capital of Alm. Brand Forsikring A/S was DKK 3,111 million at 31 December 2019 after recognition of proposed dividends of DKK 400 million.

The company's capital requirement was DKK 984 million, making for an excess coverage of DKK 2,127 million, equivalent to a solvency coverage ratio of 316%.

Equity allocated to Non-life Insurance was DKK 2,426 million at 31 December 2019.

MAJOR EVENTS

Changes to the Management Board

In November 2019, Executive Vice President Jesper Mørch Sørensen chose to retire after 15 years with Alm. Brand Forsikring A/S. The Board of Directors of Alm. Brand Forsikring A/S has appointed Rasmus Werner Nielsen, CEO of Alm. Brand A/S, as Managing Director of Alm. Brand Forsikring A/S until a new candidate has been appointed.

EVENTS AFTER THE BALANCE SHEET DATE

Minor change in the calculation of solvency capital requirement

Effective from 1 January 2020, EIOPA introduced a minor amendment to the rules on calculation of the solvency capital requirement (SCR), which has a minor impact on Non-life Insurance. The change consists partly in an adjustment of certain parameters used in the calculation of health risk and partly in a change of the requirements for recognition of deferred tax in the SCR.

Non-life Insurance

	DKKm	Q4 2019	Q4 2018	FY 2019	FY 2018
INCOME STATEMENT	Gross premium income	1,358	1,329	5,365	5,274
	Claims expenses	-968	-923	-3,616	-3,436
	Insurance operating expenses	-231	-232	-933	-908
	Profit/loss on reinsurance	-61	-50	-246	-245
	Technical result	98	124	570	685
	Interest and dividends, etc.	34	36	136	146
	Value adjustments	-97	-51	44	-155
	Administrative expenses related to investment activities	-7	-8	-27	-27
	Return on and value adjustment of technical provisions	123	-9	-116	3
	Investment return after return on and value adjustment of provisions	53	-32	37	-33
	Profit before tax excluding extraordinary costs	151	92	607	652
	Extraordinary costs	-44	-	-44	-
	Profit/loss before tax	107	92	563	652
	Tax	-24	-20	-127	-139
	Profit/loss after tax	83	72	436	513

	DKKm	Q4 2019	Q4 2018	FY 2019	FY 2018
BALANCE SHEET	Run-off result, claims	-41	13	77	196
	Run-off result, risk margin	13	10	65	72
	Technical provisions	7,375	7,147	7,375	7,147
	Insurance assets	148	148	148	148
	Shareholders' equity	2,426	2,400	2,426	2,400
	Total assets	10,721	10,553	10,721	10,553
FINANCIAL RATIOS	Gross claims ratio *)	71.4	69.4	67.4	65.2
	Net reinsurance ratio	4.5	3.8	4.6	4.6
	Claims experience	75.9	73.2	72.0	69.8
	Gross expense ratio *)	17.0	17.5	17.4	17.2
	Combined ratio *)	92.9	90.7	89.4	87.0
	Combined ratio excluding run-off result *)	90.0	91.8	90.8	90.7
	Combined ratio including extraordinary costs	96.1	90.7	90.2	87.0
	Return on equity before tax (%) *)	18.0	15.0	24.1	28.4
	Return on equity after tax (%) *)	13.9	11.6	18.6	22.3

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

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 continued growth in regular payments

FINANCIAL RESULTS FOR FY2019

The pre-tax profit excluding extraordinary costs totalled DKK 96 million in 2019, in line with expectations. The profit was DKK 8 million lower than in 2018, which was characterised by exceptionally large gains on the risk result. The full-year performance was satisfactory.

The expense and risk result was DKK 53 million, against DKK 70 million in 2018. The result should be seen in light of the exceptionally favourable risk developments in 2018.

The total profit for 2019 also comprises extraordinary restructuring costs of DKK 5 in total, bringing the pre-tax profit to DKK 91 million.

The year was characterised by a significant interest rate decline, as a result of which the expected level of return will be lower going forward. Therefore, the bonus rate was reduced, and a new interest basis reflecting the low interest rate level has been introduced as a consequence.

The bonus rate remains among the best in the market at a total of 16.1%, enabling Alm. Brand Pension to continue to offer one of the highest rates on policyholders' savings in the market. Offering a rate on policyholders' savings of 2.5% in 2020, Alm. Brand Pension is the market leader for the

seventh year running in terms of delivering policyholder returns.

The company's total assets under management grew by 12%, from DKK 14.5 billion in 2018 to DKK 16.2 billion in 2019. The increase was attributable partly to a high investment return driven by declining interest rates and partly to a sustained high level of pension contributions from policyholders.

Pension contributions

Total premium income for the year was DKK 1,850 million, against DKK 2,004 million in 2018, being favourably affected by continued growth in regular premiums, whereas a lower level of single payments detracted from performance.

Regular premiums increased by 4.7% to DKK 803 million in 2019, against DKK 766 million in 2018, which was below the target level of 7-8%. Measured in terms of the portfolio premium, the volume increased by 6.3% in 2019.

The increase in regular premium payments was driven by a sustained favourable trend in the corporate customer segment in particular, which should be seen in the light of several strategic initiatives which have contributed to supporting developments, including easier access for customers through a digitised and simplified

underwriting process and the fact that Life Insurance has adjusted its pricing of selected products in order to strengthen competitiveness.

Single payments amounted to DKK 1,047 million, against the exceptionally high level of DKK 1,238 million in 2018. As compared with 2017, which provides a better basis of comparison, single payments have increased by more than 50%.

Benefits paid

Benefits paid totalled DKK 1,034 million, against DKK 1,030 million in 2018. The unchanged level was positive in light of the growing portfolio and reflected a continued increase in customer loyalty.

Risk result

The risk result, which expresses the difference between risk premiums and claims expenses, was DKK 44 million, against DKK 62 million in 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 excluding extraordinary costs totalled DKK 101 million in 2019, against DKK 99 million in 2018. This increase was partly due to the sales growth of Life Insurance and partly due to one-off investments

in IT systems to support a good advisory process and ensure that Life Insurance is compliant with the upcoming calculation requirements for provisions under Solvency II by end-2022 at the latest. Including extraordinary costs, costs totalled DKK 106 million.

