

Bank | Forsikring | Pension

*Alm*  
Brand

ALM. BRAND

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# Interim report the third quarter 2018



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# Company information

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## Board of Directors

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**Jørgen Hesselbjerg Mikkelsen**  
Chairman

**Jan Skytte Pedersen**  
Deputy Chairman

**Ebbe Castella**

**Anette Eberhard**

**Per Viggo Hasling Frandsen**

**Karen Sofie Hansen-Hoeck**

**Flemming Fuglede Jørgensen**

**Boris Nørgaard Kjeldsen**

**Brian Egested**  
Employee representative

**Helle Låsby Frederiksen**  
Employee representative

**Claus Nexø Jensen**  
Employee representative

**Susanne Larsen**  
Employee representative

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## Management Board

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**Søren Boe Mortensen**  
Chief Executive Officer

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## Auditors

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**Deloitte**  
Statsautoriseret Revisionspartnerselskab

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## Internal auditor

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**Poul-Erik Winther**  
Group Chief Auditor

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## Registration

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

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## Address

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# Group companies

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



Denmark's  
*4th largest* insurer

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

Life Insurance based  
on *personal* advice

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

Helping customers  
*every* day

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

# Alm. Brand Group

## Q3 PERFORMANCE

The Alm. Brand Group posted a pre-tax profit of DKK 230 million in Q3 2018, corresponding to a return on equity of 19% p.a. The performance was highly satisfactory and better than expected. Based on the reported performance, the full-year profit guidance for the group is lifted from DKK 600-700 million to DKK 700-750 million.

Non-life Insurance and Life Insurance reported highly satisfactory results and strong growth, and the performance of Banking was favourably affected by reversed impairment writedowns due to improved economic conditions, while persistently turbulent investment markets detracted from performance.

The integration of the activities acquired from Saxo Privatbank is progressing according to plan. Expectations for cost synergies to the tune of DKK 75 million before amortisation of customer relationships from and including 2019 are maintained.

### Non-life Insurance

Non-life Insurance activities produced a highly satisfactory and better-than-expected profit of DKK 205 million, against DKK 320 million in Q3 2017, which marked an exceptionally strong performance, however.

The combined ratio was 85.4, supported by run-off gains and a lower-than-expected

level of major claims and weather-related claims.

Gross premiums totalled DKK 1,336 million, corresponding to an increase of 2.7% relative to Q3 2017, which was in line with expectations. Both the private customer segment and the commercial customer segment improved, reporting growth of 1.5% and 4.0%, respectively. Customer retention remained at a high level in both segments, and for the private customer segment the level is the highest recorded for more than ten years.

As expected, the Q3 expense ratio was 16.0, reflecting continued investment in digitalisation and growth.

The investment result was a profit of DKK 10 million, as compared with a DKK 43 million profit in Q3 2017. Equity markets impacted favourably on the Q3 2018 return, whereas the bond portfolio produced an expected negative Q3 return, which was offset by positive value adjustments of provisions. The mortgage deed portfolio also lifted the return as a result of few early redemptions.

### Life Insurance

Life Insurance produced a pre-tax profit of DKK 31 million in Q3 2018, against DKK 23 million in Q3 2017. The performance was lifted in particular by good risk and expense results. The performance was highly satisfactory and better than expected.

Total pension contributions increased by 50% year on year and were composed of an 8% increase in regular premiums and an increase of 94% in single payments. Growth in pension contributions was better than expected and in line with the group's ambition to grow its pension business.

The improved result was lifted in particular by a major influx of company pension schemes. In addition, the third quarter saw an exceptionally high inflow of single payments on both corporate and private pension schemes. The growth in the corporate customer segment should be seen in the light of several strategic initiatives which have contributed to supporting developments. These include simplified access for customers via digitalisation of the underwriting process and more lenient requirements in respect of the provision of health statements. Moreover, Life Insurance has adjusted the pricing of selected products.

At 30 September 2018, the bonus rate was 21.0%. Relative to 30 June 2018, the bonus rate declined by 0.7 of a percentage point. The decline was due to a high rate on policyholders' savings and a lower investment return. The bonus rate remained highly satisfactory, ensuring that Alm. Brand Pension may offer high and competitive rates on policyholders' savings.

## Banking

The bank generated a profit of DKK 6 million in Q3 2018 (Q3 2017: DKK 14 million profit). Improved economic conditions contributed to a reversal of impairment writedowns, but turbulent investment markets and rising interest rates weighed on investment portfolio earnings. While in line with expectations, the performance was still not satisfactory.

The bank continues to experience strong growth in new lending. Since Q3 2017, the number of Pluskunder has grown by 9% not including customers acquired from Saxo Privatbank and retained during the period. The implementation of the strategic initiatives, including the onboarding of new sales advisers, is having a positive and ever-increasing effect on new lending. The inflow of new customers is expected to continue, growing even further when the ongoing onboarding of customer advisers in the bank has been completed. Moreover, the bank's ongoing process improvements are expected to be accretive to growth and customer inflow. The improvements include efficiency enhancements of the digital onboarding process, credit processes and a new mortgage credit platform.

At 30 September 2018, lending totalled DKK 4.4 billion, marking a year-on-year increase of DKK 1.3 billion, which is due to the inflow of customers and increase in loans and advances from Saxo Privatbank. In addition, the bank reported a

considerable increase in new loans, which, however, was offset by existing customers' conversion of bank loans to mortgage loans and repayment of debt. The development reflects a general trend in society of customers increasing their savings and converting bank loans into mortgage loans, which is strengthened by the bank's customer advisory services.

At 30 September 2018, the portfolio of loans arranged for Totalkredit amounted to DKK 15.0 billion, against DKK 8.2 billion in Q3 2017, an increase of 83 %. The increase was mainly driven by the addition of Saxo Privatbank's portfolio of Totalkredit loans. Excluding the inflow of business from Saxo Privatbank, lending grew by 17% year on year. As mentioned above, the considerable inflow comprises both new and existing customers' conversion of bank loans to mortgage loans.

### Other activities

Other business activities, consisting primarily of corporate expenses, performed in line with expectations. The performance was a pre-tax expense of DKK 12 million, which was unchanged from the year-earlier period.

### 9M PERFORMANCE

The group posted a consolidated pre-tax profit of DKK 640 million in 9M 2018, as compared with a DKK 888 million profit in 9M 2017. The performance equalled a

return on equity of 18%, which was highly satisfactory and better than expected.

Non-life Insurance reported a profit of DKK 560 million and a combined ratio of 85.8. By comparison, the 9M 2017 profit was DKK 785 million, being lifted by an exceptionally strong investment result and higher run-off gains. Moreover, the 9M 2018 period was impacted by a higher number of major claims than in 9M 2017, although below the normal level.

Premium income totalled DKK 3,945 million, corresponding to an increase of 2.6% relative to 9M 2017. Both the private customer segment and the commercial customer segment improved, reporting growth of 1.0% and 4.2%, respectively.

In line with expectations, the 9M expense ratio was 17.1, and expectations for the full-year expense ratio are maintained at around 17.

Life Insurance delivered a profit of DKK 82 million, against DKK 81 million in 9M 2017. The performance should be seen in light of the DKK 12 million extraordinary income recognised on the portfolio of life annuities without bonus entitlement in 2017.

Banking generated a profit of DKK 40 million, against DKK 62 million in 9M 2017. The performance was favourably affected

by a reversal of impairment writedowns, whereas difficult investment market conditions in 2018 detracted from performance. The Q3 2017 results included value adjustments of two shareholdings, which lifted the performance by DKK 17 million in aggregate.

### CAPITALISATION

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

The distributable total capital of the group was DKK 5,416 million at 30 September 2018, corresponding to an excess of DKK 715 million relative to the group's capital target. The excess increased from DKK 461 million at 30 June 2018, mainly driven by Q3 earnings.

Contrary to expectations, the change to the method for calculation of the Danish volatility adjustment premium (the "VA premium") for discounting technical provisions has not yet entered into force. The scheduled change is expected to enter into force in the first quarter of 2019 and is still expected to have a limited effect on Non-life Insurance of around DKK 10 million.

## Capitalisation

DKKm	9M 2018	FY 2017
Total capital for the group	5,416	4,318
Internal capital target for the group	4,701	4,279
Excess relative to the capital target	715	39

### MAJOR EVENTS

#### Integration of Saxo Privatbank A/S's activities

Six months into the integration process, Alm. Brand has converted the securities trading platform Saxo Trader into Alm. Brand Trader. The trading platform was launched to all customers of the bank in October. Alm. Brand Trader is one of the best securities trading platforms in Denmark and also forms part of a unique set-up as it is offered by a full-service bank.

Moreover, the efforts to transfer all customers of the bank to a single bank platform, Bankdata, are progressing as planned. The transfer will be completed by the end of November 2018.

Accordingly, cost synergies to the tune of DKK 75 million before amortisation of customer relationships are still expected to crystallise from and including 2019.

## OUTLOOK FOR 2018

The guidance for the full-year profit for 2018 is raised to a consolidated profit of DKK 700-750 million. The upgrade is mainly driven by a stronger-than-expected performance of Non-life Insurance.

### Non-life Insurance

The guidance for Non-life Insurance is lifted by DKK 60 million to a profit of around DKK 660 million before tax. The upgrade is primarily driven by realised run-off gains.

The full-year guidance does not include run-off gains or losses for the rest of the year.

The guidance for the combined ratio is improved to about 87-88 from the previously guided level of 89, while the guidance for the expense ratio is maintained at about 17.

Full-year premium growth is expected to be at the level of 2-3%.

## Outlook

DKKm	2018
<b>Expected consolidated profit</b>	<b>700-750</b>
Non-life Insurance	660
Life Insurance	95
Banking	35
Other activities	-60

### Life Insurance

The guidance for Life Insurance is lifted by DKK 10 million to a profit of DKK 95 million. The upgrade is the result of a general improvement in operations in Q3 as compared with expectations. Regular premiums are expected to continue to increase at a rate of about 9% in 2018.

### Banking

The profit guidance for the bank is raised by DKK 10 million to a pre-tax profit of DKK 35 million including the Saxo Privatbank activities. The upgrade is driven by the repayment of a number of lending exposures previously subject to impairment.

The guidance for total net growth in retail lending including the acquired Saxo Privatbank portfolio of 40-45% in 2018 is maintained.

### Other activities

The guidance for other business activities, comprising costs and interest related to the parent company, Alm. Brand A/S, is maintained at a loss of DKK 60 million before tax.

## OUTLOOK FOR 2019

The consolidated profit for 2019 is expected to be in the range of DKK 500-600 million before tax.

Non-life Insurance is expected to report a profit of about DKK 475 million and a combined ratio of around 91-92. The outlook is exclusive of the run-off result.

Premiums are expected to grow by around 2-3%.

Life Insurance is expected to post a profit of around DKK 80 million. Regular premiums are expected to grow by about 7-8%.

The bank is expected to report a consolidated profit of about DKK 100 million before amortisation of customer relationships to the tune of DKK 30 million. Retail lending is expected to grow by around 5-8% (net).

Other business activities are expected to report a loss of around DKK 65 million.

Combined ratio

# 87-88

Expected combined ratio  
in Non-life Insurance

Growth in Life Insurance

# 9%

Expected growth in regular  
premiums in Life Insurance.

Growth in lending

# 40-45%

Expected growth in lending to  
retail customers.

