

Interim report - the third quarter 2017

Alm. Brand A/S



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Company information

BOARD OF DIRECTORS

Jorgen H. Mikkelsen, Chairman
Jan Skytte Pedersen, Deputy Chairman
Ebbe Castella
Henrik Christensen
Anette Eberhard
Per V. H. Frandsen
Karen Sofie Hansen-Hoeck
Boris N. Kjeldsen
Lars Christiansen
Brian Egested
Helle L. Frederiksen
Susanne Larsen

MANAGEMENT BOARD

Søren Boe Mortensen, Chief Executive Officer

AUDITORS

Deloitte, Statsautoriseret Revisionspartnerselskab

INTERNAL AUDITOR

Poul-Erik Winther, Group Chief Auditor

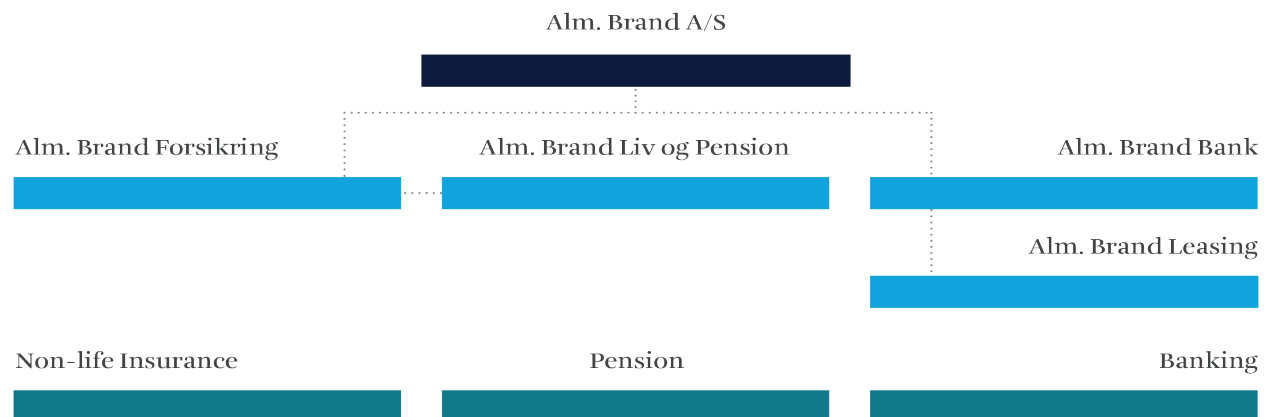
REGISTRATION

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GROUP STRUCTURE

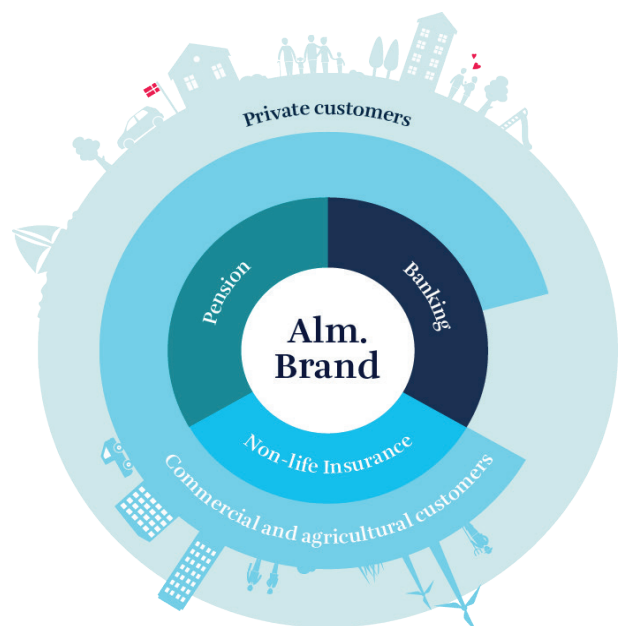


Companies with negligible or discontinued activities are not included.

Alm. Brand is a listed Danish financial services group focusing on the Danish market. The group carries on non-life insurance, pension and banking activities. The consolidated annual revenue is about DKK 7.5 billion.

The group's insurance and pension products cover private lines, agriculture as well as small and medium-sized enterprises. The bank is focused on private customers, small businesses, leasing and asset management services.

Alm. Brand is Denmark's fourth largest provider of non-life insurance products.



Financial highlights and key ratios

DKKm	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Income					
Non-life Insurance	1,301	1,267	3,846	3,759	5,028
Pension	289	273	1,002	924	1,281
Banking	212	154	547	486	653
Investments	100	114	360	384	532
Total income	1,902	1,808	5,755	5,553	7,494
Profit					
Non-life Insurance	320	310	785	736	967
Pension	23	23	81	78	84
Banking	9	24	51	47	62
Other activities	-12	-14	-40	-41	-62
Profit/loss before tax, forward-looking activities	340	343	877	820	1,051
Banking, winding-up activities	5	-9	11	-3	-18
Profit/loss before tax	345	334	888	817	1,033
Tax	-73	-69	-187	-173	-207
Profit/loss after tax	272	265	701	644	826
Consolidated profit/loss before tax, Group	345	334	888	817	1,033
Tax	-73	-69	-187	-173	-207
Consolidated profit/loss after tax, Group	272	265	701	644	826
Provisions for insurance contracts	21,085	20,291	21,085	20,291	20,092
Shareholders' equity	4,885	5,112	4,885	5,112	5,200
Total assets	34,945	35,192	34,945	35,192	34,859
Return on equity before tax p.a. (%)	28.8	26.7	23.7	21.3	20.2
Return on equity after tax p.a. (%)	22.7	21.2	18.7	16.8	16.2
Earnings per share	1.7	1.6	4.3	3.9	5.0
Diluted Earnings per share	1.7	1.6	4.3	3.8	4.9
Net assets value per share	30	30	30	30	31
Share price end of period	62.0	50.5	62.0	50.5	54.0
Share price/Net asset value	2.06	1.66	2.06	1.66	1.73
Average number of shares ('000)	160,835	165,229	161,951	166,391	165,839
No. of shares, diluted ('000)	162,487	167,912	162,487	167,912	166,218
Average no. of shares, diluted ('000)	163,118	168,496	164,458	170,082	169,321
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	3.5
No. of shares bought back ('000)	1,298	1,511	3,902	4,778	6,472
Avr. price of shares bought back, DKK	60.2	47.7	57.7	46.4	47.7
Total payout ratio	0.8	0.9	2.4	3.3	3.7

Alm. Brand Group

Q3 PERFORMANCE

The Alm. Brand Group posted a pre-tax profit of DKK 345 million in Q3 2017, corresponding to a return on equity of 29% p.a. The performance was better than expected and highly satisfactory.

The performance reflected improved results from insurance activities, while the results of Pension were unchanged year on year. As a result of higher costs related to investments in growth and digitalisation, the results of the bank's forward-looking activities declined relative to Q3 2016. The bank's winding-up activities produced a better-than-expected profit of DKK 5 million, against a loss of DKK 9 million in the same period of last year.

Non-life Insurance

Our non-life insurance activities generated a pre-tax profit of DKK 320 million in Q3 2017, marking a year-on-year improvement of DKK 10 million. The performance was significantly better than expected.

The combined ratio was 78.7, being supported by fewer expenses for major claims, run-off gains as well as by a generally better-than-expected claims experience.

Gross premiums amounted to DKK 1,301 million in Q3 2017, up 2.7% year on year. The improvement reflected an increase in premiums in both private and commercial lines of 1.1% and 4.4%, respectively. Customer retention remained at a high level with an upward trend in both segments.

The expense ratio was 15.9 in Q3 2017. For the year to date, the expense ratio was 17.3, and expectations for the full year are maintained at around 17.

The investment result was a gain of DKK 43 million, as compared with a DKK 16 million gain in Q2 2016. The Q3 2017 investment result was primarily driven by a favourable return on the bond portfolio, and the mortgage deed and equity portfolios also generated higher returns than expected.

Pension

Pension generated a pre-tax profit of DKK 23 million in Q3 2017, which was on a par with the year-earlier period. The performance was better than expected.

Total pension contributions increased by 7.7% year on year and were composed of an increase in regular premiums of 7.3% and an increase in single payments of 4.0%.

In addition, payments into market rate schemes increased by 15.3%.

Growth in pension contributions was satisfactory and in line with the group's aim of generating growth in regular premium payments in particular.

The bonus rate was 25.0% at 30 September 2017, marking a year-to-date improvement of 4.9 percentage points.

The increase was driven by a satisfactory investment result, including a gain of just over DKK 200 million on the sale of a property at City Hall Square in Copenhagen. The bonus rate was highly satisfactory, ensuring that Alm. Brand Pension may continue to offer one of the industry's highest rates on policyholders' savings for guaranteed products.

Banking

The bank generated an overall profit of DKK 14 million in Q3 2017 (Q3 2016: DKK 15 million profit). The performance was better than expected.

Forward-looking activities

The bank's forward-looking activities generated a profit of DKK 9 million. Income increased by DKK 18 million in the period, while costs relating to investments in growth and digitalisation detracted from performance.

The bank continued to attract new customers and also increased its lending and generated growth in the volume of mortgage loans for which it acted as intermediary. Over the past 12 months, the number of Pluskunder has increased by 8%, and lending to the bank's private customers has grown by 5%. The portfolio of Totalkredit loans for which the bank acted as intermediary continued to develop favourably, amounting to DKK 8.2 billion at 30 September 2017, which was an increase of DKK 1 billion relative to the year-earlier date. Financial Markets also experienced an inflow of customers and an increase in the sale of its ETF product IndexPlus in particular. The portfolio of IndexPlus customers reached the DKK 300 million mark at 30 September 2017.

Leasing's portfolio reached the DKK 1 billion mark in Q3 2017, corresponding to 9,000 cars.