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was positive at DKK 9 million in 2019, which was DKK 1 million higher than in 2018. The expense result for the year was satisfactory in light of the fact that Life Insurance has some of the industry's lowest costs for average-rate products.

Reinsurance

Reinsurance expenses came to a net amount of DKK 4 million in 2019, which was unchanged from 2018 and marked a satisfactory performance considering the reduction in risk and, by extension, in fluctuations of the company's results from reinsurance.

Investment return on assets allocated to equity

The return on investment assets allocated to equity was a loss of DKK 3 million. This was in line with expectations, given the challenging investment environment with negative short-term interest rates and the fact that the return on assets allocated

to equity included interest expenses for subordinated loans with a principal of DKK 150 million.

Investment return on policyholders' funds

Investment assets belonging to policyholders, which amounted to a total of DKK 16.4 billion at 31 December 2019, are placed in bonds, equities and properties. The return on investment assets belonging to policyholders was approximately DKK 1.3 billion before pension return tax, corresponding to a return of 9.3%, against a return of minus 0.1% in 2018.

Investment return

DKKkm	Investment assets	Return 2019	Return 2018
Bonds	12,821	6.8%	0.8%
Equities	1,888	26.1%	-9.7%
Properties	1,732	9.2%	8.5%
Total	16,441	9.3%	-0.1%

From an overall perspective, the return for the year was satisfactory. The investment return was impacted by the large increases in the equity markets, significant interest rate declines and narrowing spreads on credit bonds and emerging market bonds. Shares, properties and bonds yielded positive returns. In addition to rental income on the property portfolio, a revaluation of the property portfolio was conducted.

The property exposure was increased in 2019 through European property funds, ensuring a better risk balance in the portfolio. Life insurance provisions are calculated using a market value principle that applies an expected cash flow discounted by the yield curve for discounting provisions published by EIOPA. The 10-year point on the yield curve was at 0.30% at 31 December 2019, against 1.17% at 1 January 2019. The underlying risk-free rate of interest dropped in 2019, while the VA premium dropped by 25 basis points, making for a fall in the aggregate EIOPA yield curve. The investment rate decline had an adverse impact on life insurance provisions, which was partly offset by positive returns on the investment assets, however.

Life insurance provisions

Total life insurance provisions grew by DKK 1.8 billion to DKK 15.9 billion in 2019. The

increase was attributable to the investment return achieved for 2019 as well as to the net inflow of pension funds.

Profit margin

The profit margin fell by DKK 70 million over the year, from DKK 427 million at 1 January 2019 to DKK 357 million at 31 December 2019. The decline was due to a calculation adjustment made to better reflect the very low interest rate environment.

Bonus rate

The total bonus rate was 16.1% at 31 December 2019, against 18.6% at 1 January 2019, marking a decline of 2.5 percentage points.

The dip was due to the interest rate declines in 2019, as a result of which the expected level of return will be lower going forward. In 2020, new customers will be

placed in a newly established interest rate group A, for which the bonus rate is on a par with interest rate group 0 at year-end. In interest rate group 3, which comprises customers with a high guarantee rate, the bonus rate was at a highly satisfactory 15.2% at 31 December 2019. This group continues to pursue a prudent investment strategy based on a substantial share of bonds and financial instruments in order to strike a healthy balance between the group's investments and liabilities.

The collective bonus potentials are calculated per contribution group and remained satisfactory at 31 December 2019.

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 A	Interest rate group 0	Interest rate group 1	Interest rate group 2	Interest rate group 3	Total
Technical rate of interest (% p.a.)		0-0.5	0.5-1.5	1.5-2.5	2.5-3.5	3.5-4.5	
Investment assets (DKKbn)	-		12.2	1.0	1.1	2.1	16.4
Rate on policyholders' savings 2019 (% p.a.)		-	3.50	5.50	5.50	6.00	
Rate on policyholders' savings 2020 (% p.a.)		2.50	2.50	5.50	5.50	6.00	
Bonus rate (%)			16.3	19.9	13.0	15.2	16.1
Return (% p.a.)	2.7		10.3	8.6	5.5	7.3	9.3
Distribution of investment assets (%):							
Bonds	100		76	76	86	88	78
Equities	0		13	13	5	5	12
Properties	0		11	11	9	7	10

*Portfolios without bonus entitlement

FINANCIAL RESULTS FOR Q4

Life Insurance generated a pre-tax profit excluding extraordinary costs of DKK 25 million in Q4 2019, against DKK 22 million in Q4 2018.

The Q4 2019 performance was overall in line with expectations, driven mainly by a positive risk result and business growth, which resulted in decent earnings from cost contributions.

As a result of the combination of increasing interest rates in Q4 2019, favourable equity market developments and an adjustment of the value of property investments of approximately DKK 70 million, the bonus rate increased by 4.7 percentage points from 11.4% to 16.1% at 31 December 2019. The bonus rate remains one of the highest in the market, enabling Life Insurance to offer a competitive rate on policyholders' savings.

Total pension contributions fell by 19% to DKK 453 million in Q4 2019 from DKK 561 million in Q4 2018, composed of an increase in regular premiums of 5% and a decline in single payments of 34%. The decline in single payments was due to a lower rate on policyholders' savings than in 2018, but the performance was still 22% higher than in 2017, which provides a better basis of comparison.

The risk result, which expresses the difference between risk premiums and claims expenses, was DKK 12 million, against DKK 11 million in Q4 2018.

Acquisition costs and administrative expenses totalled DKK 23 million in Q4 2019, against DKK 27 million in Q4 2018. Including extraordinary costs, costs amounted to DKK 28 million in Q4 2019.

The expense result was DKK 3 million in Q4 2019, an increase of DKK 2 million relative to Q4 2018.

The return on investment assets belonging to policyholders was a loss of DKK 201 million before tax on pension returns in Q4 2019, corresponding to a return of minus 1.2%.

Investment return

DKK m	Investment assets	Return Q4 2019	Return Q4 2018
Bonds	12,821	-3.1%	0.6%
Equities	1,888	7.2%	-14.2%
Properties	1,732	4.8%	4.9%
Total	16,441	-1.2%	-1.4%

The return on customer investment assets was favourably affected by equity market developments, while bonds contributed negatively due to interest rate increases across most bond markets. In addition to rental income on the property portfolio, a revaluation to market value was conducted in Q4 2019, resulting in a Q4 return of 4.8% on the property investments.