# Financial highlights and key ratios

	DKK <b>m</b>	Q3 2018	Q3 2017	9M 2018	9M 2017	FY 2017
GROUP	<b>Income</b>					
	Non-life Insurance	1,336	1,301	3,945	3,846	5,157
	Life Insurance	432	289	1,443	1,002	1,394
	Banking	200	212	746	547	731
	Investments etc.	78	100	300	360	491
	<b>Total income</b>	<b>2,046</b>	<b>1,902</b>	<b>6,434</b>	<b>5,755</b>	<b>7,773</b>
	<b>Profit/loss</b>					
	Non-life Insurance	205	320	560	785	917
	Life Insurance	31	23	82	81	93
	Banking	6	14	40	62	67
	Other activities	-12	-12	-42	-40	-54
	<b>Profit before tax</b>	<b>230</b>	<b>345</b>	<b>640</b>	<b>888</b>	<b>1,023</b>
	Tax	-49	-73	-136	-187	-212
	<b>Profit after tax</b>	<b>181</b>	<b>272</b>	<b>504</b>	<b>701</b>	<b>811</b>
	Total provisions for insurance contracts	21,764	21,085	21,764	21,085	20,961
	Consolidated shareholders' equity	4,716	4,885	4,716	4,885	4,936
	Total assets	38,852	34,945	38,852	34,945	34,654
	Average no. of employees	1,749	1,582	1,749	1,582	1,602
	Return on equity before tax (%)*	19.0	28.8	17.8	23.7	20.8
	Return on equity after tax (%)	15.0	22.7	14.0	18.7	16.5

	DKK <b>m</b>	Q3 2018	Q3 2017	9M 2018	9M 2017	FY 2017
FINANCIAL RATIOS	Earnings per share	1.1	1.7	3.2	4.3	5.0
	Diluted earnings per share	1.1	1.7	3.2	4.3	4.9
	Net asset value per share	30	30	30	30	30
	Share price, end of period	54.9	62.0	54.9	62.0	81.0
	Price/NAV	1.85	2.06	1.85	2.06	2.67
	Average no. of shares (in thousands)	159,108	160,835	157,666	161,951	161,438
	No. of shares at year-end, diluted (in thousands)	158,558	162,487	158,558	162,487	161,708
	Average no. of shares, diluted (in thousands)	160,436	163,118	159,108	164,458	163,840
	Dividend per share	0.0	0.0	0.0	0.0	1.5
	Dividend per share, extraordinary	0.0	0.0	0.0	0.0	1.5
	No. of shares bought back (in thousands)	1,338	1,298	3,307	3,902	4,768
	Avg. price of shares bought back, DKK	64.5	60.2	65.5	57.7	59.4

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



# Non-life Insurance

## Highly satisfactory pre-tax profit of DKK 205 million and growth remaining very strong at 2.7%.

### Q3 PERFORMANCE

Non-life Insurance generated a pre-tax profit of DKK 205 million in Q3 2018, which was highly satisfactory as compared with expectations. By comparison, the Q3 2017 pre-tax profit of DKK 320 million marked an exceptionally strong performance, driven primarily by significantly greater run-off gains, a higher investment result and an unusually low underlying claims ratio. The technical result was a profit of DKK 195 million, against DKK 277 million in Q3 2017.

The Q3 combined ratio was 85.4. In particular, the result was favourably affected by lower- than-expected expenses for major claims and weather-related claims as well as by run-off gains. The underlying business was affected by the claims experience on health and personal accident insurance, which was not as good as expected due to a couple of large payouts. Excluding run-off gains on claims provisions, the Q3 combined ratio was 90.1.

## Combined ratio

	Q3 2018	Q3 2017	FY 2017
Combined ratio, underlying business	82.4	77.3	81.3
Weather-related claims, net of reinsurance	2.2	3.1	1.5
Major claims, net of reinsurance	5.9	5.7	6.6
Reinstatement premium	0.0	0.1	0.0
Run-off result, claims	-4.7	-7.9	-5.3
Change in risk margin, run-off result and current year	-0.4	0.4	0.3
<b>Combined ratio</b>	<b>85.4</b>	<b>78.7</b>	<b>84.4</b>

### Premiums

Gross premiums amounted to DKK 1,336 million in Q3 2018, which was 2.7% more than in Q3 2017. This was satisfactory and in line with expectations. The retention rate remains high in both commercial and private lines.

### Claims experience

The claims experience for Q3 2018 was 69.4%, against 62.8% in Q3 2017 and 70.8% in Q2 2018. The increase in the claims experience should be seen in light of the fact that Q3 2017 claims expenses were exceptionally low. Relative to expectations, the 2018 claims experience was affected in particular by fewer expenses for weather-related claims and major claims. Excluding the run-off result, the claims experience was 74.0%, which was better than expected.

### Weather-related claims

Weather conditions in the third quarter of 2018 were generally characterised by the unusually dry summer followed by a period of more varied weather and a number of instances of heavy rain and cloudbursts in August and September. Net of reinsurance, expenses for weather-related claims totalled DKK 29 million in Q3 2018 (Q3 2017: DKK 40 million). Overall, weather-related claims in Q3 2018 affected the combined ratio by 2.2 percentage points, which was less than expected.

### Major claims

Both the number of major claims and total claims expenses for major claims were somewhat lower than expected in Q3 2018. Net of reinsurance, major claims totalled DKK 79 million, which was DKK 5 million more than in the same period of 2017. Major claims affected the combined ratio by 5.9 percentage points, which was lower than expected.

### Underlying business

The underlying claims ratio was 66.4 in Q3 2018, which was slightly above the expected level due to a couple of large payouts on health and personal accident insurance in the quarter. Net of the extraordinary claims experience on these insurance lines, the underlying claims ratio for the remaining portfolio was better than expected. The underlying claims ratio was 5.0 percentage points lower in Q3 2017, when claims expenses were exceptionally low due to a recalibration of the provisioning models.

### Run-off result

The run-off result net of reinsurance amounted to a gain of DKK 63 million, which was primarily attributable to personal accident insurance in Private and to workers' compensation and motor insurance in Commercial. Moreover, a small gain was recognised from recalibration of the provisioning models. By comparison, the Q3 2017 run-off result amounted to DKK 102 million, which included a large gain due to the recalibration. After Q3 2018, the provisioning models are still calibrated so as to ensure a higher probability of run-off gains than of run-off losses. The level of run-off gains on workers' compensation insurance was generally lower in 2018 than in previous years.

### Risk margin

The change in the overall risk margin affected the combined ratio favourably by 0.4 of a percentage point, equivalent to DKK 5 million, composed of a DKK 17 million income attributable to the run-off result and a DKK 12 million expense related to the accumulation of risk margin on claims reported in Q3 2018. By comparison, the Q3 2017 combined ratio was adversely affected by 0.4 of a percentage point, equivalent to DKK 5 million, which was made up of a DKK 10 million income attributable to the run-off result and a DKK 15 million expense related to claims in 2017. The development was mainly due to a change in the risk composition of the solvency capital requirement.

### Costs

Total costs amounted to DKK 214 million in Q3 2018, equivalent to an expense ratio of 16.0. The level of expenses was in line with expectations for the quarter and unchanged from the same period of last year.

### Net reinsurance ratio

In Q3 2018, the net reinsurance ratio was 5.0, which was in line with Q3 2017. The level was a result of the positive fact that in both periods there were no claims events large enough to trigger compensation under the reinsurance programme.

### Discounting

From 30 September 2017 to 30 September 2018, the yield curve, which is used for discounting purposes, fell slightly by approximately 0.2 of a percentage point at the short end of the curve, while both the 3-year yield and the 10-year yield rose slightly. Due to the composition of the expected cash flows, the technical provisions are affected the most by movements in short-term interest rates. Overall, interest rate developments increased the combined ratio by 0.2 of a percentage point.

### PRIVATE

The technical result was a profit of DKK 89 million in Q3 2018 (Q3 2017: DKK 126 million profit).

## Private

DKKm	Q3 2018	Q3 2017	FY 2017
Gross premium income	675	665	2,644
Gross claims expenses	-449	-405	-1,726
Insurance operating expenses	-122	-118	-505
Profit/loss on reinsurance	-15	-16	-62
<b>Technical result</b>	<b>89</b>	<b>126</b>	<b>351</b>
Run-off result, claims	23	56	119
Run-off result, risk margin	6	5	24
Gross claims ratio	66.6	61.0	65.3
Net reinsurance ratio	2.3	2.4	2.4
<b>Claims experience</b>	<b>68.9</b>	<b>63.4</b>	<b>67.7</b>
Gross expense ratio	17.9	17.6	19.0
<b>Combined ratio</b>	<b>86.8</b>	<b>81.0</b>	<b>86.7</b>

Premium income amounted to DKK 675 million in Q3 2018, up 1.5% on the year-earlier period, which was in line with expectations. The increase was driven by added sales of covers as well as by a higher average premium. In particular, the increase in sales of motor insurance continues. The customer retention rate remained high, standing at a stable level of

around 90.8 throughout the quarter. This level was on a par with the highest retention rates recorded in the past ten years, which is highly satisfactory.

The claims experience excluding run-off gains on claims was 72.3% (Q3 2017: 72.1%).

Net of reinsurance, total weather-related claims amounted to DKK 10 million (Q3 2017: DKK 17 million). In spite of several heavy rain and cloudburst incidents in August and September after the drought period, expenses for weather-related claims were below the expected level. Weather-related claims affected the combined ratio by 1.5 percentage points in Q3 2018.

Expenses for major claims amounted to DKK 15 million net of reinsurance, which was on a par with Q3 2017. The combined ratio was affected by 2.2 percentage points (Q3 2017: 2.3 percentage points).

After the high number of major claims in Q2 2018, the level of claims in Q3 2018 dropped somewhat below the expected level and below the level reported in Q3 2017. Total claims expenses for major claims in Q3 2018 was also quite a bit below the level expected for the period and was on a par with the expense level of Q3 2017.

The underlying claims ratio was 68.9, which was lower than expected, but 1.9 percentage points higher than in Q3 2017. The claims ratio generally declined on a number of major products, but was adversely affected by a poorer than expected claims experience on the portfolio of health and personal accident insurances. Although the portfolio is small, expenses for major claims attributable to it far exceeded the level expected for the third quarter of 2018. Net of the extraordinary fluctuations in the health and personal accident portfolio, the underlying claims ratio for the remaining portfolio was at the second-lowest level in two years.

The net reinsurance ratio was 2.3 in Q3 2018, against 2.5 in Q3 2017.

The expense ratio was 17.9 in Q3 2018, which was in line with expectations. The expense ratio was 17.6 in Q3 2017.

Run-off gains on claims net of reinsurance amounted to DKK 23 million in Q3 2018 (Q3 2017: DKK 57 million). The 2018 run-off result was mainly attributable to gains on personal insurance lines.

The change in the overall risk margin affected the Q3 performance by an income of DKK 2 million, equivalent to a 0.3 of a percentage point favourable effect on the combined ratio.

The combined ratio totalled 86.8, which was satisfactory. Relative to expectations, the result was favourably affected by a lower level of expenses for small and major claims as well as by run-off gains.

### COMMERCIAL

The technical result was a profit of DKK 106 million in Q3 2018 (Q3 2017: DKK 151 million profit).

## Commercial

	Q3 2018	Q3 2017	FY 2017
<b>DKKm</b>			
Gross premium income	661	636	2,513
Gross claims expenses	-410	-346	-1,538
Insurance operating expenses	-93	-90	-396
Profit/loss on reinsurance	-52	-49	-125
<b>Technical result</b>	<b>106</b>	<b>151</b>	<b>454</b>
Run-off result, claims	39	46	155
Run-off result, risk margin	10	5	24
Gross claims ratio	62.1	54.4	61.2
Net reinsurance ratio	7.7	7.7	4.9
<b>Claims experience</b>	<b>69.8</b>	<b>62.1</b>	<b>66.1</b>
Gross expense ratio	14.1	14.2	15.8
<b>Combined ratio</b>	<b>83.9</b>	<b>76.3</b>	<b>81.9</b>

The combined ratio was 83.9, which was highly satisfactory and significantly exceeded expectations. However, the combined ratio was 7.6 percentage points higher than the exceptionally good result reported in Q3 2017. The 2018 result was favourably affected by lower claims expenses than expected for major claims and weather-related claims as well as by run-off gains.

Premium income was DKK 661 million in Q3 2018 (Q3 2017: DKK 636 million). The increase in premium income corresponds to an expected growth rate of 4.0%. The commercial market remains extremely competitive, but Alm. Brand nevertheless sold more policies than anticipated in the third quarter. Just under half of the total increase in Q3 2018 was attributable to Alm. Brand's acquisition of the insurance portfolio of Trafik G/S in September 2017.