Winding-up activities

The winding-up activities reported a profit of DKK 5 million, up from a loss of DKK 9 million in Q3 2016. The improvement was mainly driven by a lower level of impairment writedowns.

Other activities

Other business activities, consisting primarily of corporate expenses, performed in line with expectations. The Q3 performance was a pre-tax loss of DKK 12 million, against a loss of DKK 14 million in the same period of 2016.

9M PERFORMANCE

The group posted a consolidated pre-tax profit of DKK 888 million in 9M 2017, as compared with a DKK 817 million profit in 9M 2016. The performance equalled a highly satisfactory return on equity of 24%.

The forward-looking activities generated a profit of DKK 877 million, against a profit of DKK 820 million last year, whereas the performance of the winding-up activities was a profit of DKK 11 million, against a loss of DKK 3 million in 9M 2016.

Non-life Insurance reported a profit of DKK 785 million, and the combined ratio was 82.3. Life and Pension posted a profit of DKK 81 million, and the bank's forward-looking activities generated a profit of DKK 51 million.

- Consolidated revenue of DKK 5.8 billion
- Earnings per share of DKK 4.3
- Net asset value per share of DKK 30, corresponding to a price/NAV ratio of 2.06
- Shareholders' equity of DKK 4.9 billion (DKK 5.2 billion at 31 December 2016)
- Average headcount of 1,582 in 9M 2017 (9M 2016: 1,552)

CAPITALISATION

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

The total capital of the group was DKK 5,543 million at 30 September 2017, corresponding to an excess of DKK 970 million relative to the group's capital target. The excess increased from DKK 601 million at 30 June, mainly driven by Q3 earnings.

The effect of IFRS 9 has been estimated and recognised at DKK 100 million. As the development of the calculation models for IFRS 9 is still ongoing, the estimate remains subject to some degree of uncertainty.

On 30 October 2017, the Danish FSA published a final report on the minimum requirement for own funds and eligible liabilities (MREL add-on) of banks, which represents the Danish implementation of the EU Bank Recovery and Resolution Directive (BRRD). According to the report, the MREL add-on will be between 3.5% and 6.0% of the total risk exposure amount, small banks being assigned an add-on of 4.7% on average. In a previous discussion paper, the Danish FSA had indicated a range of 3.6% to 8.2%. Against this background, a capital reservation of DKK 400 million was incorporated in the Alm. Brand Group's capital target in the second quarter. It is not yet possible to calculate the MREL add-on for the individual institutions. The announced principles are not expected to entail an MREL add-on which deviates significantly from the current capital reservation.

DKKm	Q1-Q3 2017	FY 2016
Total capital of the group	5,543	4,584
Consolidated capital target of the group	4,573	4,428
Excess relative to internal capital target	970	156

ALM. BRAND FOR THE CUSTOMER

Customer satisfaction

The key focus of the group's new strategy, Alm. Brand for the Customer, is customer service, and customer satisfaction is hence one of the group's most important aims. The aim is to raise customer satisfaction – measured in terms of NPS (net promoter score) – to 60 in the period until 2022.

At 31 December 2016, the group's NPS was 42, increasing to 46 in Q2 2017. The positive trend continued, and the group's NPS had increased to 49 at 30 September 2017. Since the first recordings were made in 2012, the group's NPS has increased by 31 points.

Financial checkup

The group wishes to help customers with all aspects of their personal finances. To this end, the group launched the Financial Checkup (Økonomitjekket) in the third quarter of 2017. The Financial Checkup is based on the individual customer's life situation and overall needs rather than on specific products, comprehensively covering all financial aspects of life, including family, housing, transport, savings and investment. The offer is extended free of charge and is available to both existing and prospective customers.

OUTLOOK

The guidance for FY2017 consolidated pre-tax profit is upgraded by DKK 250 million to DKK 950-1,050 million, distributed on a DKK 200 million upgrade on Non-life Insurance, a DKK 10 million upgrade on Banking and a DKK 10 million upgrade on Pension. The guidance for winding-up activities is maintained at break-even for FY2017.

DKKm	2017
Forecast	950-1,050
Forward-looking activities	950-1,050
Non-life	900
Pension	90
Banking	55
Other activities	-60
Winding-up activities	0

Non-life Insurance

The guidance for Non-life Insurance is lifted by DKK 200 million to a profit of about DKK 900 million before tax. The upgrade is made as a result of realised run-off gains, the positive investment result and a persistently low level of expenses for weather-related and major claims. The outlook is exclusive of the run-off result on claims for the rest of the year.

The guidance for the combined ratio is adjusted to about 85 from the previously guided level of 87-88, while the guidance for the expense ratio is maintained at about 17.

Expectations of growth of 2-3% are maintained.

Pension

The guidance for Pension is lifted by DKK 10 million to a profit of about DKK 90 million before tax. The upgrade is mainly attributable to the positive investment return on assets allocated to shareholders' equity and improved results from the group life business.

Regular premiums are expected to continue to increase at a rate of about 4% in 2017.

Banking

The guidance for the bank's forward-looking activities is upgraded by DKK 10 million to an expected profit of DKK 55 million before tax. The upgrade is mainly driven by the positive investment return.

Value adjustments are expected to produce a break-even result for the rest of the year, and impairment writedowns overall are expected to produce a break-even result for the year.

Lending to private customers is expected to continue to grow at the rate of 6% in 2017.

Other activities

The guidance for other 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.

Winding-up activities

The winding-up activities are expected to produce a break-even result before tax.

The guidance for the reduction of the bank's winding-up portfolio excluding losses and writedowns is lifted from about DKK 300 million to DKK 400 million in 2017.

OUTLOOK FOR 2018

The consolidated profit for 2018 is expected to be in the range of DKK 450-550 million at a combined ratio of about 92. The outlook is exclusive of the run-off result on claims. The winding-up activities are expected to produce a break-even result.

Disclaimer

All forward-looking statements are based exclusively on the information available when this report was released. This announcement contains forward-looking statements regarding the company's expectations for future financial developments and results and other statements which are not historical facts. Such forward-looking statements are based on various assumptions and expectations which reflect the company's current views and assumptions, but which are inherently subject to significant risks and uncertainties, including matters beyond the company's control. Actual and future results and developments may differ materially from those contained or assumed in such statements. Matters which may affect the future development and results of the group as well as of the individual business areas include changes in economic conditions in the financial markets, legislative changes, changes in the competitive environment, in the reinsurance market and in the property market, unforeseen events, such as extreme weather conditions or terrorist events, bad debts, major changes in the claims experience, unexpected outcomes of legal proceedings, etc.

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

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

Non-life Insurance

DKKm	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Gross premiums	1,301	1,267	3,846	3,759	5,028
Claims incurred	-751	-720	-2,372	-2,260	-3,034
Underwriting management expenses	-208	-204	-665	-622	-851
Profit from business ceded	-65	-49	-127	-185	-247
Underwriting profit	277	294	682	692	896
Interest and dividends etc.	43	52	139	166	217
Capital gains/losses	22	11	-8	91	22
Management expenses relating to investment business	-6	-6	-21	-23	-32
Interest on and value adjustment of technical provisions	-16	-41	-7	-190	-136
Investment return after return on and value adjustment	43	16	103	44	71
Profit/loss before tax	320	310	785	736	967
Tax	-68	-64	-166	-154	-204
Profit/loss for the period	252	246	619	582	763
Run-off result, claims	102	144	255	313	399
Run-off result, risk margin	10	8	39	36	47
Technical provisions	7,490	8,112	7,490	8,112	7,239
Insurance assets	249	295	249	295	170
Shareholders' equity	2,391	2,406	2,391	2,406	2,587
Total assets	10,767	11,396	10,767	11,396	10,808
Gross claims ratio	57.8	56.7	61.7	60.1	60.4
Net reinsurance ratio	5.0	3.9	3.3	4.9	4.9
Claims trend	62.8	60.6	65.0	65.0	65.3
Gross expense ratio	15.9	16.1	17.3	16.5	16.9
Combined ratio	78.7	76.7	82.3	81.5	82.2
Combined ratio excluding run-off result*)	86.6	88.0	88.9	89.8	90.2
Return on equity before tax p.a. (%)	56.6	54.4	43.1	39.0	38.6
Return on equity after tax p.a. (%)	43.2	43.2	30.9	30.9	30.5

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

Key figures and ratios have been prepared on the basis of the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

Q3 PERFORMANCE

Non-life Insurance reported a pre-tax profit of DKK 320 million in Q3 2017, against a pre-tax profit of DKK 310 million in Q3 2016. The performance was highly satisfactory and better than expected.

The technical result was a profit of DKK 277 million in Q3 2017, which was DKK 17 million less than in Q3 2016.

The Q3 combined ratio was 78.7, being supported by fewer expenses for major claims, run-off gains as well as by a generally better-than-expected claims experience. Net of run-off gains on claims provisions, the combined ratio was 86.5 in Q3 2017, against an expected level of 91-92.

The underlying combined ratio was 77.3 in Q3 2017, outperforming expectations by a fair margin.

	Q3 2017	Q3 2016	FY 2016
Combined ratio, underlying business	77.3	77.4	80.2
Major claims	5.7	8.4	7.6
Weather-related claims	3.1	1.9	2.2
Reinstatement premiums	0.1	-0.1	-0.1
Run-off result, claims	-7.9	-11.3	-7.9
Change in risk margin, run-off result and current year	0.4	0.4	0.2
Combined ratio	78.7	76.7	82.2

Premiums

Gross premiums amounted to DKK 1,301 million in Q3 2017, which was 2.7% more than in Q3 2016, marking a slight improvement relative to expectations. The retention rate remains high in both commercial and private lines.

Claims experience

The claims experience for Q3 2017 was 62.8% (Q3 2016: 60.6%). The increase in the claims experience should be seen against the backdrop of a very low level of claims

in the third quarter of 2016 as a result of an atypical claims notification experience at the end of the first half of 2016. Net of run-off gains, the claims experience was 70.6%, which was a year-on-year improvement of 1.4 percentage points.