CONTRIBUTIONS TO BANK PENSION SCHEMES

In addition to making payments in Life Insurance, customers have the option of paying into market-based investment schemes with the bank. Total payments into schemes with the bank amounted to DKK 230 million in Q4 2019, against DKK 235 million in Q4 2018. DKK 57 million of the total payments made into schemes with the bank related to the OpsparingPlus product, as compared with DKK 49 million in 2018.

Total pension assets related to pension schemes with the bank amounted to DKK 7.8 billion at 31 December 2019, against DKK 6.9 billion at the year-earlier date, an increase of DKK 0.9 billion. This increase was predominantly attributable to the investment returns achieved in 2019.

CAPITALISATION

The total capital of Alm. Brand Liv og Pension A/S amounted to DKK 1,043 million at 31 December 2019.

The company's capital requirement was DKK 146 million, making for an excess coverage of DKK 897 million, equivalent to a solvency coverage ratio of 717%. The company's capital requirement is very low as a result of the large bonus potentials.

Equity allocated to Life Insurance was DKK 626 million at 31 December 2018.

OTHER EVENTS

New forecast assumptions

Long-term interest rates dropped significantly in 2019, but have moved a bit higher since the late summer low. The Danish Pension Forecast Council, which is in charge of determining the pension industry's common societal assumptions used in the calculation of pension customer forecasts, has therefore downgraded expectations for achievable returns going forward. This means that, in future, customers have to save up more if they want to achieve the same financial position in retirement as previously.

An agreement has been made in the pension industry that the forecast used by a pension company to calculate a customer's pension benefits must be supplemented by an assessment of forecast uncertainty. This is done to better be able to compare offers from different companies – and not least to be able to illustrate the difference between market-rate products, for which the customer bears the risk

on the investment side, and guaranteed products, for which the customer obtains certainty for the size of his or her pension.

Life Insurance implemented this effective from 1 January 2020 in order for its customers to be able to better see the value of an average-rate product in connection with an offer.

Major events

Rate on policyholders' savings for 2020

In December 2019, Life Insurance announced that the company will continue to offer one the market's highest rates on policyholders' savings in the coming year. For 2020, the rate on policyholders' savings has been fixed at 2.5% for new customers.

New basis for writing business

As a result of the very low interest rate level, Life Insurance has applied to use a new underwriting basis with effect from the turn of the year, as a result of which, going forward, new customers will be placed in a newly established interest rate group (A) applicable to customers with a technical rate of interest of up to 0.5%. The establishment of this new interest rate group will not change the competitive situation in terms of the ability to offer new customers an attractive rate of interest compared to the industry in general.

Life Insurance

	DKKm	Q4 2019	Q4 2018	FY 2019	FY 2018
INCOME STATEMENT	Premiums	453	561	1,850	2,004
	Investment return after allocation of interest	-174	-173	1,131	-41
	Benefits paid	-269	-236	-1,034	-1,030
	Total insurance operating expenses	-23	-27	-101	-99
	Result of ceded business	0	-3	-4	-4
	Change in life insurance provisions	-13	-91	-1,813	-687
	Change in profit margin	53	-8	70	-35
	Government tax on unallocated funds	0	0	0	0
	Technical result	27	23	99	108
	Return on investment allocated to equity	-2	-1	-3	-4
	Profit before tax excluding extraordinary costs	25	22	96	104
	Extraordinary costs	-5	-	-5	-
	Profit/loss before tax	20	22	91	104
	Tax	-2	-7	-9	-25
	Profit/loss after tax	18	15	82	79
Return requirement for shareholders' equity					
	Return on investment allocated to equity	-2	-1	-3	-4
	Result of portfolios without bonus entitlement	1	0	5	1
	Gruppeliv	4	4	12	10
	Interest result	7	7	29	27
	Expense result	3	1	9	8
	Risk result	12	11	44	62
	Profit before tax excluding extraordinary costs	25	22	96	104
	Extraordinary costs	-5	-	-5	-
	Profit/loss before tax	20	22	91	104

	DKKm	Q4 2019	Q4 2018	FY 2019	FY 2018
BALANCE SHEET	Total provisions for insurance contracts	16,218	14,479	16,218	14,479
	Total shareholders' equity	626	634	626	634
	Total assets	18,239	15,927	18,239	15,927
FINANCIAL RATIOS	Return on equity before tax (%) *)	16.0	12.3	15.6	16.0
	Return on equity after tax (%) *)	14.1	8.5	13.9	12.2
	Bonus rate (%)	16.1	18.6	16.1	18.6

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

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.

Increased business volume challenged by low-interest-rate setting and rising IT costs

FINANCIAL RESULTS FOR FY2019

The bank reported a pre-tax profit excluding extraordinary costs of DKK 67 million in 2019, against DKK 26 million in 2018. The higher profit was driven by increased business volume, supported by strong trading and customer remortgaging activity. Although the profit was within the guided range of DKK 50-70 million, the profit composition was not satisfactory.

The total profit for 2019 also comprises extraordinary restructuring costs of DKK 51 in total, bringing the pre-tax profit to DKK 16 million. The extraordinary costs are composed of a DKK 21 million provision for restructuring costs and a DKK 30 million impairment writedown of the capitalised share of the Bankdata capital market programme.

The bank has achieved a growing business volume and a continued inflow of customers, but the continued negative interest rates have challenged the bank's earnings base. In Q4 2019, the bank therefore announced a number of changes to fees, interest rates and terms, all of which are intended to strengthen earnings. The changes comprise the introduction of negative interest rates on deposits of minus 0.75% for private customers with deposits in excess of DKK 750,000 as well as fees on the bank's basic products.

In combination, the implemented interest rate and fee initiatives and the cost savings are expected, in isolation, to lift the bank's pre-tax profit by approximately DKK 70 million going forward.

The year 2019 was characterised by a continued increase in banking activity, including brisk conversion and remortgaging activity as the bank's customers converted their bank loans to Totalkredit loans and used the low interest rate level to obtain fixed-rate loans. Moreover, 2019 was the first year in which the acquisition of most of Saxo Privatbank was recognised in the financial statements for a full 12-month period. Seen in isolation, the expected synergies were fully achieved in terms of both top line and costs. However, the synergies achieved were to some extent offset by higher costs for the bank's data centre, Bankdata, and the lower interest rate level.