The customer retention rate remained high. Increasing gradually over the past six months, the retention rate stood at 90.9 at 30 September 2018, which was slightly above the level at 30 September 2017 and very positive.

The claims experience excluding run-off gains on claims was 75.7% (Q3 2017: 69.4%).

Weather-related claims totalled DKK 19 million net of reinsurance (Q3 2017: DKK 24 million), which affected the combined ratio by 2.9 percentage points, against 3.8 percentage points in Q3 2017. In spite of a number of cloudbursts following the drought in the third quarter of 2018, weather-related claims were lower than expected for the period.

Major claims totalled DKK 64 million net of reinsurance (Q3 2017: DKK 59 million) and impacted the combined ratio by 9.7 percentage points, against 9.2 percentage points in Q3 2017. Both the number of major claims and total claims expenses were somewhat below the expected level in Q3 2018. However, claims expenses for agricultural major claims on buildings and contents were DKK 15 million higher than expected, whereas no major claims were reported due to field and forest fires.

The underlying claims ratio was 63.7 in Q3 2018, against 55.6 in Q3 2017. The year-on-year increase should be seen in light of the fact that the underlying claims ratio was exceptionally low in Q3 2017 due to an atypical claims experience. Relative to expectations, the third quarter of 2018 saw a slightly higher-than-expected level of payouts on commercial building and motor insurance. As part of the general adjustment of the profitability of the business,



Alm. Brand plans to take individually directed measures against selected parts of the commercial market building portfolio in the period until end-2018.

The net reinsurance ratio was 7.7, which was unchanged from Q3 2017. The net expense levels for reinsurance in Q3 2018 and Q3 2017 were a result of the positive fact that in both quarters there were no claims events large enough to trigger compensation under the reinsurance programme.

The expense ratio was 14.1 in Q3 2018 (Q3 2017: 14.2).

The run-off result on claims net of reinsurance was a gain of DKK 39 million, against DKK 46 million in 2017. The 2018 run-off result was mainly attributable to workers' compensation and motor insurance.

The change in the overall risk margin affected the Q3 performance by an income of DKK 3 million, equivalent to a 0.5 percentage point favourable effect on the combined ratio.

## Investment return

DKKm	Q3 2018			Q3 2017		
	Investment assets	Return		Investment assets	Return	
Bonds etc.	8,549	-11	-0.1 %	8,517	47	0.6 %
Mortgage deeds etc.	976	4	0.4 %	1,169	10	0.8 %
Equities	205	8	4.3 %	202	7	4.0 %
Properties	13	0	2.2 %	13	1	6.0 %
<b>Total return on investments</b>	<b>9,743</b>	<b>1</b>	<b>0.0 %</b>	<b>9,901</b>	<b>65</b>	<b>0.7 %</b>
Administrative expenses related to investment activities		-6			-6	
Capital gains related to the discounting of technical provisions		17			-12	
Interest on technical provisions		-2			-4	
<b>Net investment return</b>		<b>10</b>			<b>43</b>	

## INVESTMENT RESULT

The investment result was a gain of DKK 10 million in Q3 2018, against DKK 43 million in the year-earlier period. The result was satisfactory given the current market conditions.

The Q3 2018 investment return was favourably affected by equity market developments in spite of the continuing trade war. As a result of small interest rate increases in the third quarter, the bond portfolio as expected generated a negative return, which was offset by positive value adjustments of provisions. The mortgage deed portfolio also lifted the return as a result of few early redemptions.

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

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

## Combined ratio

	9M 2018	9M 2017	FY 2017
Combined ratio, underlying business	82.8	81.0	81.3
Weather-related claims, net of reinsurance	1.4	1.6	1.5
Major claims, net of reinsurance	6.6	6.0	6.6
Reinstatement premium	0.0	0.0	0.0
Run-off result, claims	-4.7	-6.6	-5.3
Change in risk margin, run-off result and current year	-0.3	0.3	0.3
<b>Combined ratio</b>	<b>85.8</b>	<b>82.3</b>	<b>84.4</b>

## 9M PERFORMANCE

The group's non-life insurance activities generated a profit before tax of DKK 560 million in 9M 2018, as compared with DKK 785 million in 9M 2017. The performance was better than expected and highly satisfactory.

The technical result was a profit of DKK 561 million, against DKK 682 million in 2017, corresponding to a combined ratio of 85.8 in 9M 2018 (9M 2017: 82.3). The performance was favourably affected by fewer weather-related claims expenses, but adversely affected by a higher level of expenses for major claims, a higher level of small claims in the growing motor insurance portfolio, a higher level of fire claims during the summer period and fewer run-off gains as compared with the same period of 2017. Moreover, the investment result was exceptionally good in 2017.

Premium income amounted to DKK 3,945 million, corresponding to growth of 2.6%, comprised of an increase of 1.0% in the private customer segment and a 4.2% increase in the commercial customer segment.

Weather-related claims totalled DKK 54 million net of reinsurance in 9M 2018 (9M 2017: DKK 62 million). The 9M period of 2018 was characterised by a cold win-

ter without any major snowfall and with fewer and less powerful windstorms than anticipated. The summer was characterised by a long drought period followed by a number of heavy rain and cloudburst incidents, which did not give rise to any significant payouts, though. Overall, the number of weather-related claims was significantly lower than expected for the first nine months of the year. Weather-related claims affected the combined ratio by 1.4 percentage points (9M 2017: 1.6 percentage points).

Major claims totalled DKK 258 million in 9M 2018 (9M 2017: DKK 233 million). The number of major claims in the 9M period was slightly higher than anticipated, but this was offset by the fact that average claims expenses for major claims were generally below the expected level. In particular in the second quarter, claims expenses were higher in 2018 than in 2017 due to an unusually high number of fire claims in June 2018. Overall, major claims expenses affected the combined ratio by 6.6 percentage points in 9M 2018 (9M 2017: 6.0 percentage points), which was somewhat better than the expected full-year level of 7-8 percentage points.

The combined ratio of the underlying business was positive at 82.8 in 9M 2018, against 81.0 in 9M 2017. The increase was mainly due to a higher underlying claims ratio, which in 2018 was primarily affected by a larger motor insurance portfolio. Partly the number of motor policies sold increased, and partly the acquisition of the motor insurance portfolio from Trafik G/S impacted the underlying claims ratio. However, taking into account the portfolio changes, developments in the underlying claims ratio for motor insurance were in line with expectations. In addition, the underlying claims ratio was adversely affected by an increase in the number of small and large fire claims involving commercial buildings in 2018 relative to 2017. The first nine months of 2018 were furthermore affected by a drop in the short-term discount rate, which increased the combined ratio by 0.5%.

The run-off result on claims net of reinsurance was a gain of DKK 183 million in 9M 2018, against DKK 255 million in 2017. The 2018 run-off result was mainly attributable to personal accident insurance in Private lines and to workers' compensation insurance in Commercial lines. The level of run-off gains on workers' compensation insurance was generally lower than in previous years.

The change in the overall risk margin in 9M 2018 affected the combined ratio by 0.3 of a percentage point, equivalent to DKK 12 million, composed of a DKK 62 million income attributable to the run-off result and a DKK 50 million expense related to the building-up of risk margin on claims reported in Q3 2018.

The net reinsurance ratio was 4.9 for 9M 2018, as compared with 3.3 for the same period of 2017. The higher net expense for reinsurance in 2018 was due to the fact that no claims triggering coverage under the reinsurance programme have been reported in 2018 to date. On the other hand, 2017 was affected by reinsurance received in respect of a major fire claim in the first quarter of 2017.

The expense ratio for the first three quarters of 2018 was 17.1, and expectations for the full-year expense ratio are maintained at around 17.

The investment result after interest on technical provisions was a loss of DKK 1 million in 9M 2018, against a gain of DKK 103 million in 9M 2017. The investment result for 9M 2018 was in line with expectations given the current market conditions and should furthermore be seen in light of the fact that a narrowing of the yield spread in 2017 contributed to an exceptionally good result in 9M 2017.

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## CAPITALISATION

The capital requirement of Alm. Brand Forsikring A/S was DKK 1,012 million at 30 September 2018. The total capital was DKK 3,308 million, which means that the company had an excess cover of DKK 2,296 million relative to the capital requirement, equivalent to a solvency coverage ratio of 327%.

At 30 September 2018, shareholders' equity allocated to Non-life Insurance was DKK 2,329 million.

## MAJOR EVENTS

### New workers' compensation product

In August, Alm. Brand launched a new workers' compensation product containing a number of improvements to its standard covers. In addition, Alm. Brand now

also offers coverage for loss of business income due to sickness in instances where the company owner or other key employees of the company become incapacitated for work for a period of time. The new product generally positions Alm. Brand more strongly in the market with an even better price/risk differentiation. In the upcoming period, all customers will be contacted to ensure that they are offered this new product.

### Price adjustment of travel insurance product

Lately, Alm. Brand has noted an increase in claims payouts on travel insurance products to certain customer groups. In the upcoming period, Alm. Brand will carry out individually targeted price adjustments in order to ensure that this product remains profitable.



# Non-life Insurance

	DKKm	Q3 2018	Q3 2017	9M 2018	9M 2017	FY 2017		DKKm	Q3 2018	Q3 2017	9M 2018	9M 2017	FY 2017
INCOME STATEMENT	Gross premium income	1,336	1,301	3,945	3,846	5,157	BALANCE SHEET	Run-off result, claims	63	102	183	255	274
	Claims expenses	-859	-751	-2,513	-2,372	-3,264		Run-off result, risk margin	17	10	62	39	48
	Insurance operating expenses	-215	-208	-676	-665	-901		Technical provisions	7,375	7,490	7,375	7,490	7,203
	Profit/loss on reinsurance	-67	-65	-195	-127	-187		Insurance assets	139	249	139	249	141
	<b>Technical result</b>	<b>195</b>	<b>277</b>	<b>561</b>	<b>682</b>	<b>805</b>		Shareholders' equity	2,329	2,391	2,329	2,391	2,493
	Interest and dividends, etc.	34	43	110	139	188	FINANCIAL RATIOS	Total assets	10,440	10,767	10,440	10,767	10,702
	Capital gains	-33	22	-104	-8	-23		Gross claims ratio	64.4	57.8	63.8	61.7	63.3
	Administrative expenses related to investment activities	-6	-6	-19	-21	-33		Net reinsurance ratio	5.0	5.0	4.9	3.3	3.6
	Return on and value adjustment of technical provisions	15	-16	12	-7	-20		<b>Claims experience</b>	<b>69.4</b>	<b>62.8</b>	<b>68.7</b>	<b>65.0</b>	<b>66.9</b>
	<b>Investment return after return on and value adjustment of provisions</b>	<b>10</b>	<b>43</b>	<b>-1</b>	<b>103</b>	<b>112</b>		Gross expense ratio	16.0	15.9	17.1	17.3	17.5
	<b>Profit before tax</b>	<b>205</b>	<b>320</b>	<b>560</b>	<b>785</b>	<b>917</b>		<b>Combined ratio</b>	<b>85.4</b>	<b>78.7</b>	<b>85.8</b>	<b>82.3</b>	<b>84.4</b>
	Tax	-44	-68	-119	-166	-196		Combined ratio excluding run-off result *)	90.0	86.6	90.4	89.0	89.7
	<b>Profit after tax</b>	<b>161</b>	<b>252</b>	<b>441</b>	<b>619</b>	<b>721</b>		Return on equity before tax (%)	34.1	56.6	32.4	43.1	38.5
								Return on equity after tax (%)	26.8	44.5	25.5	34.0	30.6

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

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

# Life Insurance

## Highly satisfactory pre-tax profit of DKK 31 million and strong growth in contributions of 50%.

### Q3 PERFORMANCE

Life Insurance posted a pre-tax profit of DKK 31 million in Q3 2018 (Q3 2017: DKK 23 million). The performance was highly satisfactory and better than expected, being lifted in particular by good risk and expense results.