Relative to expectations, the claims experience was affected in particular by a generally lower level of claims expenses than anticipated. Excluding the run-off result, the claims experience was 4.1 percentage points better than expected.

Weather-related claims

As a result of extensive precipitation in the third quarter of 2017 and a number of heavy rain and cloudburst incidents in August and September in particular, expenses for weather-related claims net of reinsurance increased by DKK 16 million year on year. Overall, weather-related claims in Q3 2017 affected the combined ratio by 3.1 percentage points, which was at the lower end of the normal range of 3-4%.

Major claims

In Q3 2017, the number of major claims was in line with expectations, while claims expenses were below the expected level. Major claims net of reinsurance amounted to DKK 74 million, which was DKK 33 million less than in the same period of 2016. Major claims affected the combined ratio by 5.7 percentage points, compared with a normal level of 7-8%.

Underlying business

In Q3 2017, the underlying claims ratio was 2.6 percentage points below the expected level and on a par with Q3 2016. The unchanged level relative to last year was composed of a higher level of claims in private lines and a corresponding lower level of claims in commercial lines. Moreover, the quarter was affected by an adjustment of the claims ratio for claims occurring in the first half of 2017.

Run-off result

The run-off result net of reinsurance produced a gain of DKK 112 million, which was DKK 40 million lower than in Q3 2016. The Q3 2017 run-off gain mainly derived from the personal insurance lines workers' compensation, personal accident and motor liability insurance. Also contributing to the run-off result was a gain from the recalibration of the provisioning models, which are still designed to ensure a higher probability of run-off gains than of run-off losses.

The Q2 trend in workers' compensation claims continued in Q3 2017, with the number of provisions for reopened claims cases from previous years remaining at a high, albeit down-trending, level. This development,

which may be due to a clean-up in Labour Market Insurance (Arbejdsmarkedets Erhvervssikring (AES)), is being monitored closely. The expenses relating to the reopened cases were offset by a reduction of the model provisions on workers' compensation insurance.

Of the combined run-off result, the risk margin run-off result contributed a gain of DKK 10 million in Q3 2017 (Q3 2016: DKK 8 million gain).

Costs

Total costs amounted to DKK 202 million in Q3 2017, equivalent to an expense ratio of 15.9. Costs were slightly below the level expected for the quarter and lower than in the same period of 2016. The expense ratio was 17.3 for the year to date, and expectations for the full year are maintained at around 17.

Net reinsurance ratio

The net reinsurance ratio was 5.0 in Q3 2017 (Q3 2016: 3.9). The higher net expense for reinsurance in Q3 2017 was a result of the positive fact that there were no claims events large enough to trigger compensation under the reinsurance programme.

Discounting

From 30 September 2016 to 30 September 2017, the yield curve, which is used for discounting purposes, fell by approximately 0.2 of a percentage point at the short end of the curve, while the 10-year yield rose by around 0.4 of a percentage point. 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 126 million in Q3 2017 (Q3 2016: DKK 151 million profit).

The combined ratio was 81.0, which was highly satisfactory compared with expectations. 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.

Premium income amounted to DKK 665 million in Q3 2017, increasing by 1.1% relative to Q3 2016, which was slightly better than expected. This was supported in particular by the fact that Alm. Brand sold more covers than expected also in the third quarter. However, as expected, the insurances were sold at a lower average premium than previously, especially in motor insurance lines. The decline in average premiums reflects a very

competitive insurance market. The customer retention rate remained high, standing at 90.6 at 30 September 2017, which was 0.5 of a percentage point above the level at 30 September 2016 and very positive.

Private

DKKm	Q3	Q3	FY
	2017	2016	2016
Gross premiums	665	658	2,604
Claims incurred	-405	-375	-1,595
Underwriting management expenses	-118	-116	-479
Profit/loss from business ceded	-16	-17	-77
Underwriting profit	126	150	453
Run-off gains/losses	61	72	212
Gross claims ratio	61.0	57.0	61.3
Net reinsurance ratio	2.4	2.6	2.9
Claims trend	63.4	59.6	64.2
Gross expense ratio	17.6	17.5	18.4
Combined ratio	81.0	77.1	82.6

The claims experience excluding run-off gains on claims was 71.9% (Q3 2016: 69.9%).

Weather-related claims totalled DKK 17 million net of reinsurance (Q3 2016: DKK 12 million), affecting the combined ratio by 2.5 percentage points. In spite of several heavy rain and cloudburst incidents in August and September, expenses for weather-related claims were in line with expectations.

Major claims expenses totalled DKK 16 million net of reinsurance, which was DKK 3 million lower than in 2016, and impacted the combined ratio by 2.3 percentage points, against 2.9 percentage points in 2016. The number of major claims was in line with expectations in the third quarter, but total claims expenses were slightly below the expected level.

Overall, weather-related claims and major claims affected the combined ratio by 4.8 percentage points in Q3 2017, which was on a par with Q3 2016.

The underlying claims ratio increased by 2.1 percentage points relative to the year-earlier period. As compared with the expected level, additional sales of new comprehensive motor insurance covers resulted in slightly higher comprehensive motor claims, but this trend was partly offset by a lower level of motor liability and personal accident claims. Moreover, expenses for travel insurance claims have been increasing in recent years, both in terms of claims frequency and the level of claims paid in respect of travel insurance. The discontinuation of coverage through the yellow national health insurance card has, among other things, trig-

gered an increase in the number and amount of claims paid in respect of medical pre-approvals covered by the travel insurance. Alm. Brand has monitored this trend for some time and will take measures to improve the profitability of the product.

The net reinsurance ratio was 2.5 in Q3 2017, which was unchanged from the same period of 2016.

The expense ratio was 17.6 in Q3 2017, which was below the expense level but on a par with Q3 2016.

The run-off result net of reinsurance was a gain of DKK 61 million in Q3 2017, as compared with a DKK 72 million gain in Q3 2016. The run-off result was mainly attributable to gains on personal insurance lines. Of the combined run-off result for Private, the risk margin run-off result contributed a gain of DKK 5 million in Q3 2017 (Q3 2016: DKK 4 million gain).

COMMERCIAL

The technical result was a profit of DKK 151 million in Q3 2017 (Q3 2016: DKK 144 million profit).

The combined ratio was 76.3, which was on a par with the same period of 2016 and highly satisfactory compared with expectations. The combined ratio was favourably affected by lower-than-expected claims expenses as well as by run-off gains.

Premium income was DKK 636 million in Q3 2017 (Q3 2016: DKK 609 million). This year-on-year increase of 4.4% was somewhat better than expected. The commercial market remains extremely competitive, but Alm. Brand nevertheless sold more policies than anticipated in the third quarter. The customer retention rate remained high, standing at 90.7 at 30 September 2017, which was 0.7 of a percentage point above the level at 30 September 2016 and very positive.

Commercial

DKKm	Q3	Q3	FY
	2017	2016	2016
Gross premiums	636	609	2,424
Claims incurred	-346	-345	-1,439
Underwriting management expenses	-90	-88	-372
Profit/loss from business ceded	-49	-32	-170
Underwriting profit	151	144	443
Run-off gains/losses	51	79	234
Gross claims ratio	54.4	56.5	59.4
Net reinsurance ratio	7.7	5.3	6.9
Claims trend	62.1	61.8	66.3
Gross expense ratio	14.2	14.5	15.4
Combined ratio	76.3	76.3	81.7

The claims experience excluding run-off gains on claims was 69.3% (Q3 2016: 74.3%).

Weather-related claims totalled DKK 24 million net of reinsurance (Q3 2016: DKK 12 million), which affected the combined ratio by 3.8 percentage points, against 2.0 percentage points in Q3 2016. In spite of a number of cloudbursts in the third quarter, weather-related claims were lower than expected for the period.

Major claims totalled DKK 59 million net of reinsurance (Q3 2016: DKK 88 million) and impacted the combined ratio by 9.2 percentage points, against 14.4 percentage points in Q3 2016. The number of major claims was in line with expectations in the third quarter, but individual claims were smaller, and total claims expenses came out somewhat below the expected level.

Overall, weather-related claims and major claims affected the combined ratio by 13.0 percentage points in Q3 2017, against 16.4 percentage points in Q3 2016.

In Q3 2017, the underlying claims ratio fell by 1.8 percentage points relative to the year-earlier period. The decline should be seen in light of the fact that the claims ratio was artificially low in Q3 2016 due to an atypical claims notification experience in the second and third quarters of 2016. The decline in Q3 2017 was mainly due to lower expenses for workers' compensation and building and content claims. However, the profitability of some parts of the commercial market building portfolio remains unsatisfactory. This applies particularly to the residential property market, which is fiercely competitive. Alm. Brand has taken initiatives to improve the profitability of both new business written and the existing portfolio.

The net reinsurance ratio was 7.7 in Q3 2017, against 5.3 in Q3 2016. The higher net expense for reinsurance in Q3 2017 was primarily due to the fact that there were no claims events large enough to trigger compensation under the reinsurance programme.

The expense ratio was 14.2 in Q3 2017, which was in line with expectations and 0.3 of a percentage point lower than in the same period of 2016.

The run-off result net of reinsurance was a gain of DKK 51 million, against DKK 79 million in 2016. The run-off result was mainly attributable to gains on personal insurance lines. Of the combined run-off result for Commercial, the risk margin run-off result contributed a gain of DKK 5 million in Q3 2017 (Q3 2016: DKK 4 million gain).

INVESTMENT RESULT

The investment result was a highly satisfactory gain of DKK 43 million in Q3 2017, against a gain of DKK 16 million in the year-earlier period.