The bank recorded a satisfactory trend in new lending in 2019, which was offset by sustained brisk loan repayment activity, conversion of bank loans to mortgage loans and generally lower borrowing requirements, all of which combined to result in an unchanged level of net lending. The number of Pluskunder, i.e. customers who have pooled all of their business with the bank, increased by 9%.

Income

The bank's income amounted to DKK 706 million in 2019, against DKK 614 million in 2018, marking an increase of DKK 92 million. The 2019 income included the full effect of the acquisition of the majority of Saxo Privatbank's activities, while the 2018 income only included earnings from the second quarter onwards. Total income was higher than expected, among other things as a result of a number of non-recurring factors.

Net interest and fee income was DKK 365 million in 2019, against DKK 343 million in 2018, which was less than expected. Throughout the year, the bank was impacted by an interest margin continuing to be under pressure. In addition, competition among banks for the most attractive customers remained intense.

Trading income increased by 50% to DKK 202 million, against DKK 135 million in 2018, in line with expectations. In Q2 2019, the bank insourced the flow of mortgage bond trading in connection with the raising of new mortgage loans, which was previously handled by the bank's business partner Totalkredit. The year was characterised by record-high remortgaging wave, resulting in substantial mortgage bond trading volumes and contributing some DKK 10-15 million to the bank's earnings.

Leasing generated net income of DKK 75 million in 2019, which was on a par with 2018, but slightly lower than expected. Commercial customer leasing reported continued growth, seeing a volume increase of 15%, and now constitutes the largest share of the leasing portfolio. Leasing has invested in a new IT system to support commercial customer servicing and provide an even better overview of the customers' mobility solutions.

Private customer leasing experienced a setback in spite of a growing total private leasing market, which, however, is characterised by private customer leasing increasingly being offered outside the sphere of traditional leasing companies.

Other income amounted to DKK 64 million in 2019, against DKK 61 million in 2018, comprising gains on a number of shareholdings and income related to the final settlement of the acquisition of the majority of Saxo Privatbank's activities.

Costs

Costs amounted to an aggregate of DKK 622 million in 2019, against DKK 598 million in 2018. The higher level of costs was mainly attributable to an increase in costs related to compliance and IT, including primarily costs related to development programs for the bank's data centre, Bank-

data, and internal system development to support new statutory requirements and digital solutions for customer-oriented platforms.

Including extraordinary costs, costs amounted to DKK 673 million in 2019.

Investment portfolio earnings

The bank's investment portfolio earnings for 2019 amounted to a DKK 60 million expense, against an expense of DKK 52 million in 2018. The performance was the result of the historically low interest rate level with negative interest rates combined with rising excess liquidity in the bank.

Impairment writedowns

The bank made a DKK 75 million reversal of impairment writedowns in 2019, against DKK 86 million in 2018. The trend from the past two years continued in 2019, with favourable economic conditions improving the financial position of private households and commercial customers. DKK 21 million of the reversed impairment writedowns was interest income from loans written down. The reversal of the remaining amount primarily related to a number of lending exposures which, through persistent efforts, were successfully redeemed.

Impairment writedowns

DKKm	2019	2018
Loans and advances		
Private	45	17
Commercial	11	59
Agriculture	37	35
Loan impairment charges	93	111
Mortgage deed option agreement ^{a)}	-18	-25
Total impairment writedowns (income)	75	86

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

Business volume

The bank's total business volume, comprising bank loans, mortgage loans and leasing activities, developed favourably in 2019 and totalled DKK 22.8 billion at 31 December 2019, against DKK 21.1 billion at 31 December 2018, equivalent to an increase of 7.5%.

The bank's loans and advances amounted to DKK 5.0 billion at 31 December 2019, which was unchanged from 31 December 2018. The development should be seen in the context of conversion of bank loans to mortgage loans in the amount of approximately DKK 100 million.

Retail

The group's strategy "*Alm. Brand for the Customer*" in 2019 resulted in progress in the collaboration across the group's business areas, which have all become better at referring customers internally. Accordingly, more than half of the bank's new customers are referrals from the group's other business areas.

The low interest rate level in 2019 enabled home owners to convert higher-interest or floating-rate loans to loans with low, fixed interest rates. A number of customers at the same time chose to utilise their home equity to raise top-up loans to obtain increased financial latitude or to make payments on higher-interest bank loans. The portfolio of Totalkredit loans grew by DKK 1.6 billion or 10.5% in 2019 to a total of DKK 16.9 billion. The very brisk conversion and remortgaging activity in 2019 affected the bank's income favourably, but conversions from floating-rate to fixed-rate loans on the other hand means a lower administration margin for customers going forward and thus less income for the bank.

Leasing

The leasing portfolio totalled DKK 943 million at 31 December 2019, distributed on some 8,000 lease agreements. From an overall perspective, leasing activities have traced a stable development trend in recent years.

The leasing market developed favourably in 2019, with growth in both the commercial customer and the private customer segments, but the market is also extremely competitive. Alm. Brand Leasing 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 of 15%, with increases in orders for both passenger cars and commercial vehicles, and the bank expects this trend to continue in 2020. Due to the fierce competition, including an increase in the number of car dealers offering private car leasing of their own, Alm. Brand Leasing has experienced a decline in the portfolio of privately leased cars.

Agriculture

Pig breeders benefitted from favourable terms during parts of 2019 due to rising settlement prices as a result of the outbreak of swine fever in China. As the bank's customers begin to report earnings as a result of the good settlement prices, the bank's risk and impairment writedowns are expected to be reduced. Generally, grain and dairy producers are also doing well, as prices have stabilised at a decent level. At 31 December 2019, gross lending in the agricultural portfolio amounted to DKK 449 million, with net lending at DKK 85 million, marking a significant reduction of the portfolio.

Financial Markets

Throughout 2019, Financial Markets experienced a high level of activity with rising trading volumes and sustained growth in the sale of actively managed investment mandates, following a period of customers preferring passively managed solutions.

In addition, more customer relationships were established with high net worth clients contributing a greater business volume than previously as a result of the fact that the bank is now able to offer a combined solution comprising Private Banking, Alm. Brand Trader and Asset Management. At the same time, both existing and potential customers are seen to attach great importance to the bank's ESG focus

(sustainability), which in several cases was the factor that made them choose Alm. Brand Bank.