The profit was composed as follows:

- Expense and risk result of DKK 22 million
- Interest rate result of DKK 7 million
- Profit of DKK 2 million from the group life insurance business
- Profit of DKK 1 million from life annuities without bonus entitlement
- Negative return on investment allocated to equity of DKK 1 million

At 30 September 2018, the bonus rate was 21.0%. The bonus rate remained highly satisfactory, ensuring that Alm. Brand may offer high and competitive rates on policyholders' savings.

Measured in terms of the volume of customer funds, AUM (assets under management) increased to DKK 14.4 billion at 30 September 2018, marking a year-on-year increase of 5.8%.

The increase was attributable to fair growth in customer contributions.

### Pension contributions

#### Payments into guaranteed schemes

In Q3 2018, premiums totalled DKK 432 million (Q3 2017: DKK 289 million), up by 50% year on year. The development in contributions was highly satisfactory and in line with the group's growth ambitions.

The figures comprise an increase in regular premiums of 8% and an increase in single payments of 94%. The improvement was in particular due to fair growth in the corporate customer segment, which benefited from customers moving their entire portfolio to Alm. Brand Pension. The third quarter saw an exceptionally high inflow of single payments on both corporate and private pension schemes.

The growth in the corporate customer segment is driven by several strategic initiatives which have contributed to supporting developments. These include simplified access for customers via digitalisation of the underwriting process and more lenient requirements in respect of the provision

of health statements. Moreover, Life Insurance has adjusted prices on selected products with a view to improving its competitive strength.

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

### Benefits paid

Total benefits paid amounted to DKK 242 million in Q3 2018, compared with DKK 229 million in the same period of 2017. The year-on-year increase was due to benefits paid on death and to increased expenses related to Forenede Gruppeliv. On the other hand, increased customer loyalty translated into a reduction of policy surrenders.

### Risk result

Net of reinsurance, the risk result, which expresses the difference between risk premiums and actual claims expenses, was an income of DKK 19 million in Q3 2018, against DKK 11 million in Q3 2017. The result was favourably affected by lower-than-expected claims expenses.

The risk result remains highly satisfactory, not least in light of the fierce competition in the risk hedging market.

### Costs

Acquisition costs and administrative expenses totalled DKK 24 million in Q3 2018, which was on a par with Q3 2017 and highly satisfactory in light of the growth in premiums generated in the same period. This was due to more efficient administration.

### Expense result

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was positive at DKK 3 million in Q3 2018. The expense result improved relative to the year-earlier period, driven by a higher cost contribution, including fees charged for single contributions.

The result was satisfactory considering the fact that Alm. Brand Pension has some of the industry's lowest costs for average rate products (see APR listed on the industry comparison portal, "Fakta om pension" ("Facts about pension")).

### Investment return on policyholders' funds

The return on investment assets belonging to policyholders (before pension returns tax) was a gain of DKK 120 million for Q3 2018, corresponding to a return of 0.9%, against a return of DKK 248 million in Q3 2017.

The return on policyholders' investment assets was favourably affected by equity market developments in spite of the ongoing trade war. Bonds detracted from performance, the return on emerging market bonds being affected in particular by turmoil in Turkey and Argentina and higher US interest rates. Danish mortgage bonds contributed favourably to the return. The property portfolio produced a return of 1.2% in Q3 2018.

## Investment return

	Investment assets	Return Q3	Return p.a.
<b>DKKmn</b>			
Bonds	10,465	-0.1%	-0.2%
Equities	2,381	4.6%	18.5%
Properties	1,425	1.2%	4.7%
<b>Total</b>	<b>14,271</b>	<b>0.9%</b>	<b>3.4%</b>

The property exposure was reduced last year due to the company's divestment of a property at City Hall Square in Copenhagen in July 2017. The property exposure is expected to increase by about DKK 500 million. A part of the exposure is achieved through European property funds, which also ensures a better risk balance in the portfolio.

### Life insurance provisions

Total life insurance provisions increased by DKK 224 million to an aggregate of DKK 14.0 billion in Q3 2018. The increase was attributable partly to the net inflow of pension funds in the period and partly to the positive investment return.

### Profit margin

The profit margin was unchanged at DKK 419 million at 30 September 2018.

For a long time, the sector has been in discussions with the Danish FSA about the accounting concept "profit margin". The outcome is an understanding that the Danish FSA prefers a theoretically more sophisticated calculation methodology for the calculation of the profit margin. As a result, Alm. Brand Pension has initiated a process to ensure that the company adapts to these requirements well in advance of the implementation of the Danish FSA's new approach. The new calculation principles are not expected to change the company's capital robustness.

### Bonus rate

The total bonus rate was 16.3% at 30 September 2018 and hence remains highly satisfactory.

Relative to 30 June 2018, the bonus rate declined by 0.7 of a percentage point. The decline was due to a high rate on policyholders' savings as well as to a lower investment return. The decline in the investment return was due to turbulent investment markets in the third quarter, which has continued into the fourth quarter, reducing the bonus rate by an additional 1.3 percentage points as at 31 October. The bonus rate remains satisfactory.

	U74*	Interest rate group 0	Interest rate group 1	Interest rate group 2	Interest rate group 3	Total
Technical rate of interest (% p.a.)		0.5-1.5	1.5-2.5	2.5-3.5	3.5-4.5	
Rate on policyholders' savings (% p.a.)		5.00	5.50	5.50	6.00	
Investment assets (DKKbn)	0.1	9.5	1.1	1.2	2.4	14.3
Bonus rate (%)		22.7	23.6	15.4	12.7	21.0
Return (% YTD annualised)	1.0	2.1	1.5	1.2	0.8	1.7
<b>Distribution of investment assets (%)</b>						
Bonds	100	69	70	81	80	72
Equities	0	20	20	8	8	17
Properties	0	11	10	9	7	10
Fixed-income derivatives	0	0	0	2	5	1

\* Portfolios without bonus entitlement



New policyholders are placed in interest rate group 0, which had a bonus rate of 22.7% at 30 September 2018.

In interest rate groups 2 and 3, which comprise customers with a high guarantee rate, the bonus rate was around 15% at 30 September 2018, which was highly satisfactory. The interest rate groups continue to pursue a prudent investment strategy based on a substantial share of bonds and financial instruments with a view to striking a healthy balance between the groups' investments and liabilities.

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

## 9M PERFORMANCE

Alm. Brand Pension generated a pre-tax profit of DKK 82 million in 9M 2018 (9M 2017: DKK 81 million profit). The performance should be seen in light of the DKK 12 million extraordinary income recognised on the portfolio of life annuities without bonus entitlement in 2017.

The profit was composed as follows:

- Expense and risk result of DKK 58 million
- Interest rate result of DKK 20 million
- Profit of DKK 6 million from the group life insurance business
- Profit of DKK 1 million from life annuities without bonus entitlement
- Negative return on investment allocated to equity of DKK 3 million

Total pension contributions amounted to DKK 1,443 million, up 44% on the year-earlier period, comprised of an increase in regular payments of 11% and an increase of 77% in single payments.

Benefits paid amounted to DKK 794 million, against DKK 762 million in 2017. The risk result was DKK 51 million in 9M 2018, which was highly satisfactory and DKK 3 million higher than in 9M 2017.

Insurance operating expenses amounted to DKK 72 million, which was on a par with the 9M 2017 level. The expense result was a profit of DKK 7 million in 9M 2018, against a loss of DKK 11 million in 9M 2017, the significant improvement being attributable to a higher cost contribution and increased payment activity.

The investment return on policyholders' funds was DKK 179 million (before pension returns tax), corresponding to 1.3% (1.7% p.a.). In 9M 2017, the return amounted to DKK 783 million and was lifted by the sale of the property at City Hall Square in Copenhagen.

## CONTRIBUTIONS TO PENSION SCHEMES HELD WITH THE BANK

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

Total contributions to schemes with the bank amounted to DKK 153 million in Q3 2018 (Q3 2017: DKK 215 million), DKK 54 million of which was attributable to the OpsparingPlus product, against DKK 84 million in Q3 2017.

Total pension assets related to pension schemes with the bank amounted to DKK 7.4 billion at 30 September 2018 (30 September 2017: DKK 4.2 billion), marking a year-on-year increase of DKK 3.2 billion. The increase was driven by the addition of the Saxo Privatbank portfolio.

## CAPITALISATION

The total capital of Alm. Brand Liv og Pension A/S amounted to DKK 1,080 million at 30 September 2018.

The company's capital requirement amounted to DKK 149 million. Accordingly, the company had excess liquidity of DKK 931 million, corresponding to a solvency coverage ratio of 723%. The company's capital requirement is very low as a result of the large bonus potentials at 30 September 2018.

Equity allocated to pension was DKK 620 million at 30 September 2018.

# Life Insurance

	DKKkM	Q3 2018	Q3 2017	9M 2018	9M 2017	FY 2017
INCOME STATEMENT	Premiums	432	289	1,443	1,002	1,394
	Investment return after allocation of interest	90	199	132	648	735
	Benefits paid	-242	-229	-794	-762	-1,032
	Total insurance operating expenses	-23	-22	-72	-73	-99
	Result of ceded business	-1	-1	-1	-1	-3
	Change in life insurance provisions	-224	-209	-596	-724	-871
	Change in profit margin	0	-7	-27	-13	-31
	<b>Technical result</b>	<b>32</b>	<b>20</b>	<b>85</b>	<b>77</b>	<b>93</b>
	Return on investment allocated to equity	-1	3	-3	4	0
	<b>Profit before tax</b>	<b>31</b>	<b>23</b>	<b>82</b>	<b>81</b>	<b>93</b>
	Tax	-7	-5	-18	-18	-16
	<b>Profit after tax</b>	<b>24</b>	<b>18</b>	<b>64</b>	<b>63</b>	<b>77</b>
<b>Return requirement for shareholders' equity</b>						
	Return on investment allocated to equity	-1	3	-3	4	0
	Result of portfolios without bonus entitlement	1	1	1	14	14
	Gruppeliv	2	3	6	7	7
	Interest result	7	7	20	19	25
	Expense result	3	-2	7	-11	-13
	Risk result	19	11	51	48	60
	<b>Profit before tax</b>	<b>31</b>	<b>23</b>	<b>82</b>	<b>81</b>	<b>93</b>

	DKKkM	Q3 2018	Q3 2017	9M 2018	9M 2017	FY 2017
BALANCE SHEET	Total provisions for insurance contracts	14,390	13,595	14,390	13,595	13,758
	Total shareholders' equity	620	786	620	786	800
	Total assets	15,179	14,533	15,179	14,533	15,244
FINANCIAL RATIOS	Return on equity before tax (%)	17.7	11.6	16.5	13.3	11.2
	Return on equity after tax (%)	13.8	9.0	12.9	10.4	9.2
	Bonus rate (%)	21.0	25.0	21.0	25.0	23.6

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

# Banking

## Total pre-tax profit of DKK 6 million. The integration of the activities acquired from Saxo Privatbank is progressing according to plan.

### Q3 PERFORMANCE

The bank generated a profit of DKK 6 million in Q3 2018 (Q3 2017: DKK 14 million profit). Improved economic conditions contributed to a reversal of impairment writedowns, but turbulent investment markets and rising interest rates weighed on investment portfolio earnings. While in line with expectations, the performance was still not satisfactory. In Q3 2018, the bank continued to experience strong growth in new lending, recording an increase in the number of Pluskunder of 9% relative to the year-earlier period. At the same time, the widespread tendency among existing customers to convert bank loans into mortgage loans and repay debt impacted on net lending.

### Integration of former Saxo Privatbank activities

The integration of the former Saxo Privatbank activities continued in the third quarter, progressing according to plan, and Alm. Brand has been successful in retaining customers. The switchover to a single bank platform, Bankdata, will be effected in November 2018, and the combination of the bank's activities and operations is still

expected to be fully completed by end-2018. In line with expectations, no synergy benefits will crystallise in the 2018 financial year, but expectations for cost synergies to the tune of DKK 75 million before amortisation of customer relationships from and including 2019 are maintained.

