
MAJ INVEST HOLDING A/S

ANNUAL REPORT 2019



CONTENTS

MANAGEMENT'S REVIEW

COMPANY INFORMATION	4
FINANCIAL HIGHLIGHTS - GROUP	5
HIGHLIGHTS AND MAJOR EVENTS	6
BUSINESS DEVELOPMENT	7
MANAGEMENT AND OWNERSHIP ETC.	12
FINANCIAL REVIEW	14
EXECUTIVE FUNCTIONS AND DIRECTORSHIPS	17

FINANCIAL STATEMENTS

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME	21
BALANCE SHEET	22
STATEMENT OF CAPITAL - GROUP	24
STATEMENT OF CAPITAL - PARENT	26
NOTES	29

STATEMENTS

STATEMENT BY MANAGEMENT	50
INDEPENDENT AUDITOR'S REPORT	51

MANAGEMENT'S REVIEW

COMPANY INFORMATION

MAJ INVEST HOLDING A/S

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CVR no. 28 29 54 80
Registered office in: Copenhagen
majinvest.com

AUDITORS

Ernst & Young P/S
Dirch Passers Allé 36
DK-2000 Frederiksberg

BOARD OF DIRECTORS

Tommy Pedersen, chairman
Nils Bernstein
Ruth Schade
Jørgen Tang-Jensen
Tomas Munksgard Hoff (elected by staff)
Søren Krag Jacobsen (elected by staff)
Anders Møller Olesen (elected by staff)

EXECUTIVE BOARD

Jeppe Christiansen
Erik Holm
Henrik Parkhøi



Maj Invest's Executive Board - Erik Holm, Managing Director; Jeppe Christiansen, CEO; Henrik Parkhøi, Managing Director

FINANCIAL HIGHLIGHTS - GROUP

INCOME STATEMENT

DKK thousand	2019	2018	2017	2016	2015
Total gross income	400,150	340,629	467,530	449,193	326,059
- Net interest and fee income	333,944	342,357	406,316	423,517	292,506
- Market value and currency translation adjustments	56,374	(11,427)	45,456	14,509	21,645
- Other operating income	9,832	9,698	15,757	11,167	11,908
Staff costs and administrative expenses	(215,062)	(212,039)	(208,994)	(208,492)	(211,862)
Profit before tax	166,288	115,046	245,222	233,469	107,536

BALANCE SHEET

Shareholders' equity	368,808	418,455	424,201	515,746	358,411
Total assets	637,137	665,740	691,600	798,370	593,751

RATIOS AND KEY FIGURES

Return on equity before tax	42.2%	27.3%	52.2%	53.4%	24.8%
Cost/income ratio	1.74	1.53	2.13	2.08	1.49
Cost in per cent of income	57.4%	65.5%	46.9%	48.0%	67.0%
Tier 1 capital ratio	21.4%	33.0%	31.1%	28.8%	36.1%
Capital ratio	21.4%	33.0%	31.1%	28.8%	36.1%
Own funds in relation to minimum capital requirements	2.7	4.1	3.9	3.6	4.5

Ratios and key figures were drawn up in accordance with the definitions of the Danish Financial Supervisory Authority (FSA).

HIGHLIGHTS AND MAJOR EVENTS

FINANCIAL YEAR 2019

The group's financial results 2019 were satisfactory and above the increased guidance range in the half-year report 2019. The highlights are as follows:

- Profit before tax was DKK 166.3 million, corresponding to a return on average equity of 42.2 per cent. Profit after tax was DKK 132.9 million. Profit for 2019 is somewhat above profit before tax of DKK 115.0 million and profit after tax of DKK 92.0 million reported in 2018.
- Own funds as well as the capital ratio declined in 2019. Thanks to own funds of DKK 247.3 million and a capital ratio of 21.4 per cent at year-end 2019, the group is well capitalised.
- Maj Invest Asset Management has continued its previous years' international growth with an increase in assets from existing as well as new clients. Assets under management for international investors now represent 1/3 of total assets under management.
- Investeringsforeningen Maj Invest (mutual fund), which is advised by Maj Invest Asset Management, reached DKK 25 billion in assets under management and 40,000 investors in 2019.
- Maj Invest Equity has provided advisory services to Maj Invest Equity 4 K/S on the sale of ProLøn A/S with a highly satisfactory result for investors.
- In addition, Maj Invest Equity has provided advisory services to Maj Invest Equity 5 K/S on the acquisition of Wendelbo Møbel Design, Good Food Group and Emballagegruppen and the subsequent sale of Emballagegruppen with a very satisfactory return for investors.
- Maj Invest Equity International has launched advisory services to a third fund investing within microfinancing and financial companies. The initial investment commitment of the fund is USD 116 million with an additional commitment of USD 20 million from existing investors.
- Maj Bank once again saw an increase in the number of clients as well as assets, and a financial result in line with expectations.



BUSINESS DEVELOPMENT

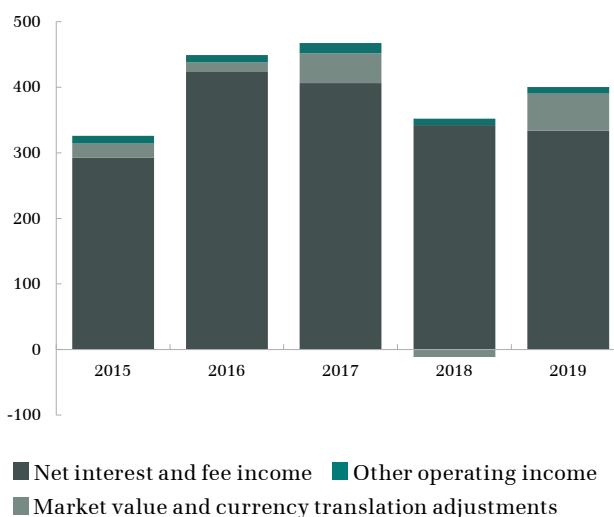
QUICK FACTS 2019 - THE MAJ INVEST GROUP

The Maj Invest group is a Danish financial group with international activities.

- 102 employees (average) in four countries.
- DKK 75 billion in assets under management, including assets in Maj Bank.
- A global and diversified client base.
- Asset management and advisory services on listed securities.
- Investment advisory services to the mutual fund Investeringsforeningen Maj Invest with more than 40,000 investors and total assets of DKK 25 billion.
- Advisory services to five private equity funds of which two primarily invest in companies in Denmark and three invest within microfinancing and financial inclusion.
- Advisory services provided to retail clients in Maj Bank on savings and investments.

TREND IN GROSS REVENUE

DKK million



MILESTONES

2005

Establishment of Fondsmæglerselskabet Maj Invest A/S. Investeringsforeningen Maj Invest (mutual fund) and first Danish private equity fund launched.

2008

Investeringsforeningen Maj Invest (mutual fund) receives first Morningstar rating.

2010

Establishment of first private equity fund within microfinancing.

2011

Private equity fund Maj Invest Equity 4 established.

2013

The mutual fund Maj Invest Funds (Luxembourg) established.

2014

Establishment of representative office in London and of Maj Invest South America, Peru.

2015

Launch of Maj Bank and establishment of additional private equity fund within microfinancing.

2016

Private equity fund Maj Invest Equity 5 established.

2017

Registration in the US (SEC) and with the authorities in Canada.

2018

Establishment of company in India with focus on microfinancing.

2019

Establishment of two investment funds in the US based on value equities. Establishment of third private equity fund within microfinancing.

GROSS REVENUE

DKK million



MAJ INVEST ASSET MANAGEMENT

Maj Invest Asset Management provides advisory services on portfolio and investment decisions and asset management of listed products. Products are offered both as discretionary portfolio management agreements and through 13 funds of Investeringsforeningen Maj Invest (mutual fund) to which the group acts as investment advisor. Products are distributed through distribution agreements in relation to Investeringsforeningen Maj Invest, among other things.

Maj Invest Asset Management provides services to professional investors on listed equity trading, and Maj Invest Asset Management is market maker for all funds of Investeringsforeningen Maj Invest.

In recent years we have been working on an international strategy to distribute our value equity product internationally - by entering into discretionary agreements with investors directly through Maj Invest Funds, which is a mutual fund based in Luxembourg, and via two newly established investment funds in the US.

Generally, 2019 was a good year with large growth in assets under management. Total assets under management increased by a double-digit billion figure comprising both positive returns and an influx of new investors. In particular, our international investors, located on three continents, have contributed to this and now comprise one third of total assets under management.

The objective is to continue the previous years' international strategy and sell selected products internationally in both new and existing markets. The portion of assets under management on behalf of international investors is expected to increase over the next few years.

INVESTERINGSFORENINGEN MAJ INVEST (MUTUAL FUND)

Maj Invest Asset Management acts as investment advisor

STILL INTERNATIONAL CLASS

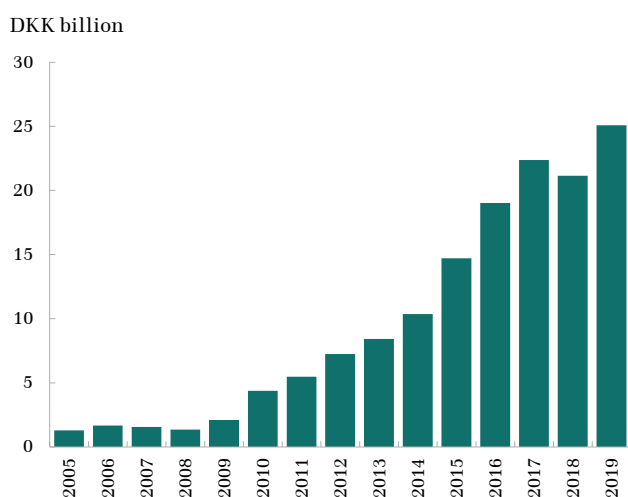
Once again the related funds Maj Invest Value Aktier and Maj Invest Value Aktier Akkumulerende were awarded a Silver rating in Morningstar's qualitative rating of selected funds in 2019. This rating is given by the internationally acknowledged investment research firm on the basis of thorough analysis of the individual funds and their advisors. Rated funds are given one of the following ratings: Negative, Neutral, Bronze, Silver or Gold.

The global equity fund Maj Invest Value Aktier is number six of 583 comparable funds in Europe in terms of performance since its launch at year-end 2005. The figures are from the comparable Morningstar category Global Large-Cap Blend (equities). The fund is first among funds and share classes offering services to retail clients in Denmark.

Maj Invest Pension is number four in terms of performance since its launch at the end of 2005 out of 334 mixed funds offering services to clients throughout Europe in the Morningstar category Balanced EUR Moderate Risk - Global. Maj Invest Pension is ranked number one among funds offering services to retail clients in Denmark.

Maj Invest Globale Obligationer (global bonds) is ranked fourth in its Morningstar category in the period out of all European mutual funds and funds.

Note: Return after deduction of costs from 1 January 2006 to 31 December 2019. Only funds with a track record covering the entire period are included. Source: Morningstar Direct.

TREND IN MUTUAL FUND ASSETS SINCE START


to Investeringsforeningen Maj Invest, which consists of 13 funds and has been offered to both private and professional investors for 14 years.

2019 developed positively with solid returns and a continued influx of investors, resulting in increased assets under management. Assets rose to more than DKK 25 billion, and the total number of investors reached 40,000 at year-end 2019. For Maj Invest Vækstaktier (growth equities), 2019 was quite a satisfactory year with a return of 42 per cent - the highest return in 2019 among all mutual funds listed in Denmark.

MAJ INVEST EQUITY

Maj Invest Equity is among the largest private equity advisors in the small and medium-sized enterprise segment in Denmark. Maj Invest Equity currently advises two funds.

Maj Invest Equity 4 K/S is fully invested. In 2019, Maj Invest Equity provided Maj Invest Equity 4 K/S advisory services on a successful exit from the portfolio company ProLøn A/S, which is a leading supplier of salary and wage software for small and medium-sized companies. The agreement was finalised at the beginning of July 2019. The sale of ProLøn A/S gave investors a highly satisfactory return. Five companies remain in the fund.