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

In Q3 2017, the investment return was lifted in particular by a positive return on provision hedges as a result of the portfolio composition of mortgage bonds and corporate bonds. The bond portfolio was generally supported by the strong performance of Danish mortgage bonds in Q3 2017, driven by a narrowing of the yield spread to swap rates. The mortgage deed portfolio also outperformed expectations, as prepayments continued to decline in the third quarter. Global equities appreciated during the quarter and produced a higher return than expected.

The interest on technical provisions is calculated using the EIOPA (European Insurance and Occupational Pensions Authority) yield curve plus a volatility adjustment (the "VA premium"). The VA premium declined by 0.22 of a percentage point year on year.

	Q3 2017			Q3 2016		
	Investment assets	Return	Pct.	Investment assets	Return	Pct.
Investment return						
DKKm						
Bonds etc.	8,517	47	0.6	8,318	50	0.6
Mortgage deeds etc.	1,169	10	0.8	1,449	3	0.2
Equities	202	7	4.0	205	10	4.8
Property	13	1	6.0	18	0	1.4
Total return on investments	9,901	65	0.7	9,990	63	0.6
Administrative expenses		-6			-6	
Discounting of technical provisions		-12			-35	
Interest on technical provision		-4			-6	
Investment return after interest on provisions		43			16	

9M PERFORMANCE

The group's non-life insurance activities generated a profit before tax of DKK 785 million in 9M 2016, as compared with a DKK 736 million profit in 9M 2016. The performance was highly satisfactory.

The technical result was a profit of DKK 682 million, against DKK 692 million in 2016, corresponding to a combined ratio of 82.3 in 9M 2017 (9M 2016: 81.5). The combined ratio was supported by fewer expenses for major claims and weather-related claims, but was adversely affected by costs relating to digitalisation and higher expenses for small claims relative to 9M 2016.

Premium income totalled DKK 3,846 million, against DKK 3,759 million in 9M 2016, an increase of 2.3% and slightly more than expected.

Weather-related claims totalled DKK 62 million net of reinsurance in 9M 2017 (9M 2016: DKK 65 million). The mild winter and the fewer and smaller windstorms than anticipated had a positive effect on the 9M performance. However, there were a number of heavy rain and cloudburst incidents, especially in August and September. Overall, the number of weather-related claims was low compared with the level expected for the first nine months of the year. Weather-related claims affected the combined ratio by 1.6 percentage points (9M 2016: 1.7 percentage points).

Major claims totalled DKK 233 million in 9M 2017 (9M 2016: DKK 300 million). The number of major claims in the first nine months of the year was slightly lower than expected, and the level of major claims expenses was generally lower than expected. However, the commercial segment was hit by one substantial major claim. Overall, major claims expenses affected the combined ratio by 6.0 percentage points in 9M 2017 (9M 2016: 8.0 percentage points), which was somewhat better than the expected range of 7-8 percentage points.

The combined ratio of the underlying business was 81.0 in 9M 2017, against 79.8 in 9M 2016. This increase was mainly due to a higher cost level as a result of investments in digitalisation. In addition, more covers were sold for the new and cheaper motor insurance product, and the extra covers on comprehensive motor insurance in particular led to a higher number of claims, resulting in higher claims expenses. However, taking into account the portfolio changes, developments in the underlying claims ratio for motor insurance were in line with expectations. Moreover, the first nine months of 2017 were affected by a drop in the short-term discount rate, which increased the combined ratio by 0.2%.

	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Combined ratio, underlying business	81.0	80.0	80.2
Major claims	6.0	8.0	7.6
Weather-related claims	1.6	1.7	2.2
Reinstatement premiums	0.0	-0.1	-0.1
Run-off result, claims	-6.6	-8.3	-7.9
Change in risk margin, run-off result and current year	0.3	0.2	0.2
Combined ratio	82.3	81.5	82.2

Net of reinsurance, the run-off result was a gain of DKK 294 million in 9M 2015 (9M 2016: DKK 349 million gain). The gains were seen primarily in personal insurance lines and on building insurance.

The net reinsurance ratio was 3.3 for 9M 2017, as compared with 4.9 for the same period of 2016. The lower net expense for reinsurance in 2017 was driven mainly by reinsurance received for a major fire claim from the first quarter of 2017.

The expense ratio was 17.3 in 9M 2017, which was in line with expectations, but 0.8 of a percentage point higher than in the same period of 2016.

The investment result after interest on technical provisions was a gain of DKK 103 million in 9M 2017, against a gain of DKK 44 million in 9M 2016. The investment result was highly satisfactory.

CAPITALISATION

The capital requirement of Alm. Brand Forsikring A/S was DKK 1,030 million at 30 September 2017. The total capital was DKK 3,571 million, which means that the company had an excess cover of DKK 2,541 million relative to the capital requirement.

At 30 September 2017, shareholders' equity allocated to Non-life Insurance was DKK 2,391 million.

MAJOR EVENTS**Acquisition of insurance portfolio from Trafik G/S**

Alm. Brand acquired the insurance portfolio of Trafik G/S with effect from 1 September 2017. The portfolio consists of approximately 2,500 customers with total premiums of just over DKK 40 million. The acquisition also gave the employees of Alm. Brand Trafik specialist knowledge about this niche area, making Alm. Brand a specialist insurer of taxicab owners as well. The acquisition was well received by the former customers of Trafik G/S.

New product – “Yndlings”

In September, Alm. Brand launched a new, 100% digital insurance product called “Yndlings” (“Favourites”), a flexible product directed especially at young personal customers. The product, offering digital on-the-go purchases and cancellations, consists of a low priced basic cover comprising personal liability, rehousing and legal

aid. In addition, customers may choose to take out insurance for selected favourite items of which they are particularly fond. The product has received positive mention by e.g. the Danish Consumer Council and was nominated for the Annual Innovation Award at Copenhagen FinTech Innovation Days.

Pension

DKKm	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Premiums	289	273	1,002	924	1,281
Investment return after allocation of interest	199	165	648	614	697
Claims incurred	-229	-223	-762	-729	-970
Total underwriting management expenses	-22	-23	-73	-69	-101
Profit/loss from business ceded	-1	-1	-1	-2	-4
Change in life insurance provisions	-209	-157	-724	-815	-799
Change in profit margin	-7	-13	-13	148	-27
Government Tax on unallocated funds	0	0	0	0	0
Underwriting profit/loss	20	21	77	71	77
Return on investments allocated to equity	3	2	4	7	7
Profit/loss before tax	23	23	81	78	84
Tax	-5	-5	-18	-19	-10
Profit/loss after tax	18	18	63	59	74
Return requirement for shareholders' equity					
Return on investments allocated to equity	3	2	4	7	7
Result of portfolios without bonus entitlement	1	-1	14	0	1
Group life	3	1	7	5	8
Interest result	7	7	19	17	21
Expense result	-2	0	-11	-2	-16
Risk result	11	14	48	51	63
Transferred to/from the shadow account	0	0	0	0	0
Profit/loss before tax	23	23	81	78	84
Total technical provisions	13,595	12,179	13,595	12,179	12,853
Shareholders' equity	786	833	786	833	848
Total assets	14,533	13,811	14,533	13,811	14,394
Return on equity before tax p.a. (%)	11.6	10.8	13.3	12.4	10.1
Return on equity after tax p.a. (%)	9.0	8.2	10.4	9.4	8.9
Bonus rate (%)	25.0	17.5	25.0	17.5	20.1

Key figures and ratios have been prepared on the basis of the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

Investment return on policyholders funds in Pension Q1-Q3 2017

	Return ratio in % (YTD)
Interest-bearing assets	2.1
Shares	12.7
Property	20.4
Total	6.0

Q3 PERFORMANCE

Pension posted a pre-tax profit of DKK 23 million in Q3 2017 (Q3 2016: DKK 23 million). The performance was satisfactory and better than expected.

The profit was composed as follows:

- Expense and risk result of DKK 9 million
- Interest rate result of DKK 7 million
- Profit of DKK 3 million from the group life in insurance business
- Profit of DKK 1 million from life annuities without bonus entitlement
- Return on investment allocated to equity of DKK 3 million.

The bonus rate was 25.0% at 30 September 2017, marking a year-to-date improvement of 4.9 percentage points.

The increase was driven by a satisfactory investment result, including a gain of just over DKK 200 million on the sale of a property at City Hall Square in Copenhagen. The bonus rate was highly satisfactory, ensuring that Pension may continue to offer high and competitive rates on policyholders' savings.

Pension contributions

Payments into guaranteed schemes

Premiums amounted to a total of DKK 289 million in Q3 2017, a year-on-year increase of DKK 16 million, or 5.7%.

This figure comprises an increase in regular premiums of 7.3% and an increase in single payments of 4.0%.

Growth was satisfactory and in line with the group's aim of generating growth in regular payments in particular.

Payments into market schemes

In addition to payments into guaranteed schemes, customers have the option of paying into market-based investment schemes with the bank. These payments amounted to DKK 84 million in Q3 2017, against DKK 73 million in Q3 2016, which was a highly satisfactory increase of 15.3%.

Total pension contributions

Total payments into pension schemes, including investment schemes with the bank, amounted to DKK 373 million in Q3 2017, which was an increase of 7.7% relative to Q3 2016.

Benefits paid

The total amount of benefits paid in Q3 2017 was DKK 229 million, against DKK 223 million in Q3 2016, which was in line with expectations.

Risk result

Net of reinsurance, the risk result, which expresses the difference between risk premiums and actual claims expenses, was an income of DKK 11 million in Q3 2017, down by DKK 3 million on Q3 2016. 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 22 million in Q3 2017, against DKK 23 million in Q3 2016. Costs were lower than expected and mainly related to accruals in respect of the group life insurance business.

Expense result

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was negative at DKK 2 million in Q3 2017. The expense result should be seen in light of the fact that Alm. Brand Pension's average rate products are among the cheapest on the market.