### Income

The bank's income amounted to DKK 154 million in Q3 2018, against DKK 123 million in Q3 2017.

Net interest and fee income for Q3 2018 amounted to DKK 93 million (Q3 2017: DKK 62 million). The increase was mainly driven by the addition of Saxo Privatbank activities. The bank's interest margin was 2.2% in Q3 2018 (Q3 2017: 2.4%), still being impacted by intensified competition and lower coupon rates on the bank's bond portfolios. Relative to Q2 2018, the interest margin increased by 0.1 of a percentage point.

Trading income from Financial Markets amounted to DKK 38 million in Q3 2018, against DKK 37 million in Q3 2017.

The improvement was driven by the addition of the Saxo Privatbank activities, while the development in general was characterised by lower customer trading activity. Like the first six months of the year, the third quarter was characterised by market turbulence, adversely impacting prices of shares, mortgage bonds and corporate bonds and hence weighing on earnings in Financial Markets. However, earnings improved in the third quarter as compared with the first two quarters of the year.

Leasing reported a net income of DKK 18 million in Q3 2018, which was on a par with Q3 2017. Commercial customer leasing reported highly satisfactory growth of 15%, while private customer leasing has stabilised at a lower level since the change in taxes in autumn 2017. As compared with the third quarter of 2017, private customer leasing was down by 21%, but has started to grow again over the past three months.

Other income amounted to DKK 5 million in Q3 2018, against DKK 6 million in Q3 2017.

### Costs

Costs amounted to DKK 159 million in Q3 2018, against DKK 114 million in the same period of last year. The increase was mainly driven by the acquired activities, contributing DKK 37 million, but also by investments made to raise the number of banking advisers and investments in digitalisation. The current cost level was in line with expectations and a result of the bank's growth ambitions. As expected, the cost level will be reduced significantly when the synergies begin to crystallise from the beginning of 2019.

### Investment portfolio earnings

Investment portfolio earnings amounted to a loss of DKK 9 million in Q3 2018, against an income of DKK 15 million in Q3 2017. The return on the bank's investment portfolio of bonds was characterised by interest rate increases and, as expected, produced a negative return of DKK 4 million in Q3 2018, while the return for Q3 2017 was positive at DKK 1 million. In addition, a value adjustment of two shareholdings in a total amount of DKK 17 million was recognised in Q3 2017. The return on other equities, primarily deriving from sector equities, was unchanged year on year.



## Impairment writedowns

The bank made a DKK 20 million reversal of impairment writedowns in Q3 2018, against impairment writedowns of DKK 10 million in Q3 2017. The reversed impairment writedowns were attributable to improved economic conditions for private households and commercial property. As the portfolio had already been written down significantly, the bank's agricultural portfolio was only to a very limited extent affected by the drought in the summer of 2018 and the weak settlement prices. DKK 6 million of the reversed impairment writedowns of DKK 20 million was attributable to net interest and fee income from loans written down. The remaining reversal was primarily attributable to the repayment of a number of lending exposures.

## Business volume

The bank continues to experience growing activity. Since Q3 2017, the number of Pluskunder has grown by 9% not including customers acquired from Saxo Privatbank and retained during the period. The implementation of the strategic initiatives, including the onboarding of new sales advisers, is having a positive effect on the inflow of new customers. The inflow of new customers is expected to continue, growing even further when the ongoing onboarding of customer advisers in the bank has been completed. Moreover, the

## Impairment writedowns

DKKm	Q3 2018	Q3 2017	Im- pairm. in % <sup>a)</sup>
<b>Loans and advances</b>			
Retail	-4	4	-1%
<b>Winding-up portfolio</b>			
Agriculture	-14	1	-22%
Commercial properties	-4	0	-9%
Mortgage deeds	-3	-4	-10%
<b>Loan impairment charges</b>	<b>-25</b>	<b>1</b>	<b>-3%</b>
Mortgage deed option agreement <sup>b)</sup>	5	9	
<b>Total impairment writedowns</b>	<b>-20</b>	<b>10</b>	

<sup>a)</sup> Losses and writedowns as a percentage of the average portfolio in Q3 2018. The percentage is not comparable with the impairment ratio in the overview of financial ratios.

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

bank's ongoing process improvements are expected to be accretive to growth and customer inflow. The improvements include efficiency enhancements of the digital onboarding process, credit processes and a new mortgage credit platform.

Lending amounted to DKK 4.4 billion at 30 September 2018, an increase of DKK 1.3 billion relative to Q3 2017. The increase was driven by the addition of the Saxo Privatbank portfolio. The considerable gross inflow of new lending was offset by generally lower borrowing requirements and a strong tendency among existing customers to save up. The development reflects a general trend in society of customers increasing their savings and converting bank loans into mortgage loans, which is strengthened by the bank's customer advisory services.

The housing market remains buoyant with growth in gross lending. However, general market developments and the still very competitive market are to a greater extent seen to also affect lending in Alm. Brand. The intensified competition is reflected in the interest margin and in particular in lending for co-operative housing. The bank has adjusted prices of selected products, which has improved the inflow of customers and lending. In spite of the tough competition, Alm. Brand will not compromise with the group's credit policy.

The portfolio of Totalkredit mortgage loans continued to develop favourably, amounting to DKK 15.0 billion at 30 September 2018 (30 September 2017: DKK 8.2 billion), equivalent to an increase of 83 % during the period. The increase was mainly driven by the addition of the Saxo Privatbank portfolio. Excluding this inflow, lending grew by 17% year on year. This marks a substantial, positive trend among new and existing customers of converting bank loans into mortgage loans.

Financial Markets experienced an increased inflow of investment and Private Banking customers with IndexPlus totalling DKK 0.5 billion in Q3 2018.

The Leasing portfolio totalled DKK 973 million at 30 September 2018, distributed on approximately 8,600 cars. Commercial customer leasing reported the highest growth rate to date, while private customer leasing has stabilised at a new level in the wake of the tax change in autumn 2017. Alm. Brand Leasing remains the third-largest provider in the market for private customer leasing, and Alm. Brand's market share of the commercial customer market is increasing.

### Winding-up portfolio

Total loans and advances in the winding-up portfolio were reduced by DKK 26 million to DKK 505 million in Q3 2018. Adjusted for losses and writedowns, the reduction totalled DKK 47 million, of which Agriculture was reduced by DKK 19 million, Commercial Property by DKK 7 million, and Mortgage Deeds by DKK 21 million. The total credit exposure in the winding-up portfolio developed in line with expectations.

### Deposits

The bank had deposits of DKK 10.4 billion at 30 September 2018, which was DKK 3.3 billion more than at 30 September 2017. The improvement was driven by the DKK 3.4 billion addition attributable to the Saxo Privatbank activities. At 30 September 2018, floating-rate deposits represented 99% of total deposits, against 91% at the year-earlier date.

### 9M PERFORMANCE

The bank generated a total pre-tax profit of DKK 40 million in 9M 2018 (9M 2017: DKK 62 million profit).

Net interest and fee income increased by DKK 59 million as a result of the takeover of activities from Saxo Privatbank. Trading income amounted to DKK 107 million in 9M 2018, down by DKK 13 million relative to the same period of last year. The Saxo Privatbank activities contributed DKK 10 million to trading income.

Leasing contributed income of DKK 56 million in 9M 2018, against DKK 55 million in 9M 2017. In line with expectations, income from commercial customer leasing increased, while income from private customer leasing fell.

Other income increased by DKK 21 million relative to 9M 2017, which was attributable to the DKK 24 million non-recurring income from the acquisition of the Saxo Privatbank activities.

Costs amounted to DKK 452 million in 9M 2018, against DKK 348 million in 9M 2017. This amount includes DKK 79 million from the acquired Saxo Privatbank activities, while the remainder of the increase was primarily due to investments in more banking advisers and digitalisation. From and including 2019, costs will be reduced significantly as a result of synergies from the acquisition of the Saxo Privatbank activities.

## Credit exposure after writedowns

DKKm	31 December 2017	31 March 2018	30 June 2018	30 September 2018	Share of portfolio in %
<b>Loans and advances</b>	<b>3,117</b>	<b>2,841</b>	<b>4,325</b>	<b>4,374</b>	
<b>Winding-up portfolio</b>					
Agriculture	159	135	123	118	23 %
Commercial properties	257	244	243	240	48 %
Mortgage deeds	165	164	165	147	29 %
<b>Total winding-up portfolio</b>	<b>581</b>	<b>543</b>	<b>531</b>	<b>505</b>	<b>100 %</b>
Mortgage deed option agreement	1,111	1,063	1,021	976	
<b>Total credit exposure</b>	<b>4,809</b>	<b>4,447</b>	<b>5,877</b>	<b>5,855</b>	

Investment portfolio earnings amounted to DKK 24 million in 9M 2018, against DKK 25 million in 9M 2017. The decline was due to non-recurring income of DKK 17 million from the value adjustment of two share-holdings in 2017 and partly to more favourable developments in the bank's return on Danish mortgage bonds in 2017 than in the current year.

Impairment writedowns were a reversal of DKK 65 million 9M 2018, against a DKK 2 million reversal in the same period of last year. The reversed impairment writedowns primarily concerned a number of lending exposures previously subject to impairment. DKK 20 million of the reversed impairment writedowns was attributable to net interest and fee income from loans written down.

### Liquidity

At 30 September 2018, the liquidity coverage ratio (LCR) was 689%.

### Capitalisation

The bank's total capital was DKK 2.0 billion at 30 September 2018, and the solvency ratio for the group was 21.6.

### Capital reservation for credit risk

The bank's total capital reservation for credit risk amounted to DKK 2,159 million at 30 September 2018, against DKK 2,137 million at 31 December 2017. The capital reservation equalled 29% of the credit exposure, which was below the level reported at 31 December 2017 due to the inflow of activities from Saxo Privatbank.

## Capitalisation

DKK m	Parent company	Group
Total capital	1,981	1,975
Risk exposure amount	8,750	9,145
Solvency ratio	22.6	21.6
Tier 1 capital ratio	20.6	19.7
Individual solvency need (%)	12.1	12.0
Excess cover (%)	10.5	9.6

## Capital reservation for credit risk

DKK m	30 September 2018						31 Dec. 2017	
	Total assets	Credit exposure <sup>a)</sup>	Accumulated impairment writedowns <sup>b)</sup>	Required capital	Total reservation	Reservation/credit exposure	Total reservation	Reservation/credit exposure
Loans and advances	4,315	4,734	419	462	881	19%	634	20%
Winding-up portfolio	505	2,574	1,093	174	1,267	49%	1,480	50%
<b>Total, excl. reverse transactions</b>	<b>4,820</b>	<b>7,308</b>	<b>1,512</b>	<b>636</b>	<b>2,148</b>	<b>29%</b>	<b>2,114</b>	<b>34%</b>
Reverse transactions and intra-group transactions	59	59	–	11	11	19%	23	13%
<b>Total, group</b>	<b>4,879</b>	<b>7,367</b>	<b>1,512</b>	<b>647</b>	<b>2,159</b>	<b>29%</b>	<b>2,137</b>	<b>34%</b>

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

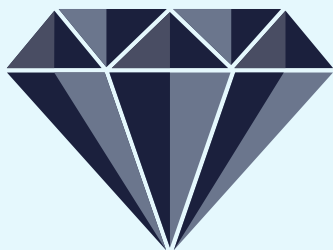
<sup>b)</sup> Including value adjustments of mortgage deeds.

At 30 September 2018, accumulated writedowns amounted to DKK 1,512 million, against DKK 1,569 million at 31 December 2017.

### SUPERVISORY DIAMOND

At 30 September 2018, the bank was in compliance with all five threshold values

of the Danish FSA's Supervisory Diamond. The growth in lending of 26% included loans and advances taken over from Saxo Privatbank and developments in the winding-up portfolio. Excluding loans and advances taken over from Saxo Privatbank, growth in lending was negative at 5%.