INVESTMENT STRATEGY

The investment strategy for Maj Invest Equity 5 K/S is to invest in small and medium-sized Danish enterprises with a value of DKK 225-450 million (EUR 30-60 million). Investments are made in companies that have value creation potential in the areas of service, brands, manufacturing and food. The portfolio companies need to occupy a strong market position or have the potential to carve out a strategic position in a growing market.

Maj Invest Equity 5 K/S usually takes a leading role in the investment, but differs from other private equity funds in that it applies a flexible ownership model that invests in both minority and majority shareholdings. This is done with an active and dynamic partnership philosophy in collaboration with the other shareholders, management and business partners. Focus is on thoroughly aligning expectations with those of our investment partners. This is done by proposing transparent plans, aims and ambitions as well as setting out plans for the most important measures to be implemented during the fund's ownership. Companies must be focused on skills that generate a competitive advantage in the market. Owners and management have to agree on a robust and well-thought-out strategy and business plan. Companies seeking growth, new capital and fresh skills are typical investment opportunities for Maj Invest Equity 5 K/S.

Value creation is based on a long-term operational and strategic increase in value through permanent improvements and innovation. Added to this is the opportunity for targeted organic growth and growth through acquisitions. Long-term ownership, supported by experienced and capable managers and business partners who are able to contribute business improvements for these companies, also forms part of the value creation strategy. These partners will usually undertake roles on the board of the companies, but will also contribute with co-investment. An important prerequisite when investing in a company is that management itself invests in the business. This ensures the best possible convergence of interests between Maj Invest Equity 5 K/S and management.

Maj Invest Equity 5 K/S is still in its investment period and has so far invested in eight portfolio companies and successfully exited a portfolio company. Maj Invest Equity has advised Maj Invest Equity 5 K/S on the acquisition of Good Food Group A/S and Emballagegruppen A/S with activities within food and packaging. The transactions were finalised at the beginning of 2019. Subsequently, Emballagegruppen A/S was sold with a very satisfactory return for the investors. In 2019, Maj Invest Equity also provided advisory services to Maj Invest Equity 5 K/S on the acquisition of Wendelbo Møbel Design A/S, which produces and markets furniture. The plan is to accelerate Wendelbo's international expansion.

Maj Invest Equity works as part of the Maj Invest group on the basis of the same criteria as the UN's Principles for Responsible Investment (UN PRI) in the areas of human rights, labour rights, environment and anti-corruption, among other things.

MAJ INVEST EQUITY INTERNATIONAL

For more than 10 years, Maj Invest Equity International has provided investment advisory services within microfinancing and financial inclusion. Maj Invest Equity International advises three private equity funds with similar investment strategies (financial-first impact investing).

Investments are made in financial institutions and banks providing financial services such as loans, savings accounts, insurance and payment transfers, among other things, to the poorest parts of the population in selected countries in Latin America, Africa and Asia, with a focus on India.

Environmental, social and governance impact, also referred to as ESG impact, is the positive effect from the investments in such financial institutions on clients and the surrounding society. In addition, the investments contribute to a number of the UN's Sustainable Development Goals. As far as ESG impact is concerned, the funds within microfinancing and financial inclusion focus on environmental impact, including reduction of and adaptation to climate changes, social impact and governance impact.

In 2019, the Indian organisation was set up, and together with the company in Peru, six employees abroad now assist the team in Denmark.

Maj Invest Equity International acts as advisor to two funds with investments in Vietnam and Indonesia. No new investments are being made, and focus in 2019 has been on further developing the companies with a view to selling them.

ADVISORY SERVICES EXTENDED TO A NEW FUND, MAJ INVEST FINANCIAL INCLUSION FUND III K/S

In December 2019, Maj Invest Equity International started advising the newly established fund, Maj Invest Financial Inclusion Fund III K/S, which is the third fund within microfinancing.

The two previous funds have performed well in terms of both returns and ESG impact.

Maj Invest Financial Inclusion Fund III K/S will continue the strategy of the previous funds also advised by Maj Invest Equity International. This is to invest directly in the top segment of financial institutions that serve the customer group of the 3-4 billion people below the middle class. The difference between demand and supply in the financial inclusion sector is enormous, and only a fraction of the billion dollar large market has been utilised. Therefore, the sector shows significant growth potential.

The fund's investment potential is highly attractive, and the team in Maj Invest Equity International is well-established in the market. The aim is to have a high-quality investment portfolio with an effective credit policy and efficient loan collection procedures as well as a well-established ESG strategy in compliance with international standards.

The fund has received a good reception from investors, with a first commitment of USD 116 million. Existing investors have committed an additional USD 20 million, and further investment commitments are expected over the next 12 months.

MAJ BANK

Maj Bank provides investment advisory services to clients and offers accounts and custody accounts for savings and investment purposes. Maj Bank is a niche bank providing advisory services to clients as a supplement to their everyday bank business.

The previous years' positive development continued in 2019. Existing clients have increased their business volume, and there has been an influx of clients. This has resulted in total assets growing by 35 per cent in 2019.

RESEARCH AND DEVELOPMENT ACTIVITIES

The group has not had any research activities; however, during financial year 2019 the group has, together with external suppliers, further developed the IT knowledge platform Maj World that is used in Maj Bank A/S. ■



MANAGEMENT AND OWNERSHIP ETC.

Maj Invest Holding A/S is the parent company of the Maj Invest group. Fondsmæglerselskabet Maj Invest A/S and Maj Invest Equity A/S carry out a sizeable portion of its activities. The Maj Invest group also consists of Maj Bank A/S and a variety of management companies related to the group’s activities in the Maj Invest Equity business area.

MANAGEMENT

The board of directors has seven members, three of whom are elected by staff. The executive board has three members. Several of the directors and the executive board are also represented on the board of directors and/or the executive board in other companies in the group. The directorships and executive functions of the board of directors and the executive board can be found in the section entitled “Executive functions and directorships”.

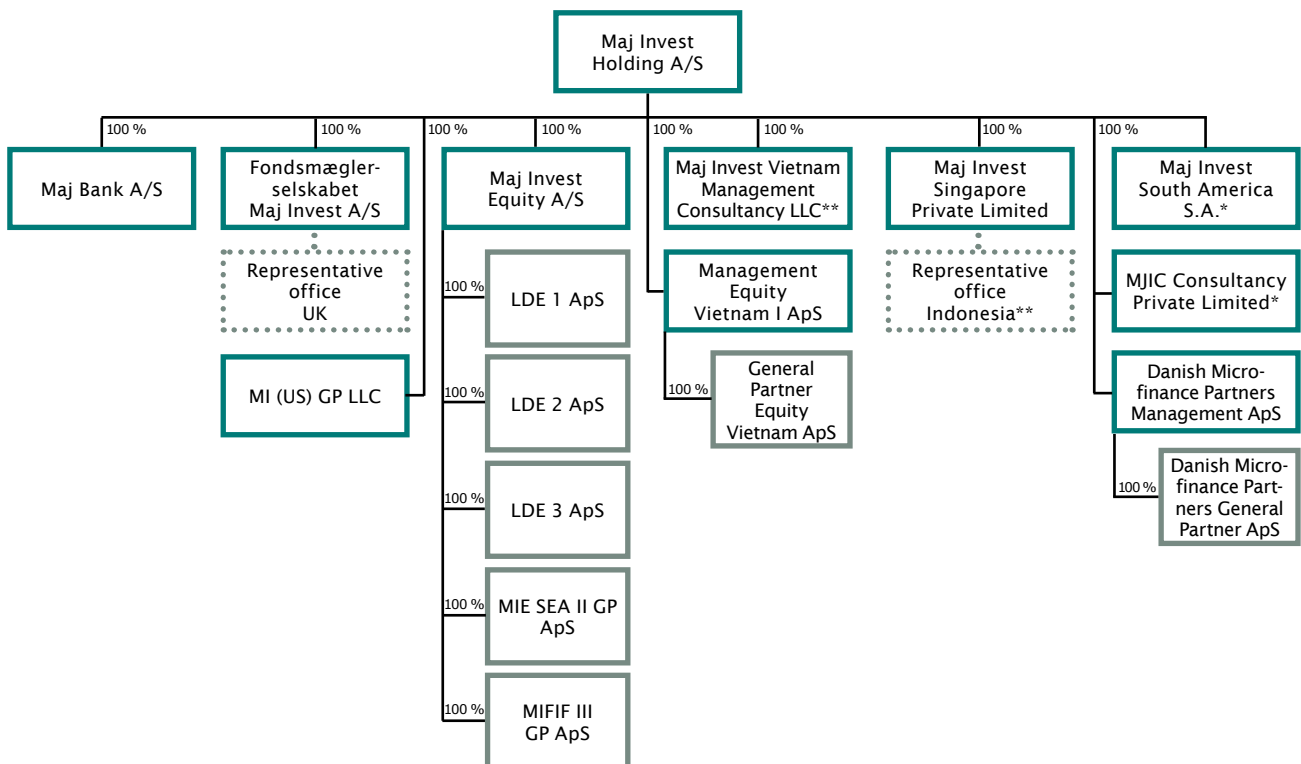
The group’s website, majinvest.com, provides a more detailed description of the group’s legal, management and organisational structure.

In 2019, the board of directors in Maj Invest Holding A/S set a target for the share of the underrepresented gender at 25 per cent of shareholder-elected board members. During the year, the board of directors paid particular notice to this issue and to the diversity policy in general. At year-end 2019, the share of the underrepresented gender was 25 per cent.

The boards of directors of the subsidiaries Fondsmæglerselskabet Maj Invest A/S and Maj Bank A/S have prepared a policy that aims to increase representation of the underrepresented gender at other management levels and, moreover, to encourage diversity. The objective is to continue filling executive positions on the basis of required qualifications, but also to encourage diversity where possible.

The long-term goal is for the company to reflect the surroundings, making it an attractive choice for both clients and current and future employees.

GROUP STRUCTURE



*Jointly owned by two group companies with Maj Invest Holding A/S owning the majority.

**Is being closed down.

Note: Associated companies are not included in the group chart.

SALARY AND REMUNERATION POLICY AND PRACTICE

Once a year, the board of directors revises the group's salary and remuneration policy and practice. The board of directors has decided not to appoint a remuneration committee due to the group's size. The salary and remuneration policy appears (in Danish) on the group's website at majinvest.com/om-maj-invest/information/juridisk-information.

Note 8 in the financial statements provides further information on the remuneration and salaries of the board of directors, the executive board and staff whose activities significantly influence the company's risk profile by fixed and variable remuneration.

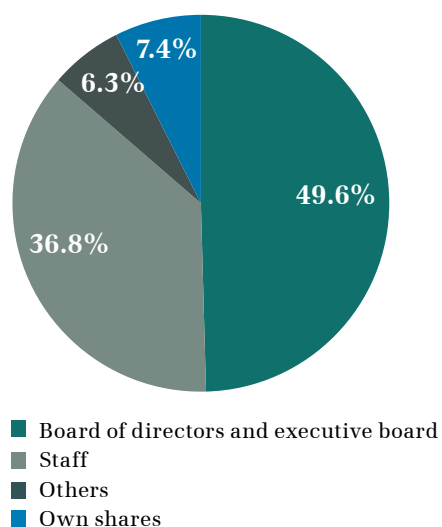
KNOWLEDGE RESOURCES

The group's business activities are based on providing advisory services regarding trading and investing in listed securities and private equity. This puts exacting demands on the qualifications and specialist know-how of the staff. A very high share of the staff has expertise in special investment areas as well as extensive experience within the financial sector.