Deposits

The bank's deposits totalled DKK 10.8 billion at 31 December 2019, against DKK 10.5 billion at 31 December 2018. The bank has a substantial deposit surplus of DKK 5.8 billion, which, based on the money market conditions that prevailed throughout the year, resulted in a loss for the bank of DKK 25-30 million in 2019.

Liquidity

At 31 December 2019, the liquidity coverage ratio (LCR) was 386%.

FINANCIAL RESULTS FOR Q4

The bank generated a pre-tax profit excluding extraordinary costs of DKK 22 million in Q4 2019, as compared with a DKK 14 million loss in Q4 2018. The profit was affected in particular by capital gains on shares and income related to the final settlement of the acquisition of the majority of Saxo Privatbank's activities.

Income

Net interest and fee income amounted to DKK 95 million in Q4 2019, which was on a par with Q4 2018 and below the expected level. The intensified competition for the best banking customers put the interest margin under pressure. In Q4 2019, the bank announced the introduction of negative interest rates on deposits and fee changes. Seen in isolation, these initiatives are expected to improve the bank's earnings going forward by about DKK 40 million annually.

Trading income amounted to DKK 50 million in Q4 2019, against DKK 31 million in Q4 2018. The mortgage bond trading volume normalised after two large remortgaging waves in Q2 and Q3 2019, but the bank on the other hand reported record-high sales of portfolio management solutions for private customers through direct sales as well as through tied agent referrals.

Leasing reported net income of DKK 19 million in Q4 2019, which was on a par with Q4 2018, but slightly below the expected level.

Other income amounted to DKK 38 million in Q4 2019, against DKK 11 million in Q4 2018. The increase was driven predominantly by capital gains on shareholdings and the recognition of the final settlement of the acquisition of the majority of Saxo Privatbank's activities.

Costs

Costs amounted to DKK 165 million in Q4 2019, against DKK 162 million in Q4 2018, the increase being mainly attributable to continued high costs for the bank's data centre, Bankdata.

Including extraordinary costs, costs amounted to DKK 216 million.

Investment portfolio earnings

Investment portfolio earnings were a loss of DKK 24 million in Q4 2019, against a loss of DKK 18 million in Q4 2018. The performance was attributable to a combination of the placement requirement of the bank's excess liquidity and the historically low money market rates.

Impairment writedowns

The bank made a DKK 17 million reversal of impairment writedowns in Q4 2019, against DKK 21 million in Q4 2018. Like the

Credit exposure after writedowns

DKKmn	Share of portfolio in %	31 December 2019	30 September 2019	30 June 2019	31 March 2019	31 December 2018
Loans and advances						
Private	64	3,694	3,772	3,815	3,801	3,745
Commercial	16	935	1,008	877	880	942
Agriculture	2	85	97	103	122	118
Total loans and advances	82	4,714	4,877	4,795	4,803	4,805
Mortgage deed option agreement	14	803	848	888	908	941
Reverse transactions and intra-group exposures	4	246	184	5	256	150
Total credit exposure	100	5,763	5,909	5,688	5,967	5,896

impairment writedowns made in the first three quarters of the year, the reversals were attributable to favourable economic conditions. DKK 5 million of the reversed impairment writedowns related to interest income from loans written down. The reversal of the remaining amount primarily related to a number of lending exposures which were successfully redeemed.

Capitalisation

The bank's total capital was DKK 1.9 billion at 31 December 2019 after recognition of proposed dividends of DKK 100 million. The total capital ratio for the group was 20.0%.

Capitalisation

DKKm	Parent company	Group
Total capital	1,886	1,866
Risk exposure amount	8,757	9,327
Total capital ratio	21.5	20.0
Tier 1 capital ratio	19.5	18.1
Individual solvency need (%)	11.8	11.8
Excess cover (%)	9.7	8.2

Capital reservation for credit risk

The bank's total capital reservation for credit risk amounted to DKK 1,442 million at 31 December 2019, against DKK 1,946 million at 31 December 2018. The capital reservation equalled 25% of the credit exposure, against 27% at 31 December 2018.

SUPERVISORY DIAMOND

At 31 December 2019, the bank was in compliance with all five threshold values of the supervisory diamond of the Danish Financial Supervisory Authority.

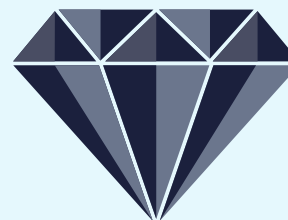
Developments in the bank's supervisory diamond values were in line with expectations.

Capital reservation for credit risk

DKKm	31/12/2019						31/12/2018	
	Total assets	Credit exposure ^{a)}	Accumulated impairment writedowns ^{b)}	Required capital	Total Reservation/ capital reservation	Total Reservation/ credit exposure	Total reservation	Reservation/ credit exposure
Private	3,694	4,015	321	301	622	15%	625	15%
Commercial	935	1,107	172	249	421	38%	842	34%
Agriculture	85	449	364	22	386	86%	466	83%
Total, excl. reverse transactions	4,714	5,571	857	572	1,429	26%	1,933	27%
Reverse transactions and intra-group exposures	246	247	1	12	13	5%	13	9%
Total, group	4,960	5,818	858	584	1,442	25%	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



Large exposures

Threshold value < 175% **2019** 52% **2018** 43%

Growth in lending

Threshold value < 20% **2019** -0.5% **2018** 23%

Funding ratio

Threshold value < 1 **2019** 0.43 **2018** 0.44

Property exposure

Threshold value < 25% **2019** 8% **2018** 9%

Excess liquidity coverage

Threshold value > 100% **2019** 434% **2018** 496%

Banking

	DKKkm	Q4 2019	Q4 2018	FY 2019	FY 2018
INCOME STATEMENT	Net interest and fee income	95	93	365	343
	Trading income	50	30	202	135
	Leasing	19	19	75	75
	Other income	38	11	64	61
	Total income	202	153	706	614
	Costs	-165	-162	-622	-598
	Core earnings	37	-9	84	16
	Investment portfolio earnings	-24	-18	-60	-52
	Profit/loss before depreciation, amortisation and impairment losses	13	-27	24	-36
	Amortisation, customer relationships	-8	-8	-32	-24
	Impairment writedowns	17	21	75	86
	Profit before tax excluding extraordinary costs	22	-14	67	26
	Extraordinary costs	-51	-	-51	-
	Profit/loss before tax	-29	-14	16	26
	Tax	4	5	-4	-5
	Profit/loss after tax	-25	-9	12	21