#### Large exposures

<b>Threshold value</b>	< 175%	<b>30 September - 2018</b>	40%	<b>2017</b>	35%
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#### Growth in lending

<b>Threshold value</b>	< 20%	<b>30 September - 2018</b>	26%	<b>2017</b>	1%
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#### Funding ratio

<b>Threshold value</b>	< 1	<b>30 September - 2018</b>	0,45	<b>2017</b>	0,52
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#### Property exposure

<b>Threshold value</b>	< 25%	<b>30 September - 2018</b>	7%	<b>2017</b>	7%
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#### Excess liquidity coverage

<b>Threshold value</b>	> 100%	<b>30 September - 2018</b>	709%	<b>2017</b>	
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### MAJOR EVENTS

#### Integration of Saxo Privatbank A/S's activities

Only six months into the integration process, Alm. Brand has converted the securities trading platform Saxo Trader into Alm. Brand Trader. The trading platform was launched to all customers of the bank in October. Alm. Brand Trader is one of the best securities trading platforms in Denmark and also forms part of a unique set-up as it is offered by a full-service bank.

Moreover, the efforts to transfer all customers of the bank to a single bank platform, Bankdata, are progressing as planned. The transfer will be completed by the end of November 2018.

Accordingly, cost synergies to the tune of DKK 75 million before amortisation of customer relationships are still expected to crystallise from and including 2019.

#### Bankdata's capital market platform

The bank is expected to incur DKK 25-30 million in development costs for Bankdata's capital market platform in 2018, which amount is expected to be capitalised and depreciated over a period of five years from the date the platform is taken into use.



# Banking

	DKKkm	Q3 2018	Q3 2017	9M 2018	9M 2017	FY 2017
INCOME STATEMENT	Net interest and fee income	93	62	248	189	251
	Trading income	38	37	107	120	167
	Leasing	18	18	56	55	70
	Other income	5	6	40	19	24
	<b>Total income</b>	<b>154</b>	<b>123</b>	<b>451</b>	<b>383</b>	<b>512</b>
	Costs	-159	-114	-452	-348	-476
	<b>Core earnings</b>	<b>-5</b>	<b>9</b>	<b>-1</b>	<b>35</b>	<b>36</b>
	Investment portfolio earnings	-9	15	-24	25	20
	<b>Profit/loss before impairment writedowns</b>	<b>-14</b>	<b>24</b>	<b>-25</b>	<b>60</b>	<b>56</b>
	Impairment writedowns	20	-10	65	2	11
	<b>Profit before tax</b>	<b>6</b>	<b>14</b>	<b>40</b>	<b>62</b>	<b>67</b>
	Tax	-1	-3	-10	-13	-13
	<b>Profit after tax</b>	<b>5</b>	<b>11</b>	<b>30</b>	<b>49</b>	<b>54</b>

	DKKkm	Q3 2018	Q3 2017	9M 2018	9M 2017	FY 2017
BALANCE SHEET	Loans and advances	4,374	3,110	4,374	3,110	3,117
	Winding-up portfolio	505	612	505	612	581
	Deposits	10,368	7,105	10,368	7,105	6,987
	Shareholders' equity	1,993	1,570	1,993	1,570	1,575
	Balance sheet	13,158	9,166	13,158	9,166	9,027
FINANCIAL RATIOS	Interest margin (%)	2.2	2.4	2.1	2.4	2.4
	Income/cost ratio	1.03	1.09	0.99	1.13	1.10
	Impairment ratio for the period	-0.3	0.1	-0.8	-0.3	-0.5
	Solvency ratio	21.6	23.0	21.6	23.0	22.5
	Return on equity before tax (%)*	1.1	3.7	2.8	5.4	4.3
	Return on equity after tax (%)	0.8	3.0	3.0	4.3	3.5

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

# Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board have today considered and approved the interim report of Alm. Brand A/S for the nine months ended 30 September 2018.

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

The management's review has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the interim report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30 September 2018 and of the group's cash flows for the nine months ended 30 September 2018.

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

## Management Board

Copenhagen, 15 November 2018

**Søren Boe Mortensen**  
Chief Executive Officer

## Board of Directors

Copenhagen, 15 November 2018

**Jørgen Hesselbjerg Mikkelsen**  
Chairman

**Jan Skytte Pedersen**  
Deputy Chairman

**Ebbe Castella**

**Anette Eberhard**

**Per Viggo Hasling Frandsen**

**Karen Sofie Hansen-Hoeck**

**Flemming Fuglede Jørgensen**

**Boris Nørgaard Kjeldsen**

**Brian Egested**

**Helle Låsby Frederiksen**

**Claus Nexø Jensen**

**Susanne Larsen**

# Income statement

		Group				
DKKmn	Note	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	FY 2017
<b>Income</b>						
Premium income		1,768	1,590	5,388	4,848	6,551
Interest income etc.		156	163	510	550	733
Fee income etc.		49	79	143	150	187
Other income from investment activities		0	0	-1	3	24
Income associates		0	0	0	0	0
Other income		73	70	394	204	278
<b>Total income</b>		<b>2,046</b>	<b>1,902</b>	<b>6,434</b>	<b>5,755</b>	<b>7,773</b>
<b>Costs</b>						
Claims incurred		-1,101	-980	-3,307	-3,134	-4,296
Interest expenses		-15	-21	-48	-70	-88
Other cost from investment activities		-14	-13	-47	-44	-62
Impairment of loans, advances and receivables, etc.	1	22	-5	70	20	32
Acquisition and administrative costs		-434	-380	-1,510	-1,184	-1,617
<b>Total costs</b>		<b>-1,542</b>	<b>-1,399</b>	<b>-4,842</b>	<b>-4,412</b>	<b>-6,031</b>
Profit from business ceded		-68	-66	-196	-128	-190
Change in life insurance provisions		-224	-209	-596	-724	-878
Change in profit margin, Life Insurance		0	-7	-27	-13	-31
Exchange rate adjustments		38	167	-162	518	501
Tax on pension investment returns		-20	-43	-20	-108	-121
<b>Profit/loss before tax</b>		<b>230</b>	<b>345</b>	<b>591</b>	<b>888</b>	<b>1,023</b>
Tax		-49	-73	-87	-187	-212
<b>Profit/loss after tax</b>		<b>181</b>	<b>272</b>	<b>504</b>	<b>701</b>	<b>811</b>
Earnings per share, DKK		1.1	1.7	3.2	4.3	5.0
Diluted earnings per share, DKK		1.1	1.7	3.2	4.3	4.9

# Statement of comprehensive income

DKKmn					Group
	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	FY 2017
<b>Comprehensive income</b>					
Profit for the period	181	272	504	701	811
<i>Items that may be recycled to profit or loss</i>	0	0	0	0	0
<i>Items that may not be recycled to profit or loss:</i>			0	0	0
Revaluation of owner-occupied properties	0	0	0	0	7
Transferred to collective bonus potential	0	0	0	0	-7
Tax on other comprehensive income	0	0	0	0	0
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income</b>	<b>181</b>	<b>272</b>	<b>504</b>	<b>701</b>	<b>811</b>
<b>Proposed allocation of profit/loss:</b>					
Share attributable to Alm. Brand	181	272	504	701	811
<b>Comprehensive income</b>	<b>181</b>	<b>272</b>	<b>504</b>	<b>701</b>	<b>811</b>

# Balance sheet

DKKm	Group		FY 2017
	30 September 2018	30 September 2017	
<b>Assets</b>			
Intangible assets	216	1	3
Owner-occupied properties	692	697	663
Deferred tax assets	24	86	63
Reinsurers' share of insurance contracts	152	263	163
Current tax assets	7	0	12
Other assets	1,865	2,247	1,814
Loans	5,848	4,890	4,631
Investment properties	691	575	610
Investment assets	28,246	25,768	26,195
Amounts due from credit institutions and central banks	901	257	320
Cash in hand and demand deposits	210	161	180
<b>Total assets</b>	<b>38,852</b>	<b>34,945</b>	<b>34,654</b>
<b>Liabilities and equity</b>			
Share capital	1,610	1,655	1,655
Reserves, retained profit etc.	3,106	3,230	2,801
Proposed dividend	0	0	480
<b>Consolidated shareholders' equity</b>	<b>4,716</b>	<b>4,885</b>	<b>4,936</b>
Subordinated debt	575	574	574
Provisions for insurance contracts	21,764	21,085	20,961
Other provisions	50	35	36
Current tax liabilities	0	36	0
Other liabilities	1,198	1,100	1,109
Deposits	10,133	6,859	6,706
Payables to credit institutions and central banks	416	371	332
<b>Total liabilities and equity</b>	<b>38,852</b>	<b>34,945</b>	<b>34,654</b>

Note 2	Own shares
Note 3	Contingent liabilities, guaranties and leasing
Note 4	Fair value measurement of financial instruments
Note 5	Opening balance sheet Saxo Privatbank
Note 6	Accounting policies - Group
Note 7	Financial highlights and key ratios



# Statement of changes in equity

DKKmn	Share capital	Contingency funds	Other provisions	Retained profit	Proposed dividend	Consolidated equity
<b>Shareholders' equity, 1 January 2017</b>	<b>1,735</b>	<b>182</b>	<b>1,215</b>	<b>1,237</b>	<b>831</b>	<b>5,200</b>
<b>Changes in equity Q1-Q3 2017:</b>						
Profit/loss for the period				701		701
Total income	0	0	0	701	0	701
Dividend distributed				18	-831	-813
Cancellation of treasury shares	-80			80		0
Share option scheme, exercise				20		20
Purchase and sale of treasury shares				-223		-223
<b>Changes in equity</b>	<b>-80</b>	<b>0</b>	<b>0</b>	<b>596</b>	<b>-831</b>	<b>-315</b>
<b>Shareholders' equity, 30 September 2017</b>	<b>1,655</b>	<b>182</b>	<b>1,215</b>	<b>1,735</b>	<b>0</b>	<b>4,885</b>
<b>Shareholders' equity at 1 January 2017</b>	<b>1,735</b>	<b>182</b>	<b>1,215</b>	<b>1,237</b>	<b>831</b>	<b>5,200</b>
<b>Changes in equity 2017:</b>						
Profit/loss for the year				811	0	811
Revaluation of owner-occupied properties				7		7
Transferred to collective bonus potential				-7		-7
Total income	0	0	0	811	0	811
Cancellation of treasury shares	-80			80		0
Proposed dividend				-480	480	0
Dividend distributed				18	-831	-813
Share option scheme, issuance				0		0
Share option scheme, exercise				25		25
Purchase and sale of treasury shares				-287		-287
<b>Changes in equity</b>	<b>-80</b>	<b>0</b>	<b>0</b>	<b>167</b>	<b>-351</b>	<b>-264</b>
<b>Shareholders' equity, 31 December 2017</b>	<b>1,655</b>	<b>182</b>	<b>1,215</b>	<b>1,404</b>	<b>480</b>	<b>4,936</b>
<b>Shareholders' equity, 1 January 2018</b>	<b>1,655</b>	<b>182</b>	<b>1,215</b>	<b>1,404</b>	<b>480</b>	<b>4,936</b>
Change in accounting policies				-62		-62
<b>Adjusted shareholders' equity at 1 January 2018</b>	<b>1,655</b>	<b>182</b>	<b>1,215</b>	<b>1,342</b>	<b>480</b>	<b>4,874</b>
<b>Changes in equity Q1-Q3 2018:</b>						
Profit/loss for the period				504		504
Total income	0	0	0	504	0	504
Dividend distributed				3	-480	-477
Cancellation of treasury shares	-45			45		0
Share option scheme, exercise				28		28
Purchase and sale of treasury shares				-213		-213
<b>Changes in equity</b>	<b>-45</b>	<b>0</b>	<b>0</b>	<b>367</b>	<b>-480</b>	<b>-158</b>
<b>Shareholders' equity, 30 September 2018</b>	<b>1,610</b>	<b>182</b>	<b>1,215</b>	<b>1,709</b>	<b>0</b>	<b>4,716</b>