OWNERSHIP

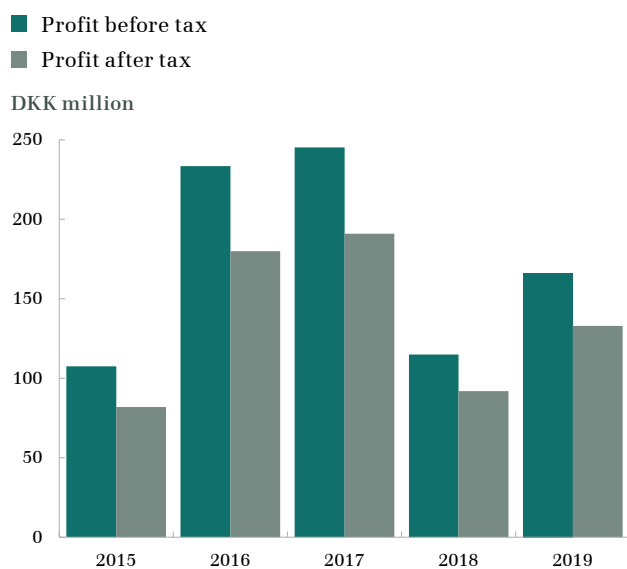
Corporate employees have currently received an offer to buy shares in Maj Invest Holding A/S. This offer to employees should be viewed as an element in furthering shareholders' common interest, retaining the expertise and qualifications in the organisation and thus reinforcing staff commitment in a competitive financial group. The board of directors, the executive board and the majority of staff members own shares in Maj Invest Holding A/S. The shareholder distribution in Maj Invest Holding A/S as of year-end 2019 is shown in the figure below. ■

DISTRIBUTION OF SHARES IN MAJ INVEST HOLDING A/S



FINANCIAL REVIEW

TRENDS IN PROFIT (GROUP)



RECOGNITION AND MEASUREMENT RISKS AND UNCERTAINTIES

The major risks pertaining to recognition and measurement relate to market and liquidity-related transactions, performance fees and, to a smaller degree, to unlisted investments and the calculation of intangible assets.

The market and liquidity-related positions are mostly placed in Danmarks Nationalbank (central bank), in Danish listed mortgage bonds and in large banks in Denmark. Moreover, there are listed as well as unlisted investments - the latter primarily relating to Maj Invest Equity - and the group's treasury-related activities. The value of investments is measured at their fair value and the value is accordingly adjusted on an ongoing basis.

Intangible assets pertain to development costs for the IT platform Maj World and software in general. These assets are written off continuously and the useful value of Maj World and the value of software are assessed on an ongoing basis. Consequently, there is, in our opinion, a modicum of uncertainty associated with the measurement of these assets at year-end 2019.

There have been no extraordinary events in the period under review that can have affected recognition or measurement.

MAJ INVEST HOLDING A/S

Market value and currency translation adjustments relating to the company's treasury activities showed a gain of DKK 40.2 million in 2019, of which equities amounted to DKK 39.7 million. This gain on equities was larger than usual and should be seen in the context of a loss on equities of DKK 15.8 million in 2018. Other market value and currency translation adjustments relate to such adjustments of the company's bond holdings.

Other operating income amounted to DKK 9.0 million in 2019 versus DKK 10.2 million in 2018. The decline is as expected and should be seen in the context of the old funds for which the investment period has ended as there is no administration of the newer private equity funds.

Staff and administrative costs and depreciation charges on tangible assets declined from DKK 14.0 million in 2018 to DKK 13.7 million in 2019.

Impairment losses on loans and advances totalled DKK 4.3 million primarily as a consequence of a borrower's bankruptcy.

Results from interests in associated companies totalled DKK -9.7 million in 2019 compared with DKK -7.0 million in 2018. Associated companies are attributable to the company's treasury investments and should be viewed in the context of the company's other treasury investments referred to under market value and currency translation adjustments.

Results of interests in group enterprises totalled DKK 113.5 million. Results in group enterprises are explained in more detail in "Significant subsidiaries".

Net profit for the year amounted to DKK 132.9 million in comparison with DKK 92.0 million in 2018. Net profit for the year is satisfactory and above the guidance range increased in the half-year report 2019 to profit after tax of DKK 110-130 million.

At year-end 2019, shareholders' equity was DKK 368.8 million and the balance sheet was DKK 491.2 million versus DKK 418.5 million and DKK 517.8 million in 2018, respectively.

SIGNIFICANT SUBSIDIARIES

Fondsmæglerselskabet Maj Invest A/S' gross income was DKK 298.8 million, slightly below gross income of DKK 301.7 million in 2018. As the cost level remained the same, profit after tax amounted to DKK 111.8 million compared with DKK 114.8 million in 2018. Shareholders' equity at year-end 2019 was DKK 210.9 million, and total assets were DKK 268.7 million.

Maj Invest Equity A/S' gross income totalled DKK 53.5 million versus DKK 47.0 million in 2018. The increase can be attributed to an excess return on unlisted equities. Costs amounted to DKK 42.6 million which was on par with 2018. Profit after tax was DKK 10.8 million in comparison with DKK 3.3 million in 2018. Shareholders' equity amounted to DKK 28.9 million at year-end 2019, and total assets were DKK 59.8 million.

Maj Bank A/S' gross income was DKK 7.1 million versus DKK 6.1 million in 2018. Costs totalled DKK 14.5 million, down DKK 2.3 million from 2018. Profit after tax was DKK -5.8 million versus DKK -8.3 million in 2018. Shareholders' equity amounted to DKK 54.0 million at year-end 2019, and total assets were DKK 124.9 million.

For an overview of the profits and shareholders' equity of subsidiaries, please see note 27 "Group overview".

COMMENTS ON SELECTED ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

The group's gross income totalled DKK 400.2 million in 2019 compared with DKK 340.6 million in 2018. The increase stemmed mostly from larger than usual market value and currency translation adjustments. In 2018, market value and currency translation adjustments amounted to a loss of DKK 11.4 million versus a gain of DKK 56.4 million in 2019. The group's equity positions showed a gain of DKK 56.6 million, which can mostly be attributed to the group's treasury activities. In 2018, the group's equity positions showed a loss of DKK 11.9 million. In 2019, the group generated an excess return on unlisted equities (carried interest) from one of the Danish private equity funds advised by the group. Net interest and fee income decreased from DKK 342.4 million in 2018 to DKK 333.9 million in 2019. The decline of DKK 8.5 million primarily relates to lower fee income from the older private equity funds to which the group provides advisory services, and to some extent to the continued low interest rate level and resulting in negative interest rates.

The group's cost level in the form of staff and administrative costs and depreciation charges on tangible assets amounted to DKK 219.9 million in 2019, which is a modest increase from DKK 218.3 million in 2018.

Impairment losses on loans and advances totalled DKK 4.3 million primarily as a consequence of a borrower's bankruptcy. Loans have been provided in connection with a co-investment in the group's treasury investments.

For the treasury-related investments which are associated companies due to the ownership interest/share of votes, results amounted to DKK -9.7 million in 2019 versus DKK -7.0 million in 2018. Results of interests in associated companies should be seen in the context of the group's other treasury-related investments which showed a large positive gain on equity positions in 2019, as previously mentioned.

Consolidated profit before tax amounted to DKK 166.3 million in 2019, equivalent to a return on equity of 42.2 per cent. In 2018, consolidated profit before tax was DKK 115.0 million. Profit after tax amounted to DKK 132.9 million in 2019, which exceeded the upgraded forecast in the half-year report 2019 of profit after tax in the range of DKK 110-130 million. In 2018, profit after tax was DKK 92.0 million.

Total consolidated assets amounted to DKK 637.1 million at year-end 2019 compared with DKK 665.7 million at year-end 2018. More than half of assets are highly liquid and consist of receivables from central banks and credit institutions and listed bond holdings.

At year-end 2019, shareholders' equity totalled DKK 368.8 million versus DKK 418.4 million in 2018. In 2019, dividends of DKK 51.6 million concerning financial year 2018 as well as interim dividends of DKK 140.6 million concerning 2019 were distributed.

CAPITAL AND CAPITAL RATIOS

The group's own funds totalled DKK 247.3 million at year-end 2019 compared with DKK 341.8 million at year-end 2018. Note 26 of the financial statements shows the relationship between shareholders' equity and own funds.

Among other things, the reduction in own funds is the result of distributing interim dividends twice to adjust the group's capital structure.

The group's capital ratio was 21.4 per cent at year-end 2019 in comparison with 33.0 per cent at year-end 2018. Despite the reduction in own funds, the group's own funds are considerably higher than the statutory minimum requirements.

Group risk exposure totalled DKK 1,157.9 million at year-end 2019 versus DKK 1,034.9 million at year-end 2018. Credit risk exposures were DKK 352.1 million, market risk exposures were DKK 118.9 million, and operational risk items were DKK 686.9 million at year-end.

At year-end 2019, the parent's own funds amounted to DKK 251.5 million versus DKK 349.7 million at year-end 2018. Given total risk exposure of DKK 714.2 million, the capital ratio was 35.2 per cent at year-end 2019. The capital ratio was 52.3 per cent at year-end 2018.

The group and the parent company both have own funds that are considerably higher than the minimum requirements set by the board of directors.

CORPORATE RISKS

As a financial business, the group undertakes various risks relating to credit, market, liquidity and operations. Risk management is a crucial activity given full attention by management because uncontrolled development of such risks could adversely impact consolidated profit and the level of capital.

For a detailed description of corporate risks see note 29 (Financial instruments and risks) and the document (in Danish) on our website majinvest.com/om-maj-invest/information/kapitalforhold-og-risici, which discloses financial information on capital and risks in compliance with the Capital Requirements Regulation (CRR).

DISTRIBUTION OF PROFIT

The board of directors recommends that the general meeting approves the distribution of dividends in the amount of DKK 2.9 per share of DKK 1. Twice during 2019 the company distributed interim dividends for a total of DKK 4.2 per share of DKK 1. This is equivalent to total dividends of DKK 7.1 per share of DKK 1 for financial year 2019, corresponding to approximately DKK 246 million.

OUTLOOK FOR 2020

The portion of consolidated income that depends on assets under management is increasing. Together with financial market trends, this increases the uncertainty of future earnings. The recent turmoil in the equity markets, caused by COVID-19, heightens this risk.

For 2020, we expect an increase in consolidated gross income and profit after tax in the range of DKK 110-130 million.

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date and before the signing of the annual report that are thought to materially affect the assessment of our annual report. ■

EXECUTIVE FUNCTIONS AND DIRECTORSHIPS

Executive functions and directorships in commercial enterprises

BOARD OF DIRECTORS

■ TOMMY PEDERSEN, CHAIRMAN

Chairman of the boards of:

Fondsmæglerselskabet Maj Invest A/S

Maj Invest Equity A/S

Maj Invest Holding A/S

Bodum Invest AG, Switzerland

Vice chairman of the boards of:

Bodum Holding AG, Switzerland, with one subsidiary

Bodum Land A/S

Løvenholm Fonden

Directorships:

Den Danske Forskningsfond

Jeudan A/S

Pharmacosmos Holding A/S with one subsidiary

Societe Generale Equipment Finance, Norway

Managing Director:

TP Advisers ApS

Other offices:

Societe Generale Equipment Finance, Norway,
chairman of the Board Risk Committee

Remuneration 2019: DKK 150 thousand

At group level: DKK 525 thousand

■ NILS BERNSTEIN

Chairman of the board of:

Danref Holding A/S with two subsidiaries

Directorships:

Fondsmæglerselskabet Maj Invest A/S

Maj Bank A/S

Maj Invest Equity A/S

Maj Invest Holding A/S

Remuneration 2019: DKK 50 thousand

At group level: DKK 325 thousand

■ RUTH SCHADE

Directorships:

Fondsmæglerselskabet Maj Invest A/S

Maj Invest Equity A/S

Maj Invest Holding A/S

Danfrugt Skælskør A/S

Femern Bælt A/S

Harboe Ejendomme A/S

Keldernæs A/S

Sund og Bælt Holding A/S with four subsidiaries

Visbjerggården A/S

Managing Director (not registered):

Harboes Bryggeri A/S

Remuneration 2019: DKK 50 thousand

At group level: DKK 175 thousand

■ JØRGEN TANG-JENSEN

Directorships:

Fondsmæglerselskabet Maj Invest A/S

Maj Invest Equity A/S

Maj Invest Holding A/S

Coloplast A/S

Rockwool International A/S

Villum Fonden

VKR Holding A/S

Remuneration 2019: DKK 50 thousand

At group level: DKK 175 thousand

■ TOMAS MUNKSGARD HOFF

Directorships:

Fondsmæglerselskabet Maj Invest A/S

Maj Invest Holding A/S

Director's remuneration 2019 (normal salary paid to directors elected by staff not disclosed): DKK 50 thousand

At group level: DKK 175 thousand

■ SØREN KRAG JACOBSEN

Directorships:

Maj Invest Holding A/S

Director's remuneration 2019 (normal salary paid to directors elected by staff not disclosed): DKK 50 thousand

At group level: DKK 50 thousand

■ ANDERS MØLLER OLESEN

Directorships:

Fondsmæglerselskabet Maj Invest A/S

Maj Invest Holding A/S

Director's remuneration 2019 (normal salary paid to directors elected by staff not disclosed): DKK 50 thousand

At group level: DKK 175 thousand

As regards executive board members' directorships, please refer to section 80 (1) of the Danish Financial Business Act.