	DKKkm	Q4 2019	Q4 2018	FY 2019	FY 2018
BALANCE SHEET	Loans and advances	4,960	4,955	4,960	4,955
	Deposits	10,824	10,480	10,824	10,480
	Shareholders' equity	1,896	1,984	1,896	1,984
	Total assets	13,470	13,233	13,470	13,233
FINANCIAL RATIOS	Interest margin (%)	2.0	2.3	2.2	2.2
	Income/cost ratio	0.90	0.94	1.02	0.98
	Impairment ratio for the period	-0.2	-0.1	-0.8	-0.9
	Total capital ratio	20.0	20.3	20.0	20.3
	Return on equity before tax (%) *)	4.5	-2.9	3.4	1.4
	Return on equity after tax (%) *)	3.1	-1.9	2.7	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.

The key ratios for 2019 have been calculated net of extraordinary costs totalling DKK 51 million before tax.

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 31 December 2019.

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

In our opinion, the interim report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2019 and of the group's cash flows for the period 1 January to 31 December 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, 30 January 2020

Rasmus Werner Nielsen
Chief Executive Officer

Board of Directors

Copenhagen, 30 January 2020

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

DKKmn	Note	Group			
		Q4 2019	Q4 2018	FY 2019	FY 2018
Income					
Premium income		1,811	1,890	7,215	7,278
Interest income etc.		172	161	705	671
Fee income etc.		67	38	227	181
Other income from investment activities		0	7	4	7
Other income		82	78	294	471
Total income		2,132	2,174	8,445	8,608
Costs					
Claims incurred		-1,258	-1,159	-4,671	-4,466
Interest expenses		-15	-16	-46	-64
Other cost from investment activities		-64	-7	-111	-54
Impairment of loans, advances and receivables, etc.	1	19	7	81	77
Acquisition and administrative costs		-542	-470	-1,907	-1,980
Total costs		-1,860	-1,645	-6,654	-6,487
Profit from business ceded		-61	-53	-250	-249
Change in life insurance provisions		28	-62	-1,772	-658
Change in profit margin, Life Insurance		53	-8	70	-35
Exchange rate adjustments		-301	-356	916	-518
Tax on pension investment returns		46	34	-186	14
Profit/loss before tax		37	84	569	675
Tax		-9	-19	-117	-106
Profit/loss after tax		28	65	452	569
Earnings per share, DKK		0.2	0.4	2.9	3.6
Diluted earnings per share, DKK		0.2	0.4	2.9	3.6

Statement of comprehensive income

DKKm	Group			
	Q4 2019	Q4 2018	FY 2019	FY 2018
Comprehensive income				
Profit for the period	28	65	452	569
<i>Items that may be recycled to profit or loss</i>	0	0	0	0
<i>Items that may not be recycled to profit or loss:</i>				
Revaluation of owner-occupied properties	-41	-29	-41	-29
Transferred to collective bonus potential	41	29	41	29
Tax on other comprehensive income	0	0	0	0
Total other comprehensive income	0	0	0	0
Comprehensive income	28	65	452	569
Proposed allocation of profit/loss:				
Share attributable to Alm. Brand	28	65	452	569
Comprehensive income	28	65	452	569

Balance sheet

DKKm		31 December 2019	31 December 2018
Assets			
Intangible assets		187	211
Owner-occupied properties		752	713
Deferred tax assets		0	46
Reinsurers' share of insurance contracts		170	167
Current tax assets		45	47
Other assets		1,777	1,866
Loans		5,514	5,745
Investment properties		750	724
Investment assets		31,567	28,413
Amounts due from credit institutions and central banks		792	861
Cash in hand and demand deposits		244	232
Total assets		41,798	39,025
Liabilities and equity			
Share capital		1,577	1,610
Reserves, retained profit etc.		2,539	2,668
Proposed dividend		460	470
Consolidated shareholders' equity		4,576	4,748
Subordinated debt		575	575
Provisions for insurance contracts		23,593	21,626
Other provisions		41	52
Deferred tax liabilities		55	0
Other liabilities		1,628	1,295
Deposits		10,492	10,298
Payables to credit institutions and central banks		838	431
Total liabilities and equity		41,798	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 etc.	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 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 FY 2019:						
Profit/loss for the year				452		452
Revaluation of owner-occupied properties				41		41
Transferred to collective bonus potential				-41		-41
Total income	0	0	0	452	0	452
Proposed dividend				-460	460	0
Dividend distributed				3	-470	-467
Cancellation of treasury shares	-33			33		0
Share option scheme, exercise				33		33
Purchase and sale of treasury shares				-190		-190
Changes in equity	-33	0	0	-129	-10	-172
Shareholders' equity, 31 December 2019	1,577	182	1,215	1,142	460	4,576

Capital target

DKKm	Total capital 31 December 2019
Equity	4,576
Intangible assets	-150
NEP facility 2019	47
Share buyback programme, outstanding	-46
Profit and risk margin	378
Tier 2 capital	575
Reservation employee shares	11
Total distributable capital of the group	5,391

DKKm	Capital target 31 December 2019
Non-life insurance (40% of gross premium income)	2,146
Life Insurance (7,5% of life insurance provisions)	1,056
Banking (19,5% of risk weighted assets)	1,819
Reservation MREL add-on	150
Alm. Brand A/S add-on	20
Diversification effects	-300
Consolidated capital target	4,891

Excess relative to internal capital target	500
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Cash flow statement

DKKm			Group	
	FY 2019	FY 2018	FY 2019	FY 2018
Cash flows from operating activities				
Premiums received	7,127	7,279		
Claims paid	-4,404	-4,489		
	42	57		
Interest receivable, dividends, etc.	584	587		
Interest payable	-9	-14		
Payments concerning reinsurance	-269	-214		
Fee income received	234	187		
Fee income paid	-6	-6		
Expences paid	-1,791	-2,220		
Tax on pension investment returns paid	-82	-127		
Other ordinary income received	294	471		
Taxes paid/received	-134	-3		
Cash flows from operating activities	1,586	1,508		
Change in investment placement				
Acquisition of intangible assets, furniture, equipment, etc.	-132	86		
Properties acquired or converted	-35	-135		
Sale/aquisition of equity investments	320	-412		
Sale/repayment of mortgage deeds and loans	291	426		
Sale/aquisition of bonds	-2,055	-862		
Acquisition of activities from Saxo Privatbank A/S	0	-380		
Change in investment placement	-1,611	-1,277		
Change in financing				
Sale/purchase of treasury shares			-157	-218
Dividend distributed			-469	-480
Dividend received, treasury shares			3	3
Change in deposits			194	228
Change in payables to credit institutions			407	99
Change in other liabilities			-10	12
Change in financing *)			-32	-356
Net change in cash and cash equivalents			-57	-125
Cash and cash equivalents, beginning of period			1,093	500
Addition on acquisition of activities from Saxo Privatbank A/S			0	718
Cash and cash equivalents, end of period			1,036	1,093

*) The amount of DKK -32 million consists only of cash inflows og outflows.