# Capital target

DKKm	Total capital 30 September 2018
Equity	4,716
Intangible assets	-216
Share buyback programme, outstanding	-63
Tax asset	0
Profit and risk margin	404
Tier 2 capital	575
<b>Total capital of the group</b>	<b>5,416</b>

DKKm	Capital target 30 September 2018
Non-life insurance (40% of gross premium income)	2,117
Life Insurance (7% of life insurance provisions)	967
Banking (18% of risk weighted assets)	1,646
Reservation MREL add-on	250
Alm. Brand A/S add-on	21
Diversification effects	-300
<b>Consolidated capital target</b>	<b>4,701</b>

<b>Excess relative to internal capital target</b>	<b>715</b>
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# Cash flow statement

DKKmn				Group		
	Q1-Q3 2018	Q1-Q3 2017	FY 2017	Q1-Q3 2018	Q1-Q3 2017	FY 2017
<b>Cash flows from operating activities</b>						
Premiums received	5,693	5,055	6,437			
Claims paid	-3,437	-3,140	-4,283			
Interest receivable, dividends, etc.	393	536	726			
Interest payable	-12	-18	-22			
Payments concerning reinsurance	-199	-217	-159			
Fee income received	149	156	193			
Fee income paid	-6	-6	-6			
Expences paid	-1,629	-1,428	-1,986			
Tax on pension investment returns paid	-125	-118	-72			
Other ordinary income received	394	204	278			
Taxes paid/received	26	-10	-60			
<b>Cash flows from operating activities</b>	<b>1,247</b>	<b>1,014</b>	<b>1,046</b>			
<b>Change in investment placement</b>						
Acquisition of intangible assets, furniture, equipment,	59	-162	-142			
Properties acquired or converted	-111	595	584			
Sale/aquisition of equity investments	-59	-52	120			
Sale/repayment of mortgage deeds and loans	-1,226	215	436			
Sale/aquisition of bonds	-2,163	-686	-842			
<b>Change in investment placement</b>	<b>-3,500</b>	<b>-90</b>	<b>156</b>			
<b>Change in financing</b>						
Sale/purchase of treasury shares	-188	-223	-262			
Dividend distributed	-480	-831	-831			
Dividend received, treasury shares	3	18	18			
Subordinated debt	0	0	0			
Share issue	4	20	0			
Change in deposits	3,427	-94	-247			
Change in payables to credit institutions	82	-323	-308			
Change in other liabilities	16	4	5			
<b>Change in financing *)</b>	<b>2,864</b>	<b>-1,429</b>	<b>-1,625</b>			
<b>Net change in cash and cash equivalents</b>	<b>611</b>	<b>-505</b>	<b>-423</b>			
Cash and cash equivalents, beginning of period	500	923	923			
<b>Cash and cash equivalents, end of period</b>	<b>1,111</b>	<b>418</b>	<b>500</b>			

# Segment reporting

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

# Segment reporting

DKKmn	Q1-Q3 2017					Group
	Non-life	Life	Banking	Other	Elimi-nation	
Premium income	3,846	1,002	0	0		4,848
Interest income etc.	164	227	157	5	-3	550
Fee income etc.	0	0	186	0	-36	150
Other investment income	0	50	0	0	-47	3
Other income	0	0	204	0		204
<b>Total income</b>	<b>4,010</b>	<b>1,279</b>	<b>547</b>	<b>5</b>	<b>-86</b>	<b>5,755</b>
Claims incurred	-2,372	-762	0	0		-3,134
Interest expenses	-42	-3	-19	-9	3	-70
Other investment expenses	-21	-26	0	-33	36	-44
Impairment of loans, advances and receivables, etc.	0	0	20	0		20
Acquisition and administrative expenses	-665	-73	-493	0	47	-1,184
<b>Total expenses</b>	<b>-3,100</b>	<b>-864</b>	<b>-492</b>	<b>-42</b>	<b>86</b>	<b>-4,412</b>
Result of business ceded	-127	-1	0	0		-128
Change in life insurance provisions	0	-724	0	0		-724
Change in profit margin, Life Insurance	0	-13	0	0		-13
Exchange rate adjustments	2	512	7	-3		518
Tax on pension investment returns	0	-108	0	0		-108
<b>Profit/loss before tax</b>	<b>785</b>	<b>81</b>	<b>62</b>	<b>-40</b>	<b>0</b>	<b>888</b>
Tax	-166	-18	-13	10		-187
<b>Profit/loss after tax</b>	<b>619</b>	<b>63</b>	<b>49</b>	<b>-30</b>	<b>0</b>	<b>701</b>



# Notes

	<b>Group</b>
	<b>Q1-Q3</b>
<b>DKKkm</b>	<b>2018</b>
<b>Note 1 Impairment writedowns on loans, advances and other receivables as well as provisions for guarantees and undrawn credit facilities</b>	
<i>Impairment writedowns on loans, advances and receivables at amortised cost</i>	
<i>Stage 1</i>	
Impairment writedowns, beginning of year	48
New impairment writedowns, net	-26
Previously impaired, now finally lost	0
Other movements	1
Impairment writedowns, end of period	23
<i>Stage 2</i>	
Impairment writedowns, beginning of year	53
New impairment writedowns, net	27
Previously impaired, now finally lost	-14
Other movements	21
Impairment writedowns, end of period	87
<i>Stage 3</i>	
Impairment writedowns, beginning of year	1,058
New impairment writedowns, net	-46
Previously impaired, now finally lost	-112
Other movements	95
Impairment writedowns, end of period	995
<i>Provisions for losses on guarantees and undrawn credit facilities</i>	
<i>Stage 1</i>	
Provisions, beginning of period	2
New provisions, net	0
Previously provided for, now finally lost	0
Other movements	1
Provisions, end of period	3
<i>Stage 2</i>	
Provisions, beginning of period	1
New provisions, net	7
Previously provided for, now finally lost	0
Other movements	1
Provisions, end of period	9

# Notes

DKKm	Group		
	Q1-Q3 2018	Q1-Q3 2017	FY 2017
<i>Stage 3</i>			
Provisions, beginning of period	5		
New provisions, net	0		
Previously provided for, now finally lost	0		
Other movements	1		
Provisions, end of period	6		
<i>Impairment writedowns on receivables from credit institutions and other items subject to credit risk</i>			
Impairment writedowns, beginning of year	0		
New impairment writedowns, net	0		
Previously impaired, now finally lost	0		
Other movements	0		
Impairment writedowns, end of period	0		
Total impairment writedowns and provisions, end of period	1,123		
<i>Impairment writedowns on loans, advances and receivables, etc. recognised in the income statement</i>			
Impairment writedowns on loans and advances for the year	-137	-108	-124
Provisions for losses on guarantees and undrawn credit facilities for the year	-14	-1	-1
Impairment writedowns on receivables from credit institutions and other items subject to credit risk for the year	0	0	0
Reversal of prior-year impairment writedowns and provisions	190	99	116
Finally lost, where impairment writedowns/provisions have not been made	-7	-8	-10
Settlements made on debt previously written off	38	38	51
Recognised in the income statement	70	20	32

# Notes

DKK <b>m</b>	Group		
	Q1-Q3 2018	Q1-Q3 2017	FY 2017
<b>Note 2 Own shares</b>			
Carrying amount, beginning of period	0	0	0
Value adjustments	-189	-205	-221
Acquired during the period	221	222	286
Sold during the period	-32	-17	-65
<b>Carrying amount, end of period</b>	<b>0</b>	<b>0</b>	<b>0</b>
Nominal value, beginning of period	59	100	100
Acquired during the period	33	39	48
Sold during the period	-11	-8	-9
Cancellation of treasury shares	-45	-80	-80
<b>Nominal value, end of period</b>	<b>36</b>	<b>51</b>	<b>59</b>
Holding number of shares ('000), beginning of period	5,915	10,034	10,034
Additions, number of shares	3,307	3,902	4,803
Disposals, number of shares	-1,027	-835	-922
Cancellation of treasury shares	-4,500	-8,047	-8,000
<b>Holding number of shares ('000), end of period</b>	<b>3,695</b>	<b>5,054</b>	<b>5,915</b>
<b>Percentage of share capital, end of period</b>	<b>2.3%</b>	<b>3.1%</b>	<b>3.6%</b>
<b>Note 3 Contingent liabilities, guaranties and leasing</b>			
Guarantee commitments	2,899	1,604	1,712

DKKmn	30 September 2018				31 December 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Note 4 Fair value measurement of financial instruments</b>								
<u>Financial assets</u>								
Loans and advances	0	4,725	1,123	5,848	0	3,383	1,276	4,659
Bonds	25,975	45	9	26,029	23,203	787	8	23,998
Shares	1,602	171	92	1,865	1,583	114	81	1,778
Investment properties	0	0	691	691	0	0	610	610
Other assets	1	712	0	713	0	688	0	688
	0	0	0	0	0	0	2	2
<b>Total financial assets</b>	<b>27,578</b>	<b>5,653</b>	<b>1,915</b>	<b>35,146</b>	<b>24,786</b>	<b>4,972</b>	<b>1,977</b>	<b>31,735</b>
<u>Financial liabilities</u>								
Subordinated debt	0	0	575	575	0	0	574	574
Deposits	0	10,133	0	10,133	0	6,707	0	6,707
Other payables	0	410	0	410	0	415	0	415
<b>Total financial liabilities</b>	<b>0</b>	<b>10,543</b>	<b>575</b>	<b>11,118</b>	<b>0</b>	<b>7,122</b>	<b>574</b>	<b>7,696</b>

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

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

Level 2 is used where no quoted price is available but where the use of another official price is deemed to best reflect the fair value.

Level 3 is used for financial assets and liabilities for which a quoted price or other official price is not available or is deemed not to reflect the fair value. Instead, measurement techniques and other observable market data are used to determine the fair value. In the cases in which observable prices based on market data are not available or are not deemed to be usable for the determination of fair value, recognised techniques, including discounted cash flows, and internal models and assumptions are used for the determination of fair value. The assumptions may include recent transactions involving comparable assets or liabilities, interest rates, exchange rates, volatility, credit spreads, etc. The bank's unlisted shares that are not measured at a redistribution price belong to this category.

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

Transfer between the categories of the fair value hierarchy is only effected in case of changes to available data for use in measurement. The portfolio is reviewed on an ongoing basis to identify any changes in available data and any other changes which may have prompted recategorisation. Due to a revaluation in 2018, the bank's subordinated loan of DKK 175 million has been reclassified from level 2 to level 3. There have been no changes to the data basis. Other than this, there were no transfers between categories in the fair value hierarchy in 2017 or 2018.