EXECUTIVE BOARD

■ JEPPE CHRISTIANSEN

Chairman of the boards of:

EMLIKA Holding ApS with one subsidiary and one subsubsidiary

Haldor Topsøe A/S

JEKC Holding ApS

Vice chairman of the boards of:

Novo Nordisk A/S

Directorships:

Maj Invest Equity A/S

Kirkbi A/S

Novo Holdings A/S

Pluto Naturfonden

CEO:

Fondsmæglerselskabet Maj Invest A/S

Maj Invest Holding A/S

Managing Director:

Maj Invest Equity A/S

Det Kgl. Vajsenhus

Other offices:

Danish Microfinance Partners K/S,

investment committee member

Maj Invest Equity 4 K/S,

investment committee member

Maj Invest Equity 5 K/S,

investment committee member

Maj Invest Equity Southeast Asia II K/S,

investment committee member

Maj Invest Equity Vietnam I K/S,

investment committee member

Maj Invest Financial Inclusion Fund II K/S,

investment committee member

Salary 2019: DKK 1,056 thousand including company car

subsidy. At group level: DKK 7,041 thousand including

company car subsidy

■ ERIK HOLM

Chairman of the boards of:

Genex ApS

Sovino Brands ApS with 14 subsidiaries

Sovino Brands Holding ApS with one subsidiary

Vice chairman of the boards of:

Arvid Nilssons Fond

SP Group A/S

Directorships:

Maj Invest Equity A/S

Maj Invest Singapore Private Ltd., Singapore

Maj Invest South America S.A., Peru

AO Invest A/S

Brødrene A. & O. Johansen A/S

Fonden Maj Invest Equity General Partner

MIE5 Datterholding 8 ApS

Sticks 'n' Sushi Holding A/S with three subsidiaries

Wendelbo Møbel Design A/S with one subsidiary

CEO:

Maj Invest Equity A/S

Managing Director:

Fondsmæglerselskabet Maj Invest A/S
 Maj Invest Holding A/S
 Erik Holm Holding ApS
 MIE5 Holding 4 ApS

Other offices:

Maj Invest Equity 4 K/S,
 investment committee member
 Maj Invest Equity 5 K/S,
 investment committee member
 Maj Invest Equity Southeast Asia II K/S,
 investment committee member
 Maj Invest Equity Vietnam I K/S,
 investment committee member

Salary 2019: DKK 818 thousand

At group level: DKK 5,455 thousand

■ HENRIK PARKHØI

Directorships:

Maj Bank A/S
 Maj Invest Singapore Private Ltd., Singapore
 Maj Invest South America S.A., Peru
 Maj Invest Vietnam Management Consultancy LLC,
 Vietnam
 Investeringsforvaltningsselskabet SEBinvest A/S

Deputy CEO:

Fondsmæglerselskabet Maj Invest A/S

Managing Director:

Maj Invest Holding A/S

Salary 2019: DKK 703 thousand

At group level: DKK 4.686 thousand



FINANCIAL STATEMENTS

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

DKK thousand	Note	Group		Parent	
		2019	2018	2019	2018
Interest income	3	1,509	2,421	643	719
Interest expense	4	(2,244)	(1,987)	(1,057)	(922)
Net interest income		(734)	434	(414)	(203)
Dividend on equities etc.		593	864	138	190
Fee and commission income		352,643	357,920	-	-
Fee and commission expense		(18,557)	(16,861)	(49)	(20)
Net interest and fee income	6, 7	333,944	342,357	(325)	(33)
Market value and currency translation adjustments	5, 6, 7	56,374	(11,427)	40,237	(15,066)
Other operating income		9,832	9,698	8,979	10,230
Staff costs and administrative expenses	8	(215,062)	(212,039)	(12,898)	(13,955)
Depreciation, amortisation and impairment of intangible and tangible assets		(4,810)	(6,298)	(816)	(51)
Other operating costs		-	(225)	-	-
Loan impairment charges	9	(4,286)	-	(4,286)	-
Results of interests in associated companies and group enterprises	15, 16	(9,706)	(7,021)	103,762	102,817
Profit before tax		166,288	115,046	134,655	83,944
Tax	10	(33,345)	(23,064)	(1,712)	8,038
Net profit for the year		132,943	91,982	132,943	91,982
Other comprehensive income					
Translation of results of foreign entities		(577)	65	(577)	65
Other comprehensive income, total		(577)	65	(577)	65
Comprehensive income for the year, total		132,366	92,047	132,366	92,047

DISTRIBUTION OF PROFIT

For distribution			
Transferred from "Other reserves"		140,619	98,530
Transferred from "Retained earnings previous years"		105,415	-
Net profit for the year		132,943	91,982
For distribution, total		378,977	190,512
Proposed distribution			
Proposed dividend		105,415	58,160
Extraordinary dividend distributed in the financial year		140,619	40,370
Provision for "Reserve for revaluation using the equity method"		103,762	102,817
Provision for equity under "Retained earnings"		29,181	(10,834)
Distributed amount, total		378,977	190,512

BALANCE SHEET

DKK thousand	Note	Group		Parent	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
ASSETS					
Cash in hand and demand deposits with central banks		9,627	35,958	2	1
Due from credit institutions and central banks	11	174,307	149,624	8,610	13,142
Loans and other receivables at fair value	12	2,407	6,346	2,398	6,340
Bonds at fair value	13	205,412	230,344	5,762	5,385
Equities etc.	14	144,981	124,884	133,101	111,979
Interests in associated companies	15	27,577	27,677	27,577	27,677
Interests in group enterprises	16	-	-	307,123	345,711
Intangible assets	17	8,240	4,443	3,949	12
Other tangible assets	18	4,161	3,632	17	27
Current tax assets		3,878	11,492	-	4,739
Deferred tax assets		76	55	-	13
Other assets	19	47,136	63,249	1,868	2,262
Prepaid expenses		9,334	8,036	775	534
Total assets		637,137	665,740	491,184	517,821

BALANCE SHEET

DKK thousand	Note	Group		Parent	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
LIABILITIES					
Debt					
Due to credit institutions	21	86,211	70,401	86,211	70,401
Deposits	22	67,202	50,877	-	-
Current tax liabilities		68	66	1,989	-
Other liabilities	23	85,792	93,547	32,940	28,417
Prepaid income		23,891	23,102	379	549
Total debt		263,165	237,992	121,520	99,367
Provisions					
Provisions for deferred tax		1,164	293	857	-
Other provisions	24	4,000	9,000	-	-
Provisions, total		5,164	9,293	857	-
Shareholders' equity					
Share capital		36,350	36,350	36,350	36,350
Accumulated value adjustments					
Accumulated currency translation of foreign entities		(741)	(164)	(741)	(164)
Other reserves					
Net revaluation using the equity method		-	-	(16,538)	59,841
Other reserves		25,942	15,783	82,992	107,702
Retained earnings		201,843	308,326	161,331	156,565
Proposed dividend		105,414	58,160	105,415	58,160
Total shareholders' equity		368,808	418,455	368,808	418,455
Total liabilities		637,137	665,740	491,184	517,821

Notes not referred to: 1, 2, 20, 25, 26, 27, 28 and 29.

STATEMENT OF CAPITAL - GROUP

2019	Share capital	Other reserves	Currency translation reserve	Retained earnings	Proposed dividend	Total
DKK thousand						
Shareholders' equity, year-end 2018	36,350	15,783	(164)	308,326	58,160	418,455
Net profit for the year	-	-	-	132,943	-	132,943
Other comprehensive income						
Translation of results of foreign entities	-	-	(577)	-	-	(577)
Other comprehensive income, total	-	-	(577)	-	-	(577)
Comprehensive income for the year, total	-	-	(577)	132,943	-	132,366
Transactions with owners						
Dividend 2018	-	-	-	-	(51,552)	(51,552)
Non-distributed dividend, own shares 2018	-	-	-	6,608	(6,608)	-
Extraordinary dividend 2019	-	-	-	(152,670)	-	(152,670)
Non-distributed dividend, own shares 2019	-	-	-	12,051	-	12,051
Proposed dividend	-	-	-	(105,415)	105,415	-
Issue of options	-	858	-	-	-	858
Acquisition of own shares	-	(12,556)	-	-	-	(12,556)
Sale of own shares	-	21,856	-	-	-	21,856
Shareholders' equity, year-end 2019	36,350	25,942	(741)	201,843	105,414	368,808

STATEMENT OF CAPITAL - GROUP

2018						
DKK thousand	Share capital	Other reserves	Currency translation reserve	Retained earnings	Proposed dividend	Total
Shareholders' equity, year-end 2017	36,350	19,901	(229)	310,020	58,160	424,201
Net profit for the year	-	-	-	91,982	-	91,982
Other comprehensive income						
Translation of results of foreign entities	-	-	65	-	-	65
Other comprehensive income, total	-	-	65	-	-	65
Comprehensive income for the year, total	-	-	65	91,982	-	92,047
Transactions with owners						
Dividend 2017	-	-	-	-	(53,306)	(53,306)
Non-distributed dividend, own shares 2017	-	-	-	4,854	(4,854)	-
Extraordinary dividend 2018	-	-	-	(43,620)	-	(43,620)
Non-distributed dividend, own shares 2018	-	-	-	3,250	-	3,250
Proposed dividend	-	-	-	(58,160)	58,160	-
Acquisition of own shares	-	(15,827)	-	-	-	(15,827)
Sale of own shares	-	11,710	-	-	-	11,710
Shareholders' equity, year-end 2018	36,350	15,783	(164)	308,326	58,160	418,455

STATEMENT OF CAPITAL - PARENT

2019	Share capital	Reserve for net revaluation using equity method	Other reserves	Currency translation reserve	Retained earnings	Proposed dividend	Total
DKK thousand							
Shareholders' equity, year-end 2018	36,350	59,841	107,702	(164)	156,565	58,160	418,455
Net profit for the year	-	103,762	-	-	29,181	-	132,943
Other comprehensive income							
Translation of results of foreign entities	-	-	-	(577)	-	-	(577)
Other comprehensive income, total	-	-	-	(577)	-	-	(577)
Comprehensive income for the year, total	-	103,762	-	(577)	29,181	-	132,366
Transactions with owners							
Dividend 2018	-	-	-	-	-	(51,552)	(51,552)
Non-distributed dividend, own shares 2018	-	-	6,608	-	-	(6,608)	-
Extraordinary dividend from subsidiaries 2019	-	(100,000)	100,000	-	-	-	-
Expected dividend from subsidiaries*	-	(81,000)	-	-	81,000	-	-
Extraordinary dividend 2019	-	-	(152,670)	-	-	-	(152,670)
Non-distributed dividend, own shares 2019	-	-	12,051	-	-	-	12,051
Proposed dividend	-	-	-	-	(105,415)	105,415	-
Issue of options	-	858	-	-	-	-	858
Acquisition of own shares	-	-	(12,556)	-	-	-	(12,556)
Sale of own shares	-	-	21,856	-	-	-	21,856
Shareholders' equity, year-end 2019	36,350	(16,538)	82,992	(741)	161,331	105,415	368,808

*Dividend will be approved at the annual general meeting in the spring 2020.