Segment reporting

DKKm						FY 2019
	Non-life	Life	Banking	Other	Elimi- nation	Group
Premium income	5,365	1,850	0	0		7,215
Interest income etc.	202	248	259	3	-7	705
Fee income etc.	0	0	280	0	-53	227
Other investment income	0	70	-2	0	-64	4
Other income	0	0	294	0		294
Total income	5,567	2,168	831	3	-124	8,445
Claims incurred	-3,637	-1,034	0	0		-4,671
Interest expenses	-19	-6	-20	-8	7	-46
Other investment expenses	-27	-41	0	-96	53	-111
Impairment of loans, advances and receivables, etc.	0	0	81	0		81
Acquisition and administrative expenses	-956	-106	-909	0	64	-1,907
Total expenses	-4,639	-1,187	-848	-104	124	-6,654
Result of business ceded	-246	-4	0	0		-250
Change in life insurance provisions	0	-1,813	0	0	41	-1,772
Change in profit margin, Life Insurance	0	70	0	0		70
Exchange rate adjustments	-119	1,043	33	0	-41	916
Tax on pension investment returns	0	-186	0	0		-186
Profit/loss before tax	563	91	16	-101	0	569
Tax	-127	-9	-4	23		-117
Profit/loss after tax	436	82	12	-78	0	452

Segment reporting

DKKm	FY 2018					
	Non-life	Life	Banking	Other	Elimi- nation	Group
Premium income	5,274	2,004	0	0		7,278
Interest income etc.	170	264	239	4	-6	671
Fee income etc.	0	0	243	0	-62	181
Other investment income	1	63	1	0	-59	6
Other income	0	0	471	0		471
Total income	5,445	2,331	954	5	-127	8,608
Claims incurred	-3,436	-1,030	0	0		-4,466
Interest expenses	-36	-5	-17	-12	6	-64
Other investment expenses	-27	-39	0	-50	62	-54
Impairment of loans, advances and receivables, etc.	0	0	77	0		77
Acquisition and administrative expenses	-908	-99	-1,032	0	59	-1,980
Total expenses	-4,407	-1,173	-972	-62	127	-6,487
Result of business ceded	-245	-4	0	0		-249
Change in life insurance provisions	0	-687	0	0		-687
Change in profit margin, Life Insurance	0	-35	0	0		-35
Exchange rate adjustments	-141	-342	-5	-1		-489
Tax on pension investment returns	0	14	0	0		14
Profit/loss before tax	652	104	-23	-58	0	675
Tax	-139	-25	44	14		-106
Profit/loss after tax	513	79	21	-44	0	569

Notes

DKKm	Group	
	FY 2019	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	10
New impairment writedowns, net	14	-7
Previously impaired, now finally lost	0	0
Other movements	-3	0
Impairment writedowns, end of year	14	3
<i>Stage 2 significant increase in credit risk</i>		
Impairment writedowns, beginning of year	75	83
New impairment writedowns, net	-16	-8
Previously impaired, now finally lost	0	0
Other movements	-1	0
Impairment writedowns, end of year	58	75
<i>Stage 3 Credit-impaired</i>		
Impairment writedowns, beginning of year	806	1,065
New impairment writedowns, net	-1	-30
Previously impaired, now finally lost	-66	-229
Other movements	3	0
Impairment writedowns, end of year	742	806
<i>Loans which were kredit-impaired at initial recognition</i>		
Impairment writedowns, beginning of year	0	0
New impairment writedowns, net	3	0
Previously impaired, now finally lost	0	0
Other movements	0	0
Impairment writedowns, end of year	3	0
<i>Provisions for losses on guarantees and undrawn credit facilities</i>		
<i>Stage 1 no significant increase in credit risk</i>		
Provisions, beginning of period	10	2
New provisions, net	-7	6
Previously provided for, now finally lost	0	0
Other movements	3	2
Provisions, end of year	6	10

Notes

DKKm	Group	
	FY 2019	FY 2018
<i>Stage 2 significant increase in credit risk</i>		
Provisions, beginning of period	6	2
New provisions, net	-2	4
Previously provided for, now finally lost	0	0
Other movements	0	0
Provisions, end of year	4	6
<i>Stage 3 Credit-impaired</i>		
Provisions, beginning of period	6	5
New provisions, net	3	0
Previously provided for, now finally lost	0	0
Other movements	0	1
Provisions, end of year	9	6
Total impairment writedowns and provisions, end of year	836	906
<i>Impairment writedowns on loans, advances and receivables, etc. recognised in the income statement</i>		
Impairment writedowns on loans and advances for the year	28	59
Provisions for losses on guarantees and undrawn credit facilities for the year	6	-11
Impairment writedowns on receivables from credit institutions and other items subject to credit risk for the year	0	0
Reversal of prior-year impairment writedowns and provisions	0	0
Finally lost, where impairment writedowns/provisions have not been made	-11	-22
Settlements made on debt previously written off	58	51
Recognised in the income statement	81	77

Notes

DKKm	Group	
	FY 2019	FY 2018
Note 2 Own shares		
Nominal value, beginning of year	43	59
Acquired during the year	39	40
Sold during the year	-15	-11
Cancellation of treasury shares	-33	-45
Nominal value, end of year	34	43
Holding number of shares ('000), beginning of period	4,310	5,915
Additions, number of shares	3,891	3,959
Disposals, number of shares	-1,512	-1,064
Cancellation of treasury shares	-3,340	-4,500
Holding number of shares ('000), end of year	3,349	4,310
Percentage of share capital, end of year	2.1%	2.7%

Note 3 Contingent liabilities, guaranties and leasing

Guarantee commitments	4,993	2,708
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The Alm. Brand Group is contractually obliged to pay rent of DKK 50 million over the next five years. The obligation is recognised in Other liabilities as a lease obligation.