Investment return on policyholders' funds

The return on investment assets belonging to policyholders was DKK 253 million for Q3 2017, corresponding to a return of 1.8% (7.2% p.a.). Total investment assets, which amounted to DKK 13.7 billion at 30 September 2017, are placed in bonds, equities and property.

The Q3 return, calculated before tax on pension returns but after investment costs, was lifted by the share price performance, but interest rate developments also produced a fair return on bonds.

Asset management activities also contributed to lifting the Q3 performance, supported mainly by an overweight in mortgage bonds, which performed well in the third quarter. For the year to date, asset management activities have produced a fair-sized additional return relative to benchmark.

	Share	Return Q3	Return p.a.
Bonds	73%	1.6%	6.4%
Equities	17%	3.5%	14.0%
Properties	10%	1.0%	4.0%
Total	100%	1.8%	7.2%

Life insurance provisions

Total life insurance provisions increased by DKK 209 million to an aggregate of DKK 13.2 billion in Q3 2017. 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 increased by DKK 7 million to total DKK 376 million at 30 September 2017, driven by the company's volume growth.

The sector is still in discussions with the Danish FSA about the accounting concept "profit margin" and the assumptions for calculation thereof. The expectation is still that the final outcome of the discussions will not change the company's strong capitalisation.

Bonus rate

The total bonus rate was 25.0% at 30 September 2017, a year-to-date improvement of 4.9 percentage points. This is particularly satisfactory considering that, for the sixth year running, the company is continuing to offer its customers one of the industry's highest rate on policyholders' savings.

New policyholders are placed in interest rate group 0, which had a bonus rate of 28.5% at 30 September 2017.

In interest rate groups 2 and 3, which comprise customers with a high guarantee rate, the bonus rate was just over 15% in Q3 2017, which was highly satisfactory. The interest rate groups continue to pursue a prudent investment strategy based on a substantial share of bonds and financial instruments with a view to striking a healthy balance between the groups' investments and liabilities.

The table below shows the current rates on policyholders' savings, bonus rates, returns and breakdown of policyholders' investment assets on the four interest rate

groups into which the portfolio of policies with bonus entitlement is divided.

	U74*	Interest rate group				Total
		0	1	2	3	
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.)		4.00	5.50	5.50	6.00	
Investment assets (DKKbn)	0.1	8.2	1.3	1.3	2.9	13.7
Bonus rate (%)		28.5	26.8	16.1	15.0	25.0
Return (% YTD converted to p.a.)		10.0	6.9	6.5	4.1	8.0
Bonds	100%	66%	68%	82%	86%	72%
Equities	0%	23%	21%	8%	3%	17%
Properties	0%	11%	10%	8%	7%	10%
Interest rate derivatives	0%	0%	1%	2%	4%	1%

*Portfolios without bonus entitlement

9M PERFORMANCE

Alm. Brand Pension generated a total pre-tax profit of DKK 81 million in 9M 2017, as compared with a DKK 78 million profit in 9M 2016. The performance was satisfactory.

Total pension contributions increased by 8.1% to DKK 1,268 million from 30 September 2016 to 30 September 2017. On guaranteed schemes, regular payments increased by 4.0%, while single payments grew by 13.2%. In addition, payments into market rate schemes with the bank increased by 7.0%.

CAPITALISATION

The total capital of Alm. Brand Liv og Pension A/S amounted to DKK 1,229 million at 30 September 2017.

The company's capital requirement amounted to DKK 143 million. Accordingly, the company had excess liquidity of DKK 1,086 million, corresponding to a solvency coverage ratio of 862%. The company's capital requirement is very low as a result of the large bonus potentials at 30 September 2017.

Equity allocated to pension was DKK 786 million at 30 September 2017.

MAJOR EVENTS

Tax reform

At the beginning of October 2017, the Danish government tabled a proposal for an adjustment of the rules governing the pensions area with a view to mitigating drawbacks in relation to public benefits as a result of which certain income groups have no incentive to make or are in fact being punished for making payments into their pension savings. According to the proposal, the possibilities of making retirement savings are limited until five years before retirement.

It is encouraging that the government is working to resolve the drawbacks, but the proposed solution does not contribute to making the pensions area any less complex, and it is inexpedient in the sense that it is a step back in terms of the industry's attempts to increase transparency.

The change in retirement savings is assessed to have an adverse top line effect, but for most of the customers it would make sense to continue their overall contributions in order to obtain regular payouts. At the same time, the incentive to make pension savings will be improved going forward, which after a period is expected to offset any negative short-term effects of the limitations on retirement savings.

Banking

DKKm	GROUP				
	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	FY 2016
FORWARD-LOOKING ACTIVITIES:					
Net interest and fee income, Private	53	49	159	156	208
Trading income (excl. value adjustments)	29	31	93	104	144
Other income	69	53	200	157	218
Total income	151	133	452	417	570
Expenses	-100	-88	-302	-267	-367
Amortisation	-51	-38	-145	-109	-153
Core earnings	0	7	5	41	50
Value adjustments	13	9	40	-6	6
Profit/loss before impairment writedowns	13	16	45	35	56
Writedowns	-4	8	6	12	6
Profit/loss before tax, forward-looking activities	9	24	51	47	62
WINDING-UP ACTIVITIES:					
Profit/loss before impairment writedowns	11	15	15	33	38
Writedowns	-6	-24	-4	-36	-56
Profit/loss before tax, winding-up activities	5	-9	11	-3	-18
Total profit/loss before tax and minority interests	14	15	62	44	44
Tax	-3	-2	-13	-9	-8
Consolidated profit/loss after tax	11	13	49	35	36
Loans and advances, forward-looking activities	3,110	2,787	3,110	2,787	2,835
Loans and advances, winding-up activities	612	1,126	612	1,126	942
Deposits	7,105	7,309	7,105	7,309	7,189
Shareholders' equity	1,570	1,530	1,570	1,530	1,521
Balance	9,166	9,694	9,166	9,694	9,699
Interest margin (%)	2.4	2.4	2.4	2.5	2.5
Income/cost ratio	1.09	1.10	1.13	1.10	1.07
Impairment ratio	0.1	0.1	-0.3	0.1	0.4
Solvency ratio (%)	23.0	19.8	23.0	19.8	18.1
Return on equity	3.7	4.0	5.4	3.9	2.9
Return on equity after tax (%)	3.0	3.4	4.3	3.1	2.4

Q3 PERFORMANCE

The bank generated a pre-tax profit of DKK 14 million in Q3 2017 (Q3 2016: DKK 15 million profit). The profit was composed of a profit of DKK 9 million on forward-looking activities and a profit of DKK 5 million on winding-up activities. The performance was satisfactory and better than expected.

Most of the bank's forward-looking activities experienced growth. Over the past 12 months, the number of Pluskunder has increased by 8%, and lending to the bank's private customers has grown by 5%. At 30 September 2017, lending to private customers and small and medium-sized businesses totalled DKK 2.8 billion. The portfolio of Totalkredit loans for which the bank acted as intermediary continued to develop favourably, amounting to DKK 8.2 billion at 30 September 2017, against DKK 7.2 billion a year ear-

lier, equivalent to a year-on-year increase of 14%. In addition, Financial Markets continued to experience an increase in mandates and new customers, while the Leasing portfolio increased by 33% year on year.

The bank's interest margin was unchanged at 2.4% in Q3 2017, remaining impacted by tough competition and low yields on the bank's bond holdings.

The Q3 results included value adjustments of two shareholdings of DKK 17 million in aggregate, distributed on DKK 7 million under Treasury and DKK 10 million under winding-up activities. The shareholdings, which were originally taken over in connection with a customer exposure, are Bella Kvarter A/S and BCHG Holding A/S, respectively.

Significant investments in growth and digitalisation drove up the Q3 expense level.

Impairment writedowns amounted to DKK 10 million in Q3 2017, distributed on DKK 4 million related to the forward-looking activities and DKK 6 million related to the winding-up activities. Total impairment writedowns for the bank are expected to be at breakeven for 2017.

FORWARD-LOOKING ACTIVITIES

The bank's profit of DKK 9 million on forward-looking activities was better than expected.

The bank's income from forward-looking activities amounted to DKK 151 million in Q3 2017, against DKK 133 million in Q3 2016, marking an increase of 13.5%. The increase was driven by the bank's leasing portfolio, higher trading income in Financial Markets and earnings from Totalkredit.

Costs were in line with expectations at DKK 100 million in Q3 2017. This was DKK 12 million higher than in Q3 2016, but on a par with Q1 and Q2 2017. The increase was attributable partly to investments in growth and digitalisation and partly to higher expenses for the bank's data centre, which is also investing to comply with the increasingly stricter regulatory requirements. The increase in the bank's costs related to investments in growth and digitalisation primarily affects Retail.

Impairment writedowns in the forward-looking activities amounted to DKK 4 million, against a reversal of DKK 8 million in Q3 2016. Impairment writedowns in the quarter were within the normal seasonal fluctuation span and, for the year to date, total impairment writedowns of DKK 6 million were reversed, as compared with an expectation of DKK 0 million for the full year.

Business activities

In the third quarter of 2017, the group established a commercial department for small and medium-sized businesses. For accounting purposes, the activities have been combined with Private in a new segment called Retail. A portfolio of healthy commercial loans of DKK 18 million was transferred from the winding-up portfolio to Retail in Q3 2017.

Q3 income from Retail increased by DKK 4 million year on year, reflecting a continued increase in customer activities. However, the increase was more than offset by costs related to investments in growth and digitalisation.

The Leasing division generated a pre-tax profit of DKK 6 million in Q3 2017, up DKK 2 million on Q3 2016, driven by growth in the leasing portfolio.

Leasing's portfolio reached the DKK 1 billion mark in Q3, totalling DKK 1,026 million, corresponding to 9,000 cars, at 30 September 2017. Leasing to private individuals continues to account for the largest share of Alm. Brand's leasing portfolio. The commercial segment continued to grow, increasing by 11% relative to 30 September 2016.