STATEMENT OF CAPITAL - PARENT

2018	Share capital	Reserve for net revaluation using equity method	Other reserves	Currency translation reserve	Retained earnings	Proposed dividend	Total
DKK thousand							
Shareholders' equity, year-end 2017	36,350	71,024	205,496	(229)	53,400	58,160	424,201
Net profit for the year	-	102,817	-	-	(10,834)	-	91,982
Other comprehensive income							
Translation of results of foreign entities	-	-	-	65	-	-	65
Other comprehensive income, total	-	-	-	65	-	-	65
Comprehensive income for the year, total	-	102,817	-	65	(10,834)	-	92,047
Transactions with owners							
Dividend 2017	-	-	-	-	-	(53,306)	(53,306)
Non-distributed dividend, own shares 2017	-	-	4,854	-	-	(4,854)	-
Extraordinary dividend from subsidiaries 2018	-	(49,000)	-	-	49,000	-	-
Expected dividend from subsidiaries*	-	(65,000)	-	-	65,000	-	-
Extraordinary dividend 2018	-	-	(43,620)	-	-	-	(43,620)
Non-distributed dividend, own shares 2018	-	-	3,250	-	-	-	3,250
Proposed dividend	-	-	(58,160)	-	-	58,160	-
Acquisition of own shares	-	-	(15,827)	-	-	-	(15,827)
Sale of own shares	-	-	11,710	-	-	-	11,710
Shareholders' equity, year-end 2018	36,350	59,841	107,702	(164)	156,565	58,160	418,455

*Dividend was approved at the annual general meeting in the spring 2019.

STATEMENT OF CAPITAL - PARENT

The company's share capital consists of 36,350,000 shares of DKK 1 (year-end 2018: 36,350,000).

The company has issued 998,186 options (2018: 0) entitling holders to subscribe for a share. The options are issued at fair value. The options may be exercised in one annual period up to four weeks after the annual general meeting and until April 2020. The strike price of the issued options is the fair value at the time of issue.

Own shares	Shares		In per cent of capital
	Number	Nom. value	
2019			
Own shares 1 January	3,299,228	3,299,228	9.1%
Acquisition of own shares	870,800	870,800	2.4%
Sale of own shares	(1,477,904)	(1,477,904)	(4.1%)
Own shares 31 December	2,692,124	2,692,124	7.4%

Own shares were acquired in connection with employees leaving the group. Own shares were sold in connection with the recruitment of group staff and as an extraordinary offer made to corporate employees. The value of the annual acquisition and sale of own shares was a net sale of DKK 9,300 thousand.

Own shares	Shares		In per cent of capital
	Number	Nom. value	
2018			
Own shares 1 January	3,030,593	3,030,593	8.3%
Acquisition of own shares	1,188,420	1,188,420	3.3%
Sale of own shares	(919,785)	(919,785)	(2.5%)
Own shares 31 December	3,299,228	3,299,228	9.1%

Own shares were acquired in connection with employees leaving the group. Own shares were sold in connection with the recruitment of group staff and as an extraordinary offer made to corporate employees. The value of the annual acquisition and sale of own shares was a net acquisition of DKK 4,117 thousand.

NOTES

Note 1 Accounting principles

GENERAL

The annual report, which comprises the group and its parent, Maj Invest Holding A/S, has been prepared in compliance with the Danish Financial Business Act, including the Executive Order on Financial Reporting for Credit Institutions and Investment Companies etc.

The accounting policies are the same as last year.

Consolidation

The consolidated financial statements comprise the parent, Maj Invest Holding A/S, and the entities, in which the parent directly or indirectly holds more than 50% of the voting rights, or in which the parent has a controlling interest through its holding of shares or in some other manner.

The consolidated financial statements are prepared by aggregating uniform income, costs, assets and liabilities. Intra-group income and expenses, accounts and intra-group profit or loss arising from transactions between consolidated entities are eliminated.

The financial statements included in the consolidated financial statements have been prepared in compliance with the group's accounting policies.

The parent's interests in consolidated subsidiaries are eliminated against the parent's share of the particular subsidiary's equity value.

Recognition and measurement

All income and expenses relating to the reporting period are recognised in the income statement regardless of time of payment.

Retrocession fees are recognised after deduction of commissions which contractually are to be settled with the client.

Assets are recognised in the balance sheet, if, in all probability, future economic benefits will flow to the company, and the values of such assets can be measured reliably.

Liabilities are recognised in the balance sheet, if, in all probability, future economic benefits will flow out of the company, and the values of such liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement of assets and liabilities after initial recognition is made as described below for each accounting item.

Recognition and measurement of assets and liabilities have taken into account any information available after the balance sheet date but before the presentation of the annual report, either affirming or not affirming conditions existing on the balance sheet date.

Foreign currency

Transactions in foreign currency are translated into Danish kroner at the exchange rates prevailing on the transaction date.

Monetary items in currencies other than Danish kroner are translated into Danish kroner at the closing rates of the particular currencies on the balance sheet date.

Non-monetary items in currencies other than Danish kroner recognised at cost are translated into Danish kroner at the exchange rates on the transaction date.

Non-monetary items in currencies other than Danish kroner recognised at fair value are translated into Danish kroner at the closing rates on the balance sheet date.

NOTES

Note 1 cont.

Any currency translation adjustments are recognised in the income statement. Any currency translation adjustments relating to foreign entities are recognised in other comprehensive income.

Derivatives

On initial recognition, derivatives are recognised at cost in the balance sheet and subsequently measured at fair value. Any changes in the fair values of derivatives are recognised currently in the income statement.

Intra-group transactions

Intra-group transactions are made on an arm's length basis or settled on the basis of actual costs.

Translation of foreign entities

The profits or losses of foreign associated companies or subsidiaries, which are independent units, are translated at the rates on the transaction date or corresponding average rates.

Balance sheet items are translated at the rates on the balance sheet date. Any currency translation adjustments arising from the translation of equity at the beginning of the year and any currency translation adjustments arising from the translation into Danish kroner (DKK) of profits or losses of foreign entities' functional rates are recognised directly in other comprehensive income.

Tax

Tax on the year's results consisting of current tax and deferred tax for the reporting period is recognised in the income statement with the portion that is attributable to the results for the year and directly via equity with the portion that is attributable to equity transactions. Any changes in deferred tax due to tax rate adjustments are recognised in the income statement.

Provisions are made for both current and deferred taxes for the period under review in respect of the jointly taxed consolidated entities. The company is jointly taxed with all its subsidiaries residing in Denmark. The tax effect of joint taxation is allocated to profit or loss in the consolidated entities in proportion to their taxable incomes. The jointly taxed entities are included in the Danish tax prepayment scheme.

Provisions for deferred tax on any temporary differences between the tax base of assets and liabilities and their carrying amounts are measured using the balance-sheet liability method. If a temporary difference is negative, a deferred tax asset will be recognised if, in all probability, it can be applied to reduce any future tax liability.

Any deferred tax is measured in compliance with current tax rules and at the tax rate likely to be applicable once any temporary differences have been eliminated. Any deferred tax assets or liabilities are presented after offsetting in the same legal entity.

INCOME STATEMENT

Interest, dividends, fees and commissions

Interest, fees and commissions are accrued and recorded in the period they are earned and recognised in the income statement at the amounts relevant to the period under review.

Interests are presented gross, i.e. negative interests on due from credit institutions and bonds are presented under interest expenses, and negative interests on deposits are presented under interest income.

Commissions and fees etc., which are an integral part of the effective interest rate, are recognised as part of amortised cost. Commissions and fees etc., which are considered an integral part of the effective interest rate, are accrued and recognised over the term to maturity.

Dividends are recognised in the income statement at the time of declaration or on the distribution of interim dividends.

NOTES

Note 1 cont.

Performance-related investment management fees/carried interest are recorded as income at the time when the company will be entitled to such fees. Until entitlement, such fees are mentioned under “Contingent assets”.

Fees and commissions received will include income from services vis-a-vis clients.

Market value adjustments

Any differences between the fair values and the carrying amounts of securities are recognised as market value adjustments.

Other operating income

Other operating income includes items of a nature secondary to the company’s core activity, including fees from entities for which we carry out administrative tasks. Other operating income is accrued when earned and recognised in the income statement at the amounts relevant to the period under review.

Staff costs and administrative expenses

Staff costs and administrative expenses include salaries, pensions and social costs, rent, IT costs, legal and audit fees and other administrative expenses. Costs relating to benefits and other payments payable to employees, including holiday pay etc., are recognised in step with employees performing the work entitling them to such benefits and other payments.

Results of interests in associated companies and group enterprises

The proportionate shares of net profits or losses for the reporting period in associated companies and group enterprises are recognised as results of interests in associated companies and group enterprises.

BALANCE SHEET

ASSETS

Receivables from credit institutions and central banks

On initial recognition, receivables from credit institutions and central banks are recognised at their fair values and subsequently at amortised cost.

Loans and receivables

Loans and receivables are recognised at amortised cost. Loans and receivables are not held for trading purposes and only include loans where the borrower has no contractual right to repay the loan with tradable bonds issued by the company.

Loans and receivables, where there has not been a significant increase in credit risk since the first recognition, are written down by an amount corresponding to the statistically expected loss in the coming 12 months, while loans and receivables which have seen a significant increase in credit risk are written down by an amount corresponding to the expected loss over the remaining term of the loan/receivable. For loans and receivables that are impaired (non-performing), only interest on the written-down amount is recognised as income. As part of the group’s treasury activities, Maj Invest Holding A/S has provided limited loans to commercial enterprises. Maj Bank A/S also has a very limited number of deposit accounts that are overdrawn due to payments of fees. The group has therefore not developed models for the impairment of loans and receivables. Write-downs are based on individual valuations and estimates.

Securities

Securities are recognised at their fair values on the balance sheet date. The fair values of unlisted investments are the transaction prices that would result from a trade between independent parties. The fair values of interests in private equity funds are computed at the fair values of the underlying investments in compliance with the International Private Equity and Venture Capital Valuation Guidelines drawn up by the IPEV Board. The settlement date is used as the date of recognition. Any change in value between the trade date and the settlement date is recognised as a financial asset or a financial liability.

NOTES

Note 1 cont.

Interests in associated companies and group enterprises

Interests in associated companies and group enterprises are recognised and measured using the equity method. The proportionate interests in the equity values of associated companies or group enterprises computed on the basis of the fair values of identifiable net assets at the time of acquisition are recognised in "Interests in associated companies and group enterprises".

Goodwill is not amortised, but tested for impairment – at a minimum once annually. Write-downs as a result of impairment are included in the profit and loss account under investments in associated and affiliated companies.

The total net revaluation of investments in associated and affiliated companies is allocated via the distribution of profits to the reserve for net revaluation using the intrinsic value method under the equity's statutory reserves. Reserves are reduced by dividend payments to the parent company and are adjusted by other equity movements in the subsidiaries.

Exchange rate adjustments for translation of foreign entities are recognised under other comprehensive income.

Intangible assets

Intangible assets consist of a trading system, a portfolio management system and computer software. Intangible assets are measured at cost with the deduction of any amortisation or impairment losses. These assets are amortised on a straight-line basis over their estimated useful lives or over the relevant contractual periods:

- Trading system : 60 months
- Computer software and portfolio management system : 36 months

Other tangible assets

Other tangible assets are measured at cost with the deduction of any depreciation or impairment losses. These assets are depreciated on a straight-line basis over their estimated useful lives:

- Computer equipment : 36 months
- Furnitures, fixtures and equipment : 36 months

Recoverable amounts

The carrying amounts of intangible assets and other tangible assets are reviewed annually to determine whether there is an indication for impairment in addition to any depreciation or amortisation charges. If so, an impairment test will determine whether the recoverable amount is lower than the carrying amount, and the asset will subsequently be recorded at the lower recoverable amount. The recoverable amount of an asset is calculated as the higher of its net selling price or its value in use.

Other assets

Income falling due after year-end and any interest receivable will be recognised in other assets. Any significant amounts receivable and falling due more than 12 months after the period in which they were earned are discounted at their present values on the balance sheet date. The discounting rate used matches the market rate of return of the particular amounts receivable.

Any positive fair values of derivatives including spot transactions are recognised in other assets.

Prepaid expenses

Prepaid expenses incurred on or before the balance sheet date, but concerning subsequent reporting periods are recorded as prepayments. Prepaid expenses are measured at cost.

NOTES

Note 1 cont.

LIABILITIES

Deposits

Deposits include debts to private people and counterparties, not being credit institutions and central banks, including ordinary demand deposits and special deposits. On initial recognition, deposits are recognised at their fair values and subsequently at amortised cost.

