

Alm. Brand to acquire activities of Saxo Privatbank A/S

As part of Alm. Brand's strategic growth ambition, Alm. Brand Bank A/S acquires the majority of Saxo Privatbank A/S's activities. The acquisition will increase Alm. Brand Bank's business volume by about 50%. Alm. Brand Bank expects to significantly improve its earnings once the integration with its current activities has been completed.

- *We are extremely pleased to get this opportunity to acquire a healthy and well-run business such as Saxo Privatbank. The acquisition aligns perfectly with the Alm. Brand Group's growth strategy and the ambition to help as many customers as possible across the full spectrum of their financial needs, said Søren Boe Mortensen, CEO of Alm. Brand A/S. He continued:*
- *Our new customers transferring from Saxo