Financial Markets generated a pre-tax profit of DKK 12 million before tax in Q3 2017 (Q3 2016: DKK 15 million profit), which was in line with expectations. Customer inflow and sales are developing favourably, as exemplified e.g. by the fact that the ETF product portfolio IndexPlus had reached the DKK 300 million mark at 30 September 2017.

The bank's bond portfolio yielded a return of 1.0% p.a. in Q3 2017 (Q3 2016: 2.0% p.a.). The bond return was satisfactory relative to the benchmark and in light of a money market which remained impacted by negative interest rates.

A lower coupon rate on bonds detracted from the performance of Other activities in Q3 2017, while the shareholding in Bella Kvarter A/S lifted the performance by DKK 7 million.

Retail

DKKm	Q3 2017	Q3 2016
Income	53	49
Expenses	-59	-50
Profit/loss before impairment writedowns	-6	-1
Impairment writedowns	-4	8
Profit/loss before tax	-10	7

Leasing

DKKm	Q3 2017	Q3 2016
Income	69	53
Expenses	-12	-11
Depreciation and amortisation	-51	-38
Profit/loss before tax	6	4

Financial markets

DKKm	Q3 2017	Q3 2016
Income	32	31
Expenses	-25	-23
Core earnings	7	8
Value adjustments	5	7
Profit/loss before tax	12	15

Other activities

DKKm	Q3 2017	Q3 2016
Income	-3	0
Expenses	-4	-4
Core earnings	-7	-4
Value adjustments	8	2
Profit/loss before tax	1	-2

WINDING-UP ACTIVITIES

The bank's winding-up activities are composed of agricultural, commercial property and mortgage deed exposures.

The performance was a profit of DKK 5 million in Q3 2017, against a loss of DKK 9 million in Q3 2016. Impairment writedowns amounted to DKK 6 million in Q3 2017, against DKK 24 million in Q3 2016.

The profit before impairment writedowns was DKK 11 million in Q3 2017, down DKK 4 million year on year. The decline was mainly attributable to the planned reduction of the loan portfolio, while value adjustments remained unchanged.

The total credit exposure of the winding-up portfolio was reduced by DKK 172 million to DKK 1,781 million in Q3 2017. Adjusted for losses and writedowns, the bank's loans and advances were reduced by DKK 353 million for the year to date, which was better than expected.

The bank's winding-up activities were favourably affected by improved settlement prices for agricultural products and interest received on mortgage deeds which had previously been considered lost.

Agriculture

The agricultural portfolio amounted to DKK 178 million at 30 September 2017. Adjusted for impairment writ-

edowns, the portfolio was reduced by DKK 7 million in Q3 2017.

Impairment writedowns amounted to DKK 1 million in Q3 2017. The level reflects the persistently improved conditions for agriculture with higher settlement prices, in particular for piglet producers.

Commercial properties

The portfolio consists mainly of lending to fund investment properties, lending to businesses and property development projects.

There were no impairment writedowns in this segment in Q3 2017.

The total portfolio amounted to DKK 268 million at 30 September 2017. Lending was reduced by DKK 110 million in Q3 2017.

Mortgage deeds

The segment comprises the bank's own portfolio of private and commercial mortgage deeds and a mortgage deed exposure through an option agreement with Alm. Brand Forsikring. The own portfolio consists primarily of mortgage deeds in arrears.

The own portfolio amounted to DKK 166 million and was unchanged relative to Q2 2017. Impairment writedowns of DKK 4 million were reversed in Q3 2017, against a reversal of DKK 2 million in Q2 2017.

The credit exposure through the option agreement on mortgage deeds amounted to DKK 1,169 million at 30 September 2017. Credit-related capital losses on the option agreement amounted to DKK 9 million in Q3 2017, which was in line with expectations.

DKKm	Credit exposure after writedowns			Losses and writedowns					Impairment in % ^{a)}
	FY 2016	30-sep 2017	Share of portfolio in %	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q1-Q3 2017	
	Agriculture	204	178	29	45	0	-1	1	
Commercial properties	544	268	44	-15	-5	-9	0	-14	-3
Mortgage deeds	194	166	27	-18	-3	-2	-4	-9	-5
Total loans and advances	942	612	100	12	-8	-12	-3	-23	-3
Mortgage deed option agreement ^{b)}	1,329	1,169		44	12	6	9	27	2
Winding-up activities	2,271	1,781		56	4	-6	6	4	0

a) Losses and write-downs as a percentage of the average portfolio in Q1-Q3 2017. The percentage is not comparable with the impairment ratio in the overview of financial ratios

b) Impairment writedowns include credit-related value adjustments of mortgage deeds

9M PERFORMANCE

The bank posted a pre-tax profit of DKK 62 million in 9M 2017, against a profit of DKK 44 million in 9M 2016. The improvement was primarily driven by a lower level of impairment writedowns as well as by market value gains.

The profit was composed of a profit of DKK 51 million on forward-looking activities and a profit of DKK 11 million on winding-up activities. Compared with the same period of last year, the forward-looking activities improved by DKK 4 million, whereas the winding-up activities improved by DKK 14 million.

The bank's interest margin was 2.4% in 9M 2017, compared with 2.5% in 9M 2016.

Core earnings for the forward-looking activities amounted to a profit of DKK 5 million in 9M 2017, against DKK 41 million in 9M 2016. The relatively low level was partly due to the fact that some of the trading income was realised as market value gains and therefore not included in core earnings. Moreover, the profit was adversely affected by higher costs, primarily due to investments in growth and digitalisation, and by expenses for the bank's data centre as a result of stricter regulative requirements.

In 9M 2017, costs related to the forward-looking activities amounted to DKK 302 million, against DKK 267 million in 9M 2016.

The bank's total impairment writedowns amounted to a reversal of DKK 2 million, against impairment writedowns of DKK 24 million in the same period of last year. The total reversal of DKK 2 million was composed of a reversal of DKK 6 million in forward-looking activities and impairment writedowns of DKK 4 million related to winding-up activities.

Value adjustments on the forward-looking activities amounted to a gain of DKK 40 million in 9M 2017, against a loss of DKK 6 million in the year-earlier period. The DKK 46 million improvement was mainly driven by an increase in fixed income-related value adjustments of DKK 29 million and an increase in equity-related value adjustments of DKK 14 million.

BALANCE SHEET

Loans and advances

The bank's loans and advances amounted to DKK 3.7 billion at 30 September 2017, which was DKK 200 million less than at 30 September 2016.

Excluding intra-group lending, loans and advances in Q3 2017 increased by DKK 58 million for the forward-looking activities, while loans and advances in the winding-up portfolio declined by DKK 119 million.

Deposits

The bank had deposits of DKK 7.1 billion at 30 September 2017, which was a decline of DKK 200 million relative to 30 September 2016.

At 30 September 2017, floating-rate deposits represented 93% of total deposits, against 88% at 30 September 2016. The group's aim is to have deposits in floating-rate products.

Liquidity

At 30 September 2017, the bank had cash funds of DKK 3.8 billion and excess liquidity of DKK 2.8 billion, equivalent to an excess cover of 287% relative to the statutory requirement. The excess cover increased by DKK 0.1 billion in Q3 2017.

At 30 September 2017, the liquidity coverage ratio (LCR) was 355%.

Capitalisation

The bank's total capital was DKK 1.6 billion at 30 September 2017, and the solvency ratio was 24.3 for the parent company.

DKKbn	Parent company	Group
Total capital	1.6	1.6
Risk exposure amount	6.7	7.1
Total capital ratio	24.3	23
Tier 1 capital ratio	21.7	20.6
Individual solvency need	12	12.3
Excess cover	12.3	10.7

Capital reservation for credit risk

The bank's total capital reservation for credit risk amounted to DKK 2,151 million at 30 September 2017, against DKK 2,535 million at 31 December 2016. The capital reservation was 33% of the credit exposure, which was unchanged from 31 December 2016.

The capital reservation for the forward-looking portfolio represented 20% of gross loans and advances, and the capital reservation for the winding-up portfolio

represented 49% of the credit exposure.

At 30 September 2017, accumulated writedowns amounted to DKK 1,598 million, against DKK 1,859 million at 31 December 2016. Accumulated impairment writedowns broke down as follows at 30 September 2017: DKK 306 million on the forward-looking portfolio and DKK 1,292 million on the winding-up portfolio, DKK 503 million of which was attributable to fair value adjustment of mortgage deeds.

Capital reservation for credit risk

DKKm	30.09.2017						31.12.2016	
	Total assets	Credit exposure ^{a)}	Acc. impairment writedowns ^{b)}	Required capital	Total reservation	Reservation/credit exposure	Total reservation	Reservation/credit exposure
Forward-looking portfolio	2,923	3,229	306	332	638	20%	660	21%
Winding-up portfolio	612	3,073	1,292	211	1,503	49%	1,861	49%
Total - excl. reverse transactions	3,535	6,302	1,598	543	2,141	34%	2,521	36%
Reverse transactions including intercompany transactions	187	187	0	10	10	5%	14	26%
Total group	3,722	6,489	1,598	553	2,151	33%	2,535	36%

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

b) Including value adjustments of mortgage deeds.

SUPERVISORY DIAMOND

At 30 September 2017, the bank was in compliance with all five threshold values of the Danish FSA's supervisory diamond as shown in the figure below:



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

MAJOR EVENTS**Implementation of IFRS 9**

Effective from 1 January 2018, the current provisions on impairment will be replaced by IFRS 9. The implemen-

tation of IFRS 9 is not expected to have any significant impact on the bank's results, but the effect on shareholders' equity on the date of transition at 1 January 2018 is expected to be a reduction of approximately DKK 100 million. As the development of the calculation models is still ongoing, the estimate is subject to some degree of uncertainty. The European Commission is working on a transition scheme to ensure that any adverse effect of the new IFRS 9 impairment provisions will not have full effect on total capital until after five years.

MAJOR EVENTS AFTER THE BALANCE SHEET DATE**Amendment of leasing rules**

On 9 November 2017, a bill was passed in the Danish parliament, which proposes methodology changes to the way in which leasing companies calculate vehicle registration tax. The group has analysed the expected consequences of these changes.

The group believes that leasing cars will remain an attractive solution for both private customers and businesses under the new rules, and the new rules are not expected to have any significant accounting effect for the group.

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 2017.

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 2017 and of the group's cash flows for the nine months ended 30 September 2017.

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 2017

Søren Boe Mortensen

Chief Executive Officer

BOARD OF DIRECTORS

Copenhagen, 15 November 2017

Jørgen H. Mikkelsen

Chairman

Jan Skytte Pedersen

Deputy Chairman

Ebbe Castella

Henrik Christensen

Anette Eberhard

Per V. H. Frandsen

Karen Sofie Hansen-Hoeck

Boris N. Kjeldsen

Lars Christiansen

Brian Egested

Helle L. Frederiksen

Susanne Larsen

Balance sheet

DKKm			Group
	30 September 2017	30 September 2016	FY 2016
Assets			
Intangible assets	1	0	0
Owner-occupied properties	697	675	698
Deferred tax assets	86	239	217
Participating interests in joint ventures	0	0	0
Reinsurers' share of insurance contracts	263	256	183
Current tax assets	0	0	10
Other assets	2,247	2,243	1,612
Loans	4,890	5,361	5,106
Investment properties	575	825	905
Investment assets	25,768	25,097	25,205
Amounts due from credit institutions and central banks	257	317	705
Cash in hand and demand deposits	161	179	218
Total assets	34,945	35,192	34,859
Liabilities and equity			
Share capital	1,655	1,735	1,735
Reserves, retained profit etc.	3,230	3,377	2,634
Proposed dividend	0	0	831
Consolidated shareholders' equity	4,885	5,112	5,200
Subordinated debt	574	574	574
Provisions for insurance contracts	21,085	20,291	20,092
Other provisions	35	34	31
Current tax liabilities	36	21	0
Other liabilities	1,100	1,373	1,315
Deposits	6,859	7,195	6,953
Payables to credit institutions and central banks	371	592	694
Total liabilities and equity	34,945	35,192	34,859

Note 1 Own shares

Note 2 Contingent liabilities, guaranties and leasing

Note 3 Accounting policies - Group

Note 4 Financial highlights and key ratios

Income and comprehensive income statement

DKKm					Group
	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Income					
Premium income	1,590	1,540	4,848	4,683	6,309
Interest income etc.	163	182	550	602	819
Fee income etc.	79	25	150	99	134
Other income from investment activities	0	1	3	-1	4
Income associates	0	5	0	5	5
Other income	70	55	204	165	223
Total income	1,902	1,808	5,755	5,553	7,494
Costs					
Claims incurred	-980	-943	-3,134	-2,989	-4,004
Interest expenses	-21	-28	-70	-101	-128
Other cost from investment activities	-13	-10	-44	-51	-77
Impairment of loans, advances and receivables, etc.	-5	-7	20	-3	-23
Acquisition and administrative costs	-380	-350	-1,184	-1,065	-1,475
Total costs	-1,399	-1,338	-4,412	-4,209	-5,707
Profit from business ceded	-66	-50	-128	-187	-251
Change in life insurance provisions	-209	-157	-724	-815	-790
Change in profit margin, Pension	-7	-13	-13	148	-27
Exchange rate adjustments	167	110	518	441	434
Tax on pension investment returns	-43	-26	-108	-114	-120
Profit/loss before tax	345	334	888	817	1,033
Tax	-73	-69	-187	-173	-207
Profit/loss after tax	272	265	701	644	826
Earnings per share, DKK	1.7	1.6	4.3	3.9	5.0
Diluted earnings per share, DKK	1.7	1.6	4.3	3.8	4.9
Comprehensive income					
Profit for the period	272	265	701	644	826
<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	9
Transferred to collective bonus potential	0	0	0	0	-9
Tax on other comprehensive income	0	0	0	0	0
Total other comprehensive income	0	0	0	0	0
Comprehensive income	272	265	701	644	826
Proposed allocation of profit/loss:					
Share attributable to Alm. Brand	272	265	701	644	826
Comprehensive income	272	265	701	644	826

Statement of changes in equity

DKKm	Share capital	Contin- gency funds	Other provi- sions	Retained profit	Proposed dividend	Consoli- dated equity
Shareholders' equity, 1 January 2016	1,735	182	1,215	1,512	521	5,165
Change in accounting policies				5		5
Adjusted shareholders' equity at 1 January 2016	1,735	182	1,215	1,517	521	5,170
Changes in equity Q1-Q3 2016:						
Profit/loss for the period				644		644
Total income	0	0	0	644	0	644
Dividend distributed				21	-521	-500
Share option scheme, issuance				1		1
Share option scheme, exercise				29		29
Purchase and sale of treasury shares				-232		-232
Changes in equity	0	0	0	463	0	-58
Shareholders' equity, 30 September 2016	1,735	182	1,215	1,958	521	5,112
Adjusted shareholders' equity at 1 January 2016	1,735	182	1,215	1,517	87	5,170
Changes in equity 2016:						
Profit/loss for the year				826	0	826
Revaluation of owner-occupied properties				9		9
Transferred to collective bonus potential				-9		-9
Total income	0	0	0	826	0	826
Proposed dividend				-831	831	0
Dividend distributed				21	-521	-500
Share option scheme, issuance				1		1
Share option scheme, exercise				34		34
Purchase and sale of treasury shares				-321		-321
Capital movements in subsidiaries				-10		-10
Changes in equity	0	0	0	-280	310	30
Shareholders' equity, 31 December 2016	1,735	182	1,215	1,237	831	5,200
Shareholders' equity, 1 January 2017	1,735	182	1,215	1,237	831	5,200
Changes in equity Q1-Q3 2017:						
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
Changes in equity	-80	0	0	596	-831	-315
Shareholders' equity, 30 September 2017	1,655	182	1,215	1,833	0	4,885

Capital target

DKKm	Total capital 30 September 2017
Equity	4,885
Intangible assets	-1
Share buyback programme, outstanding	-139
Tax asset	-65
Profit margin, Non-life Insurance	150
Profit and risk margin, Pension	239
Tier 2 capital	574
Reservation IFRS 9	-100
Total capital of the group	5,543
DKKm	Capital target 30 September 2017
Non-life insurance (40% of gross premium income)	2,065
Pension (8% of life insurance provisions)	1,053
Banking (19% of risk weighted assets)	1,348
Reservation MREL add-on	400
Other risks	7
Diversification effects	-300
Consolidated capital target	4,573
Excess relative to internal capital target	970

Cash flow statement

DKKm	Group		
	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Cash flows from operating activities			
Premiums received	5,055	4,811	6,177
Claims paid	-3,140	-3,031	-4,136
Interest receivable, dividends, etc.	536	522	778
Interest payable	-18	-31	-38
Payments concerning reinsurance	-217	-221	-220
Fee income received	156	105	140
Fee income paid	-6	-6	-6
Expences paid	-1,428	-986	-1,426
Tax on pension investment returns paid	-118	-23	-67
Other ordinary income received	204	165	223
Taxes paid/received	-10	-1	-43
Cash flows from operating activities	1,014	1,304	1,382
Change in investment placement			
Acquisition of intangible assets, furniture, equipment, etc.	-162	-94	-160
Properties acquired or converted	595	115	104
Sale/aquisition of equity investments	-52	80	-396
Sale/repayment of mortgage deeds and loans	215	140	497
Sale/aquisition of bonds	-686	-56	717
Change in investment placement (net)	-90	185	762
Change in financing			
Sale/purchase of treasury shares	-223	-217	-287
Dividend distributed	-831	-521	-521
Dividend received, treasury shares	18	21	21
Share issue	20	16	1
Change in issued bonds	0	-5	-5
Change in deposits	-94	-804	-1,046
Change in payables to credit institutions	-323	-119	-17
Change in other liabilities	4	0	-3
Change in financing	-1,429	-1,629	-1,857
Net change in cash and cash equivalents	-505	-140	287
Cash and cash equivalents, beginning of period	923	636	636
Cash and cash equivalents, end of period	418	496	923

Segment reporting

DKKm	Q1-Q3 2017					Group
	Non-life	Pension	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
Income associates	0	0	0	0	0	0
Other income	0	0	204	0		204
Total income	4,010	1,279	547	5	-86	5,755
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
Total expenses	-3,100	-864	-492	-42	86	-4,412
Result of business ceded	-127	-1	0	0		-128
Change in life insurance provisions	0	-724	0	0		-724
Change in profit margin, Pension	0	-13	0	0		-13
Exchange rate adjustments	2	512	7	-3		518
Tax on pension investment returns	0	-108	0	0		-108
Profit/loss before tax	785	81	62	-40	0	888
Tax	-166	-18	-13	10		-187
Profit/loss after tax	619	63	49	-30	0	701

DKKm	Q1-Q3 2016					Group
	Non-life	Pension	Banking	Other	Elimi- nation	
Premium income	3,759	924	0	0		4,683
Interest income etc.	191	223	185	5	-2	602
Fee income etc.	0	0	136	0	-37	99
Other investment income	1	44	0	0	-46	-1
Income associates	0	0	5	0	0	5
Other income	0	0	165	0		165
Total income	3,951	1,191	491	5	-85	5,553
Claims incurred	-2,260	-729	0	0		-2,989
Interest expenses	-59	-3	-32	-9	2	-101
Other investment expenses	-23	-30	0	-35	37	-51
Impairment of loans, advances and receivables, etc.	0	0	-3	0		-3
Acquisition and administrative expenses	-622	-69	-420	0	46	-1,065
Total expenses	-2,964	-831	-455	-44	85	-4,209
Result of business ceded	-185	-2	0	0		-187
Change in life insurance provisions	0	-815	0	0		-815
Change in profit margin, Pension	0	148	0	0		148
Exchange rate adjustments	-66	501	8	-2		441
Tax on pension investment returns	0	-114	0	0		-114
Profit/loss before tax	736	78	44	-41	0	817
Tax	-154	-19	-9	9		-173
Profit/loss after tax	582	59	35	-32	0	644