Debts to credit institutions

On initial recognition, debts to credit institutions are measured at their fair values and subsequently at amortised cost.

Other liabilities

Other liabilities are measured at their net realisable values.

Expenses falling due after year-end and any interest payable are recorded in other liabilities. Any negative fair values of derivatives, including spot transactions, are recognised in other liabilities.

Prepaid income

Income received before the balance sheet date, but concerning subsequent reporting periods are recorded as prepaid income. Prepaid income is measured at cost.

Provisions

A provision is a liability that is uncertain in terms of amount or timing. A provision is recognised in the balance sheet, if, in all probability, future economic benefits will flow out of the company, and the value of such provision can be reliably measured.

The values of any future liabilities are measured at their present values to the extent that the discounting of such liabilities is of significance to the measurement of the size of the particular provision. The discount rate used matches the market rate of return in respect of the liability in question.

Shareholders' equity

Premiums in respect of issued options or warrants and any redemption of options or warrants in respect of corporate shares are recognised in other reserves as movements in equity.

Any obligation to buy back shares in the event of an employee leaving the company's employment is deducted from equity and recorded as debt in other liabilities. The debt is computed at the amount of shares that the company is obliged to buy back in compliance with the shareholders' agreement duly considering the capital requirements of the group and the company.

Any purchases or sale of own shares are recognised directly at the transaction value and recognised as a change directly in equity via "Other reserves".

Any proposed dividends are recognised as a liability at the time of adoption at the annual general meeting (time of declaration). Dividends to be paid for the period under review will be recorded as a separate item in shareholders' equity.

NOTES

Note 2 Financial highlights - group (5-year overview)

INCOME STATEMENT

DKK thousand	2019	2018	2017	2016	2015
Net interest and fee income	333,944	342,357	406,316	423,517	292,506
Market value and currency translation adjustments	56,374	(11,427)	45,456	14,509	21,645
Staff costs and administrative expenses	(215,062)	(212,039)	(208,994)	(208,492)	(211,862)
Impairment charges on loans and receivables etc.	(4,286)	-	-	-	-
Results of interests in associated companies	(9,706)	(7,021)	(5,333)	-	-
Net profit for the year	132,943	91,982	190,924	180,004	81,832

BALANCE SHEET

Loans	2,407	6,346	3,366	3,366	866
Shareholders' equity	368,808	418,455	424,201	515,746	358,411
Total assets	637,137	665,740	691,600	798,370	593,751

RATIOS AND KEY FIGURES

Return on equity before tax	42.2%	27.3%	52.2%	53.4%	24.8%
Return on equity after tax	33.8%	21.8%	40.6%	41.2%	18.9%
Cost/income ratio	1.74	1.53	2.13	2.08	1.49
Cost in % of income	57.4%	65.5%	46.9%	48.0%	67.0%
Tier 1 capital ratio	21.4%	33.0%	31.1%	28.8%	36.1%
Capital ratio	21.4%	33.0%	31.1%	28.8%	36.1%
Own funds in relation to minimum capital requirements	2.7	4.1	3.9	3.6	4.5
Return on assets expressed as the ratio between net profit for the year and total assets	20.9%	13.8%	27.6%	22.5%	13.8%

Ratios and key figures were drawn up in accordance with the definitions of the Danish Financial Supervisory Authority (FSA).

NOTES

Note 2 Financial highlights - parent (5-year overview)

INCOME STATEMENT

DKK thousand	2019	2018	2017	2016	2015
Net interest and fee income	(325)	(33)	3,528	3,663	1,672
Market value and currency translation adjustments	40,237	(15,066)	39,681	9,624	14,399
Staff costs and administrative expenses	(12,898)	(13,955)	(12,932)	(18,648)	(21,618)
Impairment charges on loans and receivables etc.	(4,286)	-	-	-	-
Results of interests in associated companies and group enterprises	103,762	102,817	155,805	177,505	78,392
Net profit for the year	132,943	91,982	190,924	180,004	81,832

BALANCE SHEET

Loans	2,398	6,340	3,366	3,366	866
Shareholders' equity	368,808	418,455	424,201	515,746	358,411
Total assets	491,184	517,821	560,538	615,643	469,911

RATIOS AND KEY FIGURES

Return on equity before tax	34.2%	19.9%	42.6%	41.7%	19.2%
Return on equity after tax	33.8%	21.8%	40.6%	41.2%	18.9%
Cost/income ratio	8.48	6.99	16.42	10.77	4.66
Cost in % of income	11.8%	14.3%	6.1%	9.3%	21.4%
Tier 1 capital ratio	35.2%	52.3%	49.9%	40.9%	64.9%
Capital ratio	35.2%	52.3%	49.9%	40.9%	64.9%
Own funds in relation to minimum capital requirements	4.4	6.5	6.2	5.1	8.1
Return on assets expressed as the ratio between net profit for the year and total assets	27.1%	17.8%	34.1%	29.2%	17.4%

Ratios and key figures were drawn up in accordance with the definitions of the Danish Financial Supervisory Authority (FSA).

NOTES

DKK thousand	Group		Parent	
	2019	2018	2019	2018
Note 3 Interest income				
Due from credit institutions	98	114	6	20
Loans and other receivables	221	324	221	324
Bonds	1,008	1,825	409	365
Negative interest from deposits	30	-	-	-
Other interest income	152	158	6	10
Total interest income	1,509	2,421	643	719
Note 4 Interest expenses				
Credit institutions	(904)	(898)	(904)	(898)
Negative interest from credit institutions and central banks	(784)	(539)	(94)	-
Negative interest from bonds	(299)	(522)	-	-
Other interest expenses	(256)	(29)	(59)	(24)
Total interest expenses	(2,244)	(1,987)	(1,057)	(922)
Note 5 Market value and currency translation adjustments				
Bonds	(283)	(1,113)	192	(139)
Equities etc.	56,569	(11,873)	39,651	(15,829)
Currency	553	1,142	394	903
Derivatives	(464)	417	-	-
Total market value and currency translation adjustments	56,374	(11,427)	40,237	(15,066)
Note 6 Net interest, fee income and market value and currency translation adjustments by business area				
Net interest and fee income				
Asset Management	245,933	239,033	-	-
Equity	81,338	96,768	-	-
Treasury	(875)	412	(325)	(33)
Maj Bank	7,547	6,144	-	-
Total net interest and fee income	333,944	342,357	(325)	(33)
Market value and currency translation adjustments				
Asset Management	5,086	4,114	-	-
Equity	11,313	6	-	-
Treasury	39,975	(15,547)	40,237	(15,066)
Total market value and currency translation adjustments	56,374	(11,427)	40,237	(15,066)

NOTES

DKK thousand	Group		Parent	
	2019	2018	2019	2018
Note 7 Geographical segmentation				
Net interest and fee income				
Denmark	265,616	289,266	(798)	(382)
Other Europe	39,192	29,795	-	-
Asia	468	332	473	349
North America	19,743	14,401	-	-
South America	(10)	(13)	-	-
Oceania	8,935	8,576	-	-
Total net interest and fee income	333,944	342,357	(325)	(33)
Market value and currency translation adjustments				
Denmark	55,759	(11,698)	39,210	(14,894)
Other Europe	(357)	427	35	(9)
Asia	827	(165)	834	(163)
North America	158	-	158	-
South America	(13)	9	-	-
Total market value and currency translation adjustments	56,374	(11,427)	40,237	(15,066)
Note 8 Staff costs and administrative expenses				
Directors				
Directors, fixed remuneration	(1,600)	(1,600)	(450)	(450)
Directors, variable remuneration	-	-	-	-
Total	(1,600)	(1,600)	(450)	(450)
Executive board				
Executive board, fixed remuneration	(16,883)	(16,883)	(2,532)	(2,532)
Executive board, variable remuneration	(300)	(250)	(45)	(38)
Total	(17,183)	(17,133)	(2,577)	(2,570)
Other significant risk takers				
Risk takers, fixed remuneration	(28,204)	(29,569)	(1,096)	(1,076)
Risk takers, variable remuneration	(1,125)	(1,175)	(60)	(60)
Total	(29,329)	(30,744)	(1,156)	(1,136)
Staff costs				
Salaries	(75,010)	(72,791)	(4,447)	(5,715)
Pensions	(7,651)	(7,101)	(505)	(511)
Social security costs and payroll tax based on				
Financial Services Payroll Tax Act	(16,921)	(16,489)	(36)	(32)
Total	(99,582)	(96,381)	(4,987)	(6,258)
Other administrative expenses	(67,368)	(66,181)	(3,728)	(3,541)
Total staff costs and administrative expenses	(215,062)	(212,039)	(12,898)	(13,955)

Number of: Board of directors 7 (2018: 7), executive board 3 (2018: 3). Other significant risk takers group 15 (2018: 16), parent 2 (2018: 2).

NOTES

Note 8 cont.

Executive board members' investment commitment/employment contracts involving performance bonus/carried interest.

2019	Jeppe Christiansen		Erik Holm		Henrik Parkhøi	
- = No commitment or not included + = Included in scheme	Performance bonus	Carried interest	Performance bonus	Carried interest	Performance bonus	Carried interest
LD Equity 1 K/S	-	-	-	-	-	-
LD Equity 3 K/S	+	-	+	-	+	-
Maj Invest Equity 4 K/S	-	+	-	+	-	-
Maj Invest Equity 5 K/S	-	+	-	+	-	-
Maj Invest Equity Vietnam I K/S	-	+	-	+	-	+
Danish Microfinance						
Partners K/S	-	-	-	-	-	-
Maj Invest Equity Southeast						
Asia II K/S	-	+	-	+	-	-
Maj Invest Financial						
Inclusion Fund II K/S	-	+	-	+	-	+
Maj Invest Financial						
Inclusion Fund III K/S	-	+	-	-	-	+

Executive board members' investment commitment/employment contracts involving performance bonus/carried interest.

2018	Jeppe Christiansen		Erik Holm		Henrik Parkhøi	
- = No commitment or not included + = Included in scheme	Performance bonus	Carried interest	Performance bonus	Carried interest	Performance bonus	Carried interest
LD Equity 1 K/S	-	-	-	-	-	-
LD Equity 2 K/S	+	-	+	-	-	-
LD Equity 3 K/S	+	-	+	-	+	-
Maj Invest Equity 4 K/S	-	+	-	+	-	-
Maj Invest Equity 5 K/S	-	+	-	+	-	-
Maj Invest Equity Vietnam I K/S	-	+	-	+	-	+
Danish Microfinance						
Partners K/S	-	-	-	-	-	-
Maj Invest Equity Southeast						
Asia II K/S	-	+	-	+	-	-
Maj Invest Financial						
Inclusion Fund II K/S	-	+	-	+	-	+

NOTES

Note 8 cont.

DKK thousand	Group		Parent	
	2019	2018	2019	2018
Number of employees				
Average number of employees (full-time equivalent)	102	105	8	8
Auditors appointed by the general meeting, fees				
Statutory audit of financial statements	(718)	(861)	(133)	(130)
Other assurance services	(519)	(431)	(68)	(44)
Non-audit services	(351)	(788)	(104)	-
Total audit and non-audit fees	(1,587)	(2,080)	(305)	(174)

Note 9 Loan impairment charges

Parent

Gross loans and guarantees amount to DKK 2,422 thousand (2018: DKK 6,340 thousand) and DKK 252 thousand (2018: DKK 0 thousand), respectively, and are allocated to stage 1 based on a specific assessment of the credit risk. Total loan impairment charges on the balance sheet amount to DKK 24 thousand (2018: DKK 0 thousand). Loans and guarantees recognised in the balance sheet total DKK 2,398 thousand (2018: DKK 6,340 thousand) and DKK 252 thousand (2018: DKK 0 thousand).

Group

Gross loans and guarantees amount to DKK 2,431 thousand (2018: DKK 6,346 thousand) and DKK 890 thousand (2018: DKK 600 thousand), respectively, and are allocated to stage 1 based on a specific assessment of the credit risk. Total loan impairment charges on the balance sheet amount to DKK 24 thousand (2018: DKK 0 thousand). Loans and guarantees recognised in the balance sheet total DKK 2,407 thousand (2018: DKK 6,346 thousand) and DKK 890 thousand (2018: DKK 600 thousand).