DKKm	30 September 2018				
	Loans and advances	Bonds	Shares	Investment properties	Subor-dinated debt
<b>Development in level 3 financial instruments</b>					
Carrying amount, beginning of period	1,276	10	81	610	574
Additions during the year	6	0	8	84	150
Disposals during the year	-138	-2	0	-3	-149
Realised value adjustments	-2	1	0	0	0
Unrealised value adjustments	-19	0	3	0	0
<b>Carrying amount, end of period</b>	<b>1,123</b>	<b>9</b>	<b>92</b>	<b>691</b>	<b>575</b>
Value adjustments recognised in the income statement	-21	1	3	0	0
DKKm	31 December 2017				
	Loans and advances	Bonds	Shares	Investment properties	Subor-dinated debt
<b>Development in level 3 financial instruments</b>					
Carrying amount, beginning of year	1,523	6	97	905	393
Additions during the year	11	2	9	1	175
Disposals during the year	-200	0	-1	-509	0
Value adjustments during the year				213	0
Realised value adjustments	2	0	0	0	0
Unrealised value adjustments	-60	0	-24	0	6
<b>Carrying amount, year-end</b>	<b>1,276</b>	<b>8</b>	<b>81</b>	<b>610</b>	<b>574</b>
Value adjustments recognised in the income statement	-58	0	-24	213	6



	<b>Group</b>
	<b>30 September</b>
<b>DKK m</b>	<b>2018</b>
<b>Note 5 Opening balance sheet Saxo</b>	
<p>On 5 February 2018, Alm. Brand Bank A/S entered into an agreement to acquire the majority of Saxo Privatbank A/S's activities. The acquisition was completed effective 1 April 2018. The acquisition price has been provisionally calculated at DKK 384 million and may decrease slightly depending on developments in the number of customers in the period until 31 December 2018. The net value of assets and liabilities has been calculated at DKK 557 million. This amount includes an intangible asset in respect of customer relationships of DKK 223 million and a deferred tax liability in respect of this asset of DKK 49 million. The intangible asset is amortised on a straight-line basis over a period of seven years, and amortisation charges were recognised as from 1 April 2018.</p> <p>Transaction costs of around DKK 2 million have been paid, which amount was expensed in Q1 2018. The total integration costs have been calculated at DKK 199 million.</p> <p>The assets and liabilities recognised as a result of the acquisition are as follows:</p>	
Cash in hand	75,992
Amounts due from credit institutions and central banks	642,375
Securities	1,544,515
Intangible asset, customer relationships	223,000
Loans and advances at fair value	3,968
Loans and advances at amortised cost	1,537,652
Properties	6,498
Other assets	34,267
Payables to credit institutions and central banks	-807
Deposits	-3,364,524
Other liabilities	-92,923
Deferred tax liabilities	-49,060
Other provisions	-3,494
<b>Total</b>	<b>557,459</b>
Acquisition price (provisional)	-383,808
Badwill	173,651

## NOTE 6 ACCOUNTING POLICIES

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

The interim report is unaudited.

Except for the implementation of IFRS 9, the accounting policies are unchanged from the policies applied in the annual report for 2017, to which reference is made.

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

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

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

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

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

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

### Change in accounting policies

IFRS 9, Financial instruments has been implemented with effect from 1 January 2018. IFRS 9, Financial instruments replaces IAS 39 and changes the classification and related measurement of financial assets and liabilities. IFRS 9 introduces a new approach to financial assets based on the company’s business model and the asset’s underlying cash flows. Based on Alm. Brand A/S’s business model and types of financial assets and liabilities, the implementation of IFRS 9 has only had an effect on impairment of financial assets measured at amortised cost (loans, advances guarantees).

With IFRS 9, the current impairment model based on incurred losses (the “incurred loss” model) will be replaced by an impairment model based on expected losses (the “expected loss” model). Under the

new expected loss model, on initial recognition of a financial asset, a loss allowance will be recognised in an amount equivalent to the 12-month expected credit losses (stage 1). In the event of a subsequent significant increase in credit risk since initial recognition, a loss allowance will be recognised in an amount equivalent to the lifetime expected credit losses of the asset (stage 2). Where it is established that the asset is credit-impaired (stage 3), a loss allowance is recognised at an amount equal to the lifetime expected credit losses of the asset, while interest income is recognised in the income statement using the effective interest method relative to the impairment loss.

In order to prevent an unintended effect on total capital, a 5-year transition scheme has been adopted in order that any ad-

verse impact of the IFRS 9 impairment rules will not take full effect on the total capital until after five years. Alm. Brand has decided to use the transition scheme.

In accordance with transitional provisions of IFRS 9, Alm. Brand A/S has not implemented the revised impairment model with retroactive effect. Accordingly, the accumulated effect of the change was recognised in equity at 1 January 2018, and comparative figures for 2017 have not been restated. The accounting effect is shown in the table below. The total effect as at 1 January 2018 net of the tax effect was a DKK 62 million reduction of shareholders’ equity.

**NOTE 7 FINANCIAL HIGHLIGHTS AND KEY RATIOS**  
See the management’s review.

## Change in accounting policies

	31 Dec. 2017		1 Jan. 2018
DKK m	Previous policies	Effect of change	New policies
<b>Assets</b>			
Loans and advances at amortised cost	3,533	-72	3,461
<b>Liabilities and equity</b>			
Provisions for losses on undrawn credit limits	2	3	5
Provisions for losses on guarantees	5	4	9
Provisions for deferred tax (liability)	-	-17	-17
Shareholders’ equity	4,936	-62	4,874

# Income and comprehensive income statement

		Parent company				
DKKmn	Note	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	FY 2017
<b>Income statement</b>						
Income from group enterprises	2	190	281	536	731	852
Value adjustments, bonds		0	0	-1	-3	-5
Interest income and dividends etc.		1	1	3	5	7
Interest expenses		-3	-3	-9	-9	-12
Administrative expenses related to investment activities		-10	-10	-36	-33	-44
<b>Profit/loss before tax</b>		<b>178</b>	<b>269</b>	<b>493</b>	<b>691</b>	<b>798</b>
Tax		3	3	11	10	13
<b>Profit/loss after tax</b>		<b>181</b>	<b>272</b>	<b>504</b>	<b>701</b>	<b>811</b>
<b>Comprehensive income</b>						
Profit/loss for the period		181	272	504	701	811
<b>Comprehensive income</b>		<b>181</b>	<b>272</b>	<b>504</b>	<b>701</b>	<b>811</b>
Proposed allocation of loss:						
Proposed dividend		0	0	0	0	480
Retained earnings		181	272	504	701	331
<b>Comprehensive income</b>		<b>181</b>	<b>272</b>	<b>504</b>	<b>701</b>	<b>811</b>
Accounting policies						

# Balance sheet

DKKmn	Note	Parent company		
		30 September 2018	30 September 2017	FY 2017
		2018	2017	2017
<b>Assets</b>				
Investment in group enterprises	1	4,941	4,747	4,865
<b>Total investments in group enterprises and associates</b>		<b>4,941</b>	<b>4,747</b>	<b>4,865</b>
Equity investments		1	1	1
Bonds		0	323	288
Other loans and advances		2	2	2
Deposits with credit institutions		0	0	0
Cash in hand and balances at call		-16	29	17
<b>Total other financial investment assets</b>		<b>-13</b>	<b>355</b>	<b>308</b>
<b>Total investment assets</b>		<b>4,928</b>	<b>5,102</b>	<b>5,173</b>
Receiveables from group enterprises		11	9	0
Other receivables		53	34	53
<b>Total receivables</b>		<b>64</b>	<b>43</b>	<b>53</b>
Current tax assets		32	31	19
Deferred tax assets		2	7	0
<b>Total other assets</b>		<b>34</b>	<b>38</b>	<b>19</b>
Total prepayments		0	2	2
<b>Total assets</b>		<b>5,026</b>	<b>5,185</b>	<b>5,247</b>

# Balance sheet

DKKm	Parent company		
	30 September 2018	30 September 2017	FY 2017
<b>Liabilities and equity</b>			
Share capital	1,610	1,655	1,655
Other provisions	1,215	1,215	1,215
Proposed dividend	0	0	480
Retained earnings	1,891	2,015	1,586
<b>Total shareholders' equity</b>	<b>4,716</b>	<b>4,885</b>	<b>4,936</b>
Subordinated debt	250	250	250
<b>Subordinated debt</b>	<b>250</b>	<b>250</b>	<b>250</b>
Deferred tax liabilities	40	40	36
<b>Total provisions</b>	<b>40</b>	<b>40</b>	<b>36</b>
Payables to group enterprises	15	2	20
Other payables	5	8	5
<b>Total payables</b>	<b>20</b>	<b>10</b>	<b>25</b>
<b>Total liabilities and equity</b>	<b>5,026</b>	<b>5,185</b>	<b>5,247</b>



# Statement of changes in equity

DKK m	Share capital	Other provisions	Retained earnings	Proposed dividend	Shareholders' equity
<b>Shareholders' equity at 1 January 2017</b>	<b>1,735</b>	<b>1,215</b>	<b>1,419</b>	<b>831</b>	<b>5,200</b>
<b>Changes in equity Q1-Q3 2017:</b>					
Profit/loss for the period			701	0	701
Comprehensive income			701	0	701
Purchase and sale of treasury shares			-223		-223
Share option scheme, exercise			20		20
<b>Changes in equity</b>	<b>-80</b>	<b>0</b>	<b>596</b>	<b>-831</b>	<b>-315</b>
<b>Shareholders' equity at 30 September 2017</b>	<b>1,655</b>	<b>1,215</b>	<b>2,015</b>	<b>0</b>	<b>4,885</b>
<b>Shareholders' equity at 1 January 2017</b>	<b>1,735</b>	<b>1,215</b>	<b>1,419</b>	<b>831</b>	<b>5,200</b>
<b>Changes in equity 2017:</b>					
Profit/loss for the year			811	0	811
Comprehensive income			811	0	811
Cancellation of treasury shares	-80		80		0
Proposed dividend			-480	480	0
Dividende distributed			18	-831	-813
Purchase and sale of treasury shares			-287		-287
Share option scheme, exercise			25		25
<b>Changes in equity</b>	<b>-80</b>	<b>0</b>	<b>167</b>	<b>-351</b>	<b>-264</b>
<b>Shareholders' equity at 1 January 2018</b>	<b>1,655</b>	<b>1,215</b>	<b>1,586</b>	<b>480</b>	<b>4,936</b>
Change in accounting policies			-62		-62
<b>Adjusted shareholders' equity at 1 January 2018</b>	<b>1,655</b>	<b>1,215</b>	<b>1,524</b>	<b>480</b>	<b>4,874</b>
<b>Changes in equity Q1-Q3 2018:</b>					
Profit/loss for the period			504	0	504
Comprehensive income	0		504		504
Cancellation of treasury shares	-45		45		0
Share option scheme, exercise			28		28
Purchase and sale of treasury shares			-213		-213
<b>Changes in equity</b>	<b>-45</b>	<b>0</b>	<b>367</b>	<b>-480</b>	<b>-158</b>
<b>Shareholders' equity at 30 September 2018</b>	<b>1,610</b>	<b>1,215</b>	<b>1,891</b>	<b>0</b>	<b>4,716</b>

# Notes

DKKm	30 September 2018	30 September 2017	FY 2017	NOTE 3 ACCOUNTING POLICIES PARENT COMPANY
<b>Note 1 Investment in group enterprises</b>				
Cost, beginning of period	8,491	8,491	8,491	The interim report has been prepared in accordance with the Danish Financial Business Act, including the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.
Additions	450	0	0	
<b>Cost, end of period</b>	<b>8,941</b>	<b>8,491</b>	<b>8,491</b>	
Revaluation and impairment, beginning of period	-3,626	-3,535	-3,535	With respect to recognition and measurement, the accounting policies of the parent company are identical to those described for the group, with the exception that:
Change in accounting policies	-62	0	0	
Dividend received	-850	-940	-940	Investments in group enterprises are recognised and measured at the parent company's share of the group enterprises' net asset value on the balance sheet date.
Profit/loss for the period	536	731	852	
Other movements in capital	0	0	0	The accounting policies are unchanged from the policies applied in the annual report for 2017.
Revaluation and impairment of treasury shares in subsidiaries	2	0	-3	
Revaluation and impairment, end of period	-4,000	-3,744	-3,626	The interim report is unaudited.
<b>Investment in group enterprises, end of period</b>	<b>4,941</b>	<b>4,747</b>	<b>4,865</b>	
Specification of carrying amount:				
Alm. Brand Bank A/S				
(DKK 1,021 million nominal value wholly owned )	1,993	1,571	1,572	
Alm. Brand Forsikring A/S				
(DKK 1,032 million nominal value wholly owned )	2,948	3,176	3,293	
Investment in group enterprises, end of period	4,941	4,747	4,865	
	<b>Q1-Q3 2018</b>	<b>Q1-Q3 2017</b>	<b>FY 2017</b>	
<b>Note 2 Income from group enterprises</b>				
Alm. Brand Bank A/S	31	49	54	
Alm. Brand Forsikring A/S	505	682	798	
<b>Total income from group enterprises</b>	<b>536</b>	<b>731</b>	<b>852</b>	
The results are recognised in the following items:				
Income from group enterprises	536	731	852	
Total income from group enterprises	536	731	852	