Notes

DKKm	Group		
	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Note 1 Own shares			
Carrying amount, beginning of period	0	0	0
Value adjustments	-205	-140	-288
Acquired during the period	222	567	321
Sold during the period	-17	-427	-33
Carrying amount, end of period	0	0	0
Nominal value, beginning of period	100	51	51
Acquired during the period	39	50	67
Sold during the period	-8	-16	-18
Cancellation of treasury shares	-80	0	-18
Nominal value, end of period	51	85	100
Holding number of shares ('000), beginning of period	10,034	5,090	5,090
Additions, number of shares	3,902	5,045	6,742
Disposals, number of shares	-835	-1,625	-1,798
Cancellation of treasury shares	-8,047	0	0
Holding number of shares ('000), end of period	5,054	8,510	10,034
Percentage of share capital, end of period	3.1%	4.9%	5.8%
Note 2 Contingent liabilities, guaranties and leasing			
Guarantee commitments	1,604	1,420	1,619

Notes

	30 September 2017				31 december 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Note 3 Fair value measurement of financial instruments								
Financial assets								
Loans and advances	0	3,556	1,335	4,891	0	3,598	1,523	5,121
Bonds	23,788	38	9	23,835	22,262	755	6	23,023
Shares	1,740	111	80	1,931	1,450	108	98	1,656
Investment properties	0	0	575	575	0	0	905	905
Other assets	0	710	0	710	1	827	0	828
Total financial assets	25,528	4,415	1,999	31,942	23,713	5,288	2,532	31,533
Financial liabilities								
Subordinated debt	0	0	574	574	175	0	399	574
Deposits	0	7,105	0	7,105	0	6,963	0	6,963
Other payables	0	426	6	432	1	698	0	699
Total financial liabilities	0	7,532	580	8,111	176	7,661	399	8,236

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. There were no transfers between categories in the fair value hierarchy in 2016 or 2017.

DKKm	30 September 2017				
	Loans and advances	Bonds	Shares	Investment properties	Subordinated debt
Development in level 3 financial instruments					
Carrying amount, beginning of period	1,523	6	98	905	399
Additions during the year	7	3	9	0	175
Disposals during the year	-163	0	0	-331	0
Realised value adjustments	-19	0	0	0	0
Unrealised value adjustments	-13	0	-27	1	0
Carrying amount, end of period	1,335	9	80	575	574
Value adjustments recognised in the income statement	-32	0	-27	1	0
DKKm	31 december 2016				
	Loans and advances	Bonds	Shares	Investment properties	Subordinated debt
Development in level 3 financial instruments					
Carrying amount, beginning of year	1,816	6	89	939	399
Additions during the year	16	0	3	14	0
Disposals during the year	-281	0	-3	-138	0
Value adjustments during the year				90	0
Realised value adjustments	-24	0	-2	0	0
Unrealised value adjustments	-4	0	11	0	0
Carrying amount, year-end	1,523	6	98	905	399
Value adjustments recognised in the income statement	-28	0	9	90	0

Notes

Note 4 Accounting policies, group

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

On 20 May 2016, the Danish FSA issued an interpretation on the calculation of profit margin for financial reporting purposes, according to which the profit margin on the conventional pension product is to be calculated in the financial statements on a policy basis rather than

on the basis of interest rate groups. In the opinion of Alm. Brand Liv og Pension and the industry, this approach does not provide a true and fair view of the practice applied in the conventional product. Discussions are under way between the industry and the FSA about the new interpretation and, pending the outcome of these discussions, Alm. Brand has chosen to continue to calculate profit margin on an interest rate group basis rather than on a policy basis. The interpretation solely concerns the distribution and specification of technical provisions for accounting purposes and will not impact the profit for the period or the solvency statement.

The interim report is unaudited.

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

Note 5 Financial highlights and key ratios

See the management’s review.

Balance sheet

DKKm	Note	Parent company		
		30 September 2017	30 September 2016	FY 2016
Assets				
Investment in group enterprises	1	4,747	4,769	4,956
Total investments in group enterprises and associates		4,747	4,769	4,956
Equity investments		1	1	1
Bonds		323	561	436
Other loans and advances		2	2	2
Deposits with credit institutions		0	0	17
Cash in hand and balances at call		29	0	16
Total other financial investment assets		355	564	472
Total investment assets		5,102	5,333	5,428
Receivables from group enterprises		9	0	13
Other receivables		34	38	45
Total receivables		43	38	58
Current tax assets		31	24	18
Deferred tax assets		7	12	0
Total other assets		38	36	18
Total prepayments		2	7	4
Total assets		5,185	5,414	5,508
Liabilities and equity				
Share capital		1,735	1,735	1,735
Other provisions		1,215	1,215	1,215
Proposed dividend		0	0	831
Retained earnings		1,935	2,162	1,419
Total shareholders' equity		4,885	5,112	5,200
Subordinated debt		250	250	250
Subordinated debt		250	250	250
Deferred tax liabilities		40	40	29
Total provisions		40	40	29
Payables to group enterprises		2	3	15
Issued bonds		0	0	0
Other payables		8	9	14
Total payables		10	12	29
Total liabilities and equity		5,185	5,414	5,508

Income and comprehensive income statement

DKKm	Note	Parent company				
		Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Income statement						
Income from group enterprises	2	281	276	731	676	873
Value adjustments, bonds		0	-2	-3	-2	-3
Interest income and dividends etc.		1	2	5	5	7
Interest expenses		-3	-3	-9	-9	-13
Administrative expenses related to investment activities		-10	-11	-33	-35	-53
Profit/loss before tax		269	262	691	635	811
Tax		3	3	10	9	15
Profit/loss after tax		272	265	701	644	826
Comprehensive income						
Profit/loss for the period		272	265	701	644	826
Comprehensive income		272	265	701	644	826
Proposed allocation of loss:						
Proposed dividend		0	0	0	0	831
Retained earnings		272	265	701	644	-5
Comprehensive income		272	265	701	644	826

Accounting policies

3

Statement of changes in equity

DKKm	Share capital	Other provisions	Retained earnings	Proposed dividend	Shareholders' equity
Shareholders' equity at 1 January 2016	1,735	1,215	1,694	521	5,165
Change in accounting policies			5		5
Adjusted shareholders' equity at 1 January 2016	1,735	1,215	1,699	521	5,170
Changes in equity Q1-Q3 2016:					
Profit/loss for the period			644	0	644
Comprehensive income			644	0	644
Dividend distributed			21	-521	-500
Purchase and sale of treasury shares			-232		-232
Share option scheme			1		1
Share option scheme, exercise			29		29
Changes in equity	0	0	463	-521	-58
Shareholders' equity at 30 September 2016	1,735	1,215	2,162	0	5,112
Adjusted shareholders' equity at 1 January 2016	1,735	1,215	1,699	521	5,170
Changes in equity 2016:					
Profit/loss for the year			826	0	826
Comprehensive income			826	0	826
Proposed dividend			-831	831	0
Dividende distributed			21	-521	-500
Purchase and sale of treasury shares			-321		-321
Share option scheme, issuance			1		1
Share option scheme, exercise			34		34
Capital movements in subsidiaries			-10		-10
Changes in equity	0	0	-280	310	30
Shareholders' equity at 31 December 2016	1,735	1,215	1,419	831	5,200
Shareholders' equity at 1 January 2017	1,735	1,215	1,419	831	5,200
Changes in equity Q1-Q3 2017:					
Profit/loss for the period			701	0	701
Comprehensive income	0		701		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
Changes in equity	-80	0	596	-831	-315
Shareholders' equity at 30 September 2017	1,655	1,215	2,015	0	4,885

Notes

DKKm	30 September 2017	30 September 2016	FY 2016
Note 1 Investment in group enterprises			
Cost, beginning of period	8,491	8,491	8,491
Cost, end of period	8,491	8,491	8,491
Revaluation and impairment, beginning of period	-3,535	-3,336	-3,403
Change in accounting policies	0	-62	5
Dividend received	-940	-1,000	-1,000
Profit/loss for the period	731	676	873
Other movements in capital	0	0	-10
Revaluation and impairment of treasury shares in subsidiaries	0	0	0
Revaluation and impairment, end of period	-3,744	-3,722	-3,535
Investment in group enterprises, end of period	4,747	4,769	4,956
Specification of carrying amount:			
Alm. Brand Bank A/S (DKK 1,021 million nominal value wholly owned)	1,571	1,530	1,521
Alm. Brand Forsikring A/S (DKK 1,032 million nominal value wholly owned)	3,176	3,239	3,435
Investment in group enterprises, end of period	4,747	4,769	4,956

DKKm	Q1-Q3 2017	Q1-Q3 2016	FY 2016
Note 2 Income from group enterprises			
Alm. Brand Bank A/S	49	35	36
Alm. Brand Forsikring A/S	682	641	837
Total income from group enterprises	731	676	873
<i>The results are recognised in the following items:</i>			
Income from group enterprises	731	676	873
Total income from group enterprises	731	676	873

Note 3 Accounting policies, parent company

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

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

Investments in group enterprises are recognised and measured at the parent company's share of the group enterprises' net asset value on the balance sheet date. The value of Pensionskassen under Alm. Brand A/S is not recognised in the balance sheet but is exclusively disclosed in the notes as a contingent liability.

The accounting policies are unchanged from the policies applied in the annual report for 2016.

The interim report is unaudited.