Note 10 Tax

Tax on profit for the year	(32,542)	(26,766)	(1,998)	4,707
Adjustment of prior-year tax charges	67	3,364	1,155	3,327
Adjustment of deferred tax	(871)	338	(869)	4
Total tax	(33,345)	(23,064)	(1,712)	8,038

Effective tax rate

Current tax rate	22.0%	22.0%	22.0%	22.0%
Adjustment of non-taxable items	(3.8%)	(0.4%)	(2.9%)	(0.8%)
Adjustment of results of interests in associated companies and group enterprises	1.9%	(1.3%)	(17.0%)	(27.8%)
Adjustment of prior-year tax charges	(0.0%)	(2.9%)	(0.9%)	(4.6%)
Total effective tax rate	20.1%	17.4%	1.3%	(11.1%)

Deferred tax relates to intangible and other tangible assets.

There is no provision for deferred tax in respect of interests in associated companies and group enterprises.

DKK thousand	Group		Parent	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Note 11 Due from credit institutions and central banks				
Demand deposits	153,307	149,624	8,610	13,142
Due up to 3 months	21,000	-	-	-
Due from credit institutions and central banks, total	174,307	149,624	8,610	13,142

NOTES

DKK thousand	Group		Parent	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Note 11 cont.				
By counterparty				
Credit institutions	153,307	149,624	8,610	13,142
Central banks	21,000	-	-	-
By counterparty, total	174,307	149,624	8,610	13,142
Note 12 Loans				
By current maturity				
On demand	9	6	-	-
Up to 3 months	-	4,340	-	4,340
Over 1 year and up to 5 years	2,398	2,000	2,398	2,000
Total loans	2,407	6,346	2,398	6,340
Note 13 Bonds at fair value				
Other mortgage bonds	199,928	225,465	279	506
Other bonds	5,483	4,879	5,483	4,879
Bonds at fair value, total	205,412	230,344	5,762	5,385
At year-end 2019, the group had provided bonds at a market value of DKK 36.1 million (2018: DKK 36.2 million) in security of trading in derivatives and securities.				
Interest rate risk	1,166	1,509	162	35
Note 14 Equities etc. at fair value				
Equities/mutual funds listed in				
Nasdaq OMX Copenhagen A/S	23,257	53,151	14,233	44,655
Equities/mutual funds listed in other stock exchanges	176	140	176	140
Unlisted equities at fair value	121,548	71,593	118,693	67,184
Total equities etc. at fair value	144,981	124,884	133,101	111,979
Note 15 Interests in associated companies				
Total acquisition cost at 1 January	40,031	39,531	40,031	39,531
Additions	21,473	500	21,473	500
Disposals	(25,031)	-	(25,031)	-
Total acquisition cost at 31 December	36,473	40,031	36,473	40,031
Revaluations at 1 January	(12,354)	(5,333)	(12,354)	(5,333)
Profit for the year	(2,145)	(6,937)	(2,145)	(6,937)
Revaluations for the year	(7,561)	(84)	(7,561)	(84)
Reversals of revaluations	13,164	-	13,164	-
Revaluations at 31 December	(8,896)	(12,354)	(8,896)	(12,354)
Carrying amount at 31 December	27,577	27,677	27,577	27,677
Carrying amount at 1 January	27,677	34,198	27,677	34,198

NOTES

DKK thousand	Group		Parent	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Note 16 Interests in group enterprises				
Total acquisition cost at 1 January	-	-	209,013	208,337
Additions	-	-	13,521	676
Total acquisition cost at 31 December	-	-	222,534	209,013
Revaluations at 1 January	-	-	136,698	146,795
Currency translation adjustments	-	-	(577)	65
Profit for the year	-	-	113,468	109,838
Dividend	-	-	(165,000)	(120,000)
Revaluations at 31 December	-	-	84,589	136,698
Carrying amount at 31 December	-	-	307,123	345,711
Carrying amount at 1 January	-	-	345,711	355,132
Note 17 Intangible assets				
Total cost at 1 January	26,857	24,295	136	136
Additions	6,721	2,609	4,743	-
Disposals	(2,817)	(47)	-	-
Total cost at 31 December	30,761	26,857	4,879	136
Amortisation and impairment charges at 1 January	(22,414)	(17,941)	(124)	(78)
Amortisation charges for the year	(2,925)	(4,490)	(807)	(45)
Reversals of amortisation charges	2,817	17	-	-
Amortisation and impairment charges at 31 December	(22,521)	(22,414)	(930)	(124)
Carrying amount at 31 December	8,240	4,443	3,949	12
Carrying amount at 1 January	4,443	6,354	12	58
Note 18 Other tangible assets				
Total cost at 1 January	19,235	18,035	955	927
Currency translation adjustments	21	13	-	-
Additions	2,456	1,598	-	28
Disposals	(94)	(411)	-	-
Total cost at 31 December	21,618	19,235	955	955
Depreciation and impairment charges at 1 January	(15,604)	(13,972)	(929)	(923)
Currency translation adjustments	(7)	(4)	-	-
Depreciation charges for the year	(1,885)	(1,808)	(9)	(5)
Reversals of depreciation charges	39	180	-	-
Depreciation and impairment charges at 31 December	(17,456)	(15,604)	(938)	(929)
Carrying amount at 31 December	4,161	3,632	17	27
Carrying amount at 1 January	3,632	4,073	27	4

NOTES

DKK thousand	Group		Parent	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Note 19 Other assets				
Various debtors	41,459	45,728	177	473
Positive fair value of derivatives etc.	309	125	-	-
Interest due and commission	3,796	16,009	444	591
Other assets	1,572	1,387	1,247	1,197
Other assets, total	47,136	63,249	1,868	2,262
‘Other assets, total’ include accounts				
with group enterprises worth	-	-	138	470

Note 20 Contingent assets

Fondsmæglerselskabet Maj Invest A/S and Maj Invest Equity A/S have made a number of investment management agreements involving payment of a performance-based management fee/carried interest. This means that if a return exceeds an agreed level, the companies will earn a share of such return by way of a performance-based management fee/carried interest. Such fees are typically computed on a quarterly basis and may also fall due for quarterly payment. However, the payment of such fees cannot exceed the fee to which the companies are certain to be entitled.

At 31 December 2019, the performance-based fee/carried interest, to which the company is not yet entitled, amounted to approx. DKK 63 million (at 31 December 2018: DKK 72 million) after provisions.

Note 21 Due to credit institutions**By current maturity**

Up to 3 months	86,211	70,401	86,211	70,401
Due to credit institutions, total	86,211	70,401	86,211	70,401

Note 22 Deposits**By current maturity**

Demand deposits	50,268	41,389	-	-
Up to 3 months	1,430	1,142	-	-
Over 3 months and up to 1 year	578	843	-	-
Over 1 year and up to 5 years	4,849	1,091	-	-
Over 5 years	10,077	6,411	-	-
Deposits, total	67,202	50,877	-	-

By type of deposits

Demand deposits	50,268	41,389	-	-
Special forms of deposits	16,934	9,488	-	-
Deposits, total	67,202	50,877	-	-

NOTES

DKK thousand	Group		Parent	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Note 23 Other liabilities				
Various creditors	27,663	20,234	15,248	9,944
Negative fair values of derivatives etc.	273	110	-	-
Accrued interest and commissions	3,982	18,588	29	29
Buyback obligation, own shares	15,000	15,000	15,000	15,000
Other liabilities	38,874	39,615	2,662	3,444
Other liabilities, total	85,792	93,547	32,940	28,417

‘Other liabilities, total’ include accounts with group enterprises worth

	-	-	50	6
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Note 24 Other provisions

Other provisions concern bonuses relating to performance-based management fees/carried interest recognised in the income statement.

Note 25 Guarantees and contingent liabilities**Guarantees etc.:**

Other guarantees	890	600	252	-
Total guarantees etc.	890	600	252	-

Other contingent liabilities:

Other liabilities (commitment to invest in capital funds)	64,905	68,518	64,667	68,236
Other contingent liabilities, total	64,905	68,518	64,667	68,236

Other binding agreements

Maj Invest Holding A/S has entered into a tenancy agreement for the premises Gammeltorv 18 of which the company pays a share. The agreement is terminable at six months’ notice by either party. The landlord cannot terminate the tenancy before 1 October 2021.

A group company has entered into a tenancy agreement for the premises Dronningens Tværgade 7, 1st floor, Copenhagen. The agreement is terminable at six months’ notice by either party.

The group has entered into an agreement concerning a securities trading system. This agreement runs until 30 September 2024.

In year one	699	431	-	-
Between one and five years	2,750	-	-	-
Other binding agreements, total	3,449	431	-	-

The company is jointly registered concerning VAT and payroll tax payable under the Danish Financial Services Payroll Tax Act with Fondsmæglerselskabet Maj Invest A/S, Maj Invest Equity A/S and Maj Bank A/S and jointly liable for any payments in respect thereof. The company is also jointly taxable with all group entities residing in Denmark. Being the administration company, we are jointly and severally liable with the other entities in the joint taxation scheme in respect of Danish corporation tax and withholding taxes on dividends, interest income and royalties. For 2019 the jointly taxed entities have a current tax receivable of DKK 3,878 thousand (31 December 2018: tax receivable of DKK 11,492 thousand).

NOTES

DKK thousand	Group		Parent	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Note 26 Own funds				
Shareholders' equity	368,808	418,455	368,808	418,455
Total tier 1 capital before primary deductions	368,808	418,455	368,808	418,455
Primary deductions				
Proposed dividend	(105,415)	(58,160)	(105,415)	(58,160)
Unused limits for own share purchase	(7,444)	(10,095)	(7,444)	(10,095)
Intangible assets	(8,240)	(4,443)	(3,949)	(12)
Deferred capitalised tax assets	(76)	(55)	-	(13)
Valuation based on prudence	(378)	(383)	(474)	(491)
Tier 1 capital instruments in the financial sector	-	(3,504)	-	-
Total common equity tier 1 capital after primary deductions	247,254	341,814	251,526	349,684
Total eligible capital	247,254	341,814	251,526	349,684

DKK thousand	Company activity	Ownership interest	Shareholders' equity	Profit after tax
Note 27 Group overview				
Consolidated subsidiaries				
Fondsmæglerselskabet Maj Invest A/S, Copenhagen	Asset management company	100%	210,892	111,817
Maj Bank A/S, Copenhagen	Bank	100%	53,991	(5,761)
Maj Invest Equity A/S, Copenhagen	Alternative investment fund manager	100%	28,937	10,837
Danish Microfinance Partners Management ApS, Copenhagen	Private equity management	100%	204	0
Management Equity Vietnam I ApS, Copenhagen	Private equity management	100%	433	6
Maj Invest Singapore Private Limited, Singapore	Consulting company	100%	260	(290)
Maj Invest South America S.A., Lima, Peru	Consulting company	100%	414	(370)
Maj Invest Vietnam Management, Consultancy LLC, Ho Chi Minh City, Vietnam	Being closed down	100%	121	(1,539)
MJIC Consultancy Private Limited Mumbai, India	Consulting company	100%	11,874	(1,230)
MI (US) GP LLC, Delaware, USA	General partner	100%	-	-

NOTES

Note 27 cont.

Shareholders' equity and results are based on the companies' most recently approved annual reports. Shareholders' equity and results of foreign subsidiaries are based on non-audited financial statements. Subsidiaries of consolidated subsidiaries are not included in the group overview but their results are included in the results of the consolidated subsidiaries, cf. the Executive Order on Financial Reporting.

For a full group overview, please see the group chart in the management's review on page 12.

DKK thousand	Revenue	Full-time staff	Profit before tax	Tax
Geographical breakdown of subsidiaries				
Denmark	343,436	97	148,227	(31,328)
Vietnam	31	-	(1,243)	(297)
Peru	2,234	3	(370)	-
Singapore	49	-	(289)	(1)
India	3,284	2	(1,230)	-
USA	-	-	-	-

No group enterprises have received subsidies in the financial reporting period.

Note 28 Related parties and ownership

Intra-group transactions

At the end of the first quarter 2019, the company bought the IT system Maj World from Maj Bank A/S. The transfer has taken place at market value. At the same time the company has entered into a licensing agreement with Maj Bank A/S on the use of Maj World. The licensing agreement has been entered into on an arm's-length basis.