The companies of the group have undertaken to participate in investing in unlisted securities at an amount of DKK 363 million.

DKKm	31 December 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	4,578	936	5,514	0	4,649	1,096	5,745
Bonds	20,019	7,655	8	27,682	18,869	7,269	7	26,145
Shares	1,721	143	334	2,198	1,624	158	93	1,875
Investment properties	0	0	750	750	0	0	724	724
Other assets	0	1,328	0	1,328	0	687	0	687
	0	0	0	0	0	0	0	0
Total financial assets	21,740	13,704	2,028	37,472	20,493	12,763	1,920	35,176
<u>Financial liabilities</u>								
Subordinated debt	0	0	575	575	0	0	575	575
Deposits	0	10,491	0	10,491	0	10,298	0	10,298
Other payables	0	604	0	604	0	517	0	517
Total financial liabilities	0	11,095	575	11,670	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	31 December 2019				
	Loans and advances	Bonds	Shares	Investment properties	Subordinated debt
Development in level 3 financial instruments					
Carrying amount, beginning of period	1,096	7	92	724	575
Additions during the year	4	2	213	11	250
Disposals during the year	-151	-1	0	-6	-250
Realised value adjustments	-3	0	1	0	0
Unrealised value adjustments	-10	0	28	21	0
Carrying amount, end of period	936	8	334	750	575
Value adjustments recognised in the income statement	-13	0	29	21	0
31 December 2018					
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

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 Author-

ity’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.

Standards and interpretations not yet in force

At the date of publication of these financial statements, a number of new or amended standards have not yet entered into force and/or been adopted for use in the EU and are therefore not included in these financial statements. Alm. Brand does not expect to implement the new

accounting standards and interpretations until they become mandatory. Except for the ones set out below, none of the new standards or interpretations are expected to have a significant impact on the financial reporting of the group.

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17, Insurance contracts. IFRS 17 replaces IFRS 4, Insurance contracts. The new IFRS standard will have a significant impact on the measurement, presentation and information concerning insurance contracts. The commencement date is currently 1 January 2022, but a proposal has been tabled for postponement until 1 January 2023. The effects of the new standard will be analysed and assessed over the coming years.

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.

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

All 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

		Parent company			
DKK m	Note	Q4 2019	Q4 2018	FY 2019	FY 2018
Income statement					
Income from group enterprises	2	76	78	530	614
Value adjustments, bonds		0	-1	0	-1
Interest income and dividends etc.		1	1	3	4
Interest expenses		-1	-3	-8	-12
Administrative expenses related to investment activities		-61	-14	-96	-50
Profit/loss before tax		15	61	429	555
Tax		13	4	23	14
Profit/loss after tax		28	65	452	569
Comprehensive income					
Profit/loss for the period		28	65	452	569
Comprehensive income		28	65	452	569
Proposed allocation of loss:					
Proposed dividend		0	470	0	470
Retained earnings		28	-405	452	99
Comprehensive income		28	65	452	569
Accounting policies					
	3				

Balance sheet

DKK m	Note	Parent company	
		31 December 2019	31 December 2018
Assets			
Investment in group enterprises	1	4,948	5,017
Total investments in group enterprises and associates		4,948	5,017
Equity investments		1	1
Other loans and advances		2	2
Cash in hand and balances at call		1	1
Total other financial investment assets		4	4
Total investment assets		4,952	5,021
Other receivables		53	55
Total receivables		53	55
Current tax assets		22	16
Other assets		175	0
Total other assets		197	16
Total prepayments		6	3
Total assets		5,208	5,095

Balance sheet

DKKm	Parent company	
	31 December 2019	FY 2018
Liabilities and equity		
Share capital	1,577	1,610
Other provisions	1,215	1,215
Proposed dividend	460	470
Retained earnings	1,324	1,453
Total shareholders' equity	4,576	4,748
Subordinated debt	250	250
Subordinated debt	250	250
Deferred tax liabilities	37	38
Total provisions	37	38
Payables to group enterprises	149	41
Other payables	196	18
Total payables	345	59
Total liabilities and equity	5,208	5,095

Statement of changes in equity

DKKmn	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 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
Share option scheme, exercise			28		28
Purchase and sale of treasury shares			-246		-246
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 FY 2019:					
Profit/loss for the period			452	0	452
Comprehensive income	0		452		452
Cancellation of treasury shares	-33		33		0
Proposed dividend			-460	460	0
Dividend distributed			3	-470	-467
Share option scheme, exercise			33		33
Purchase and sale of treasury shares			-190		-190
Changes in equity	-33	0	-129	-10	-172
Shareholders' equity at 31 December 2019	1,577	1,215	1,324	460	4,576

Notes

DKKm	31 December 2019	31 December 2018
Note 1 Investment in group enterprises		
Cost, beginning of period	8,941	8,491
Additions	0	450
Cost, end of period	8,941	8,941
Revaluation and impairment, beginning of period	-3,924	-3,626
Change in accounting policies	0	-62
Dividend received	-600	-850
Profit/loss for the period	530	614
Revaluation and impairment of treasury shares in subsidiaries	1	0
Revaluation and impairment, end of period	-3,993	-3,924
Investment in group enterprises, end of period	4,948	5,017
Specification of carrying amount:		
Alm. Brand Bank A/S (DKK 1,021 million nominal value wholly owned)	1,895	1,982
Alm. Brand Forsikring A/S (DKK 1,032 million nominal value wholly owned)	3,053	3,035
Investment in group enterprises, end of period	4,948	5,017
	FY 2019	FY 2018
DKKm		
Note Income from group enterprises		
Alm. Brand Bank A/S	12	22
Alm. Brand Forsikring A/S	518	592
Total income from group enterprises	530	614
<i>The results are recognised in the following items:</i>		
Income from group enterprises	530	614
Total income from group enterprises	530	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 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.

Bank

The bank's financial highlights and key ratios are presented in accordance with the internal reporting. The accounting policies on page 39 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

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

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