The company has entered into an agreement on administrative tasks with Maj Bank A/S. These services are settled on a cost-covered basis.

The company has entered into an agreement on administrative tasks with Maj Invest Equity A/S and Management Equity Vietnam I ApS on administrative tasks concerning private equity funds. These services are settled on an arm's-length basis.

Other related parties

Related parties include members of the board of directors and executive board and their family members. Related parties also comprise companies in which the persons mentioned above hold significant interests.

The executive board members participate as special limited partners on equal terms with any other special limited partners in one or more private equity funds under the group's management.

The executive board, some of the members of the board of directors as well as a family member to a member of the executive board are clients of Maj Bank A/S. Except for a few fees applicable to the bank's clients, transactions with the above-mentioned group of related parties are made on market terms and in accordance with current business conditions. Other related parties are clients on market terms.

The board of directors and the executive board members and/or companies that are considered related parties to such directors or executive board members hold shares in Maj Invest Holding A/S. The director Jørgen Tang-Jensen and a company that is considered a related party to Jeppe Christiansen have bought shares in Maj Invest Holding A/S from Maj Invest Holding A/S. The transactions were made on market terms.

The group has not raised any loans, mortgage credits or charges, or any other form of guarantee or security on behalf of any members of the executive board or the board of directors, any related family members of such members, or companies in which such members have significant interests.

In 2019 there were no extraordinary transactions with related parties.

NOTES

Note 28 cont.

Ownership

In compliance with the Danish Companies Act, sections 55 and 56, the following shareholders have been entered in the company's register of shareholders as holding minimum 5 per cent of the company capital or minimum 5 per cent of the voting rights:

Maj Invest Holding A/S, 1457 Copenhagen K
 JEKC Holding, 1711 Copenhagen V
 Erik Holm Holding ApS, 2900 Hellerup
 Henrik Parkhøi, Ellevadsvej 35, 2920 Charlottenlund
 Lind Invest ApS, 8000 Aarhus C

Note 29 Financial instruments and risks

Objectives and risk policies

The board of directors has provided guidelines in respect of the types of risk that the group may be exposed to. These guidelines include identification, management, control and reporting of risks. The guidelines are supported by a number of routines, and in the subsidiaries Fondsmæglerselskabet Maj Invest A/S, Maj Invest Equity A/S and Maj Bank A/S also by a number of business procedures. Moreover the directors of Fondsmæglerselskabet Maj Invest A/S, Maj Invest Equity A/S and Maj Bank A/S have in addition formulated corporate policies relevant to the companies relating to market risks, liquidity, credit, insurance cover of risks, and operational risks. Together with the corporate policies established by the subsidiaries Fondsmæglerselskabet Maj Invest A/S, Maj Invest Equity A/S and Maj Bank A/S, the guidelines and procedures constitute the group's risk policy. The risk policy includes a decentralised function identifying risks at various levels in the group enabling a current assessment of any consequences as well as ensuring that the group's capital and capital ratio requirements always comply with statutory requirements and identified risks.

To ensure efficient management of the risk policy, we have segregated the function in charge of business and the function responsible for managing and monitoring the various types of risk.

Market and liquidity risks

The group's market risks are related to the activities in Markets in the subsidiary Fondsmæglerselskabet Maj Invest A/S and to the group's shareholders' equity and surplus liquidity investments (treasury).

The directors have set up a general framework in respect of market risks.

The framework for investing consolidated liquidity is wide in areas where the risk is considered small and narrow in less liquid areas of investment and/or investments involving larger credit risks. The framework is used in combination with the positive lists drawn up by the directors as regards approved financial institutions and countries. Exposures outside these positive lists have a higher risk weighting and a lower investment frame than do exposures on the positive lists. This helps reduce the market risks and ensure that we have liquid assets in the form of a large holding of securities that are easily realisable.

Liquidity risks

The group's liquidity must always be sufficient. We have a framework determining the portion of consolidated liquidity that may be placed in fixed-term deposits and the maximum term.

The board of directors of the subsidiaries Fondsmæglerselskabet Maj Invest A/S and Maj Bank A/S have drawn up liquidity plans (contingency and emergency plans) for any liquidity crises.

These liquidity plans may also be applied at group level.

Interest rate risks

Interest rate risks are primarily a result of the investments of consolidated liquidity in the form of exposure in bond markets. The directors have set up a maximum framework in respect of interest rate risks. A very large portion of investments are short-term investments. Interest rate risks are modest compared with shareholders' equity and own funds.

NOTES

Note 29 cont.

Interest rate risks	Group		Parent	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Interest rate risks (DKK thousand)	1,024	1,414	8	(61)
In % of year-end shareholders' equity	0.3%	0.3%	0.0%	(0.0%)
In % of year-end own funds	0.4%	0.4%	0.0%	(0.0%)

In the current management and monitoring of interest rate risks, we use a duration model based on the Danish FSA's guidelines.

Equity risks

The framework in respect of equity risks is limited by positions in single equities, types of equities, including mutual funds, and a total limit on equity exposures. A few positions in unlisted equities are included as interests in associates due to the percentage of ownership.

Via separate investment frameworks, the group can also invest in private equity products for which the group acts as investment advisor. This provides investors with a high degree of corporate commitment concerning the products we offer. The group's holdings of interests in listed Danish equities and mutual funds, foreign equities and mutual funds as well as unlisted investments are seen below.

31.12.2019	Group			Parent		
	DKK thousand	In % of year-end equity	In % of year-end own funds	DKK thousand	In % of year-end equity	In % of year-end own funds
Equities etc. at fair value						
Mutual fund units in the trading portfolio	9,024	2.4%	3.6%	-	-	-
Listed equities outside the trading portfolio	14,409	3.9%	5.8%	14,409	3.9%	5.7%
Unlisted equities	58,167	15.8%	23.5%	55,705	15.1%	22.1%
Associated companies	27,577	7.5%	11.2%	27,577	7.5%	11.0%
Holdings in private equity funds	63,383	17.2%	25.6%	62,988	17.1%	25.0%
Total equities etc. at fair value	172,561	46.8%	69.8%	160,679	43.6%	63.9%

31.12.2018	Group			Parent		
	DKK thousand	In % of year-end equity	In % of year-end own funds	DKK thousand	In % of year-end equity	In % of year-end own funds
Equities etc. at fair value						
Mutual fund units in the trading portfolio	8,497	2.0%	2.5%	-	-	-
Listed equities outside the trading portfolio	44,795	10.7%	13.1%	44,795	10.7%	12.8%
Unlisted equities	15,621	3.7%	4.6%	11,495	2.7%	3.3%
Associated companies	27,677	6.6%	8.1%	27,677	6.6%	7.9%
Holdings in private equity funds	55,971	13.4%	16.4%	55,689	13.3%	15.9%
Total equities etc. at fair value	152,561	36.5%	44.6%	139,656	33.4%	39.9%

NOTES

Note 29 cont.

Currency risks

Currency risks relate to liquidity investments in securities and increasingly to the group's activities abroad as a consequence of the international strategy defined with a view to selling selected products to international clients.

Forward exchange contracts are used for hedging of certain positions.

We have a moderate framework for unhedged foreign exchange positions, and a framework for currency positions combined with foreign exchange hedging. This provides an upper limit for currency positions even if risks are hedged.

As a result of the Danish fixed rate policy vis-a-vis the euro, we do not have any framework as regards the euro.

The group's currency risks are limited and shown in the table below.

Currency risks	Group		Parent	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Currency risks (DKK thousand)*	11,472	5,118	9,083	3,729
In % of year-end shareholders' equity	3.1%	1.2%	2.5%	0.9%
In % of year-end own funds	4.6%	1.5%	3.6%	1.1%

*Change of 2.25% for EUR and 12% for other currencies.

Counterparty risks

The corporate securities brokers (Markets) in Fondsmæglerselskabet Maj Invest A/S trade daily on behalf of our clients and for our own portfolios. Our counterparties are therefore other securities brokers or market participants and/or clients. Transactions in Markets are exclusively spot transactions. Trade in listed derivatives is limited and exclusively for hedging of our own positions.

Maj Bank A/S provides investment advice and facilitates transactions on behalf of its clients. No transactions are made on its own account. Client transactions are settled as commission transactions through a business partner via the client's online banking account. The company has no trading portfolio.

Credit risks

The group's credit risks primarily concern receivables from clients and market and liquidity-related transactions. Credit risks are subject to a framework given by the board of directors. The size of the credit risk framework is lower than the framework allowed by law both as regards individual transactions and the group's overall credit exposure.

The group's clients are institutional investors and wealthy clients and thus financially solid clients. Many clients pay in advance, and clients that do not are regulated by fixed and short intervals. The credit risk in respect of clients is considered insignificant.

The framework for the group's market and liquidity-related transactions is set up so that it is wider where the risk is considered smallest and narrower for less liquid investments and/or investments involving higher credit risk. The directors have drawn up positive lists of approved financial institutions and countries for investment in money and bond markets. The framework is restricted in respect of exposures with financial counterparties that are not on the positive lists.

As part of the group's treasury activities, the group has to a limited extent provided loans for companies. In addition, Maj Bank A/S has to a very limited extent deposit accounts that have been overdrawn due to payment of fees.

Reporting and monitoring of risks

The group's financial positions are recorded in a trading system for activities in Markets in Fondsmæglerselskabet Maj Invest A/S and a standard portfolio system for the own positions not related to the trading activities in Markets.

NOTES

Note 29 cont.

We have invested substantial resources in computer systems for the management and identification of risks in order to currently monitor and control such risks.

Accounting & Risk Management and Middle Office have online access to the trading system and are able to see transactions and positions in the system. The trading and finance systems are integrated, the latter being responsible for bookkeeping of transactions.

Middle Office administers a portfolio management system, which includes transactions and positions in respect of own portfolio activities not associated with Markets.

Control, reconciliation and bookkeeping are made on a day-to-day basis in both computer systems and checked against the company's finance system. Transactions are recorded and reconciled to the settled transactions and the group's custody accounts in external banks and bank accounts.

There are also regular checks of the prices of positions which the group has with external parties such as depository banks, stock exchanges or similar institutions.

Based on the risk management module of the trading system and withdrawals from accounts and custody accounts, a daily report is prepared showing earnings, positions, risks and utilisation of lines concerning the Markets activities of Fondsmæglerselskabet Maj Invest A/S. This report is submitted to Markets and the executive board of Fondsmæglerselskabet Maj Invest A/S.

Middle Office delivers currently reconciled data from the portfolio management system to Accounting & Risk Management, which monitors the corporate investment framework.

On the basis of data from the trading system, the portfolio management system and extracts from the finance system, Accounting & Risk Management currently reports to the executive board on the overall market, credit risks and liquidity. Directors receive reports once every three months.

STATEMENTS

STATEMENTS BY MANAGEMENT

The board of directors and the executive board have today considered and approved the annual report for Maj Invest Holding A/S for the period 1 January 2019 - 31 December 2019.

The board of directors and the executive board hereby declare that we are of the opinion that:

- The consolidated financial statements have been prepared in accordance with the Danish Financial Business Act.
- The financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position at 31 December 2019 and of the results of the parent's and the group's activities for the 2019 financial year.
- The management's review includes a fair report of developments in the parent's and the group's activities and financial position and describes the significant risks and any uncertainty factors that may affect the parent or the group.

The annual report will be submitted to the general meeting for approval.

Copenhagen, 4 March 2020

EXECUTIVE BOARD

Jeppe Christiansen
CEO

Erik Holm
Managing Director

Henrik Parkhøj
Managing Director

BOARD OF DIRECTORS

Tommy Pedersen
Chairman

Nils Bernstein

Ruth Schade

Jørgen Tang-Jensen

Tomas Munksgaard Hoff

Søren Krag Jacobsen

Anders Møller Olesen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Maj Invest Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Maj Invest Holding A/S for the financial year 1 January – 31 December 2019, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Business Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Business Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggre-

gate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 4 March 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Lars Rhod Søndergaard

State Authorised

Public Accountant

mne28632

Rasmus Berntsen

State Authorised

Public Accountant

mne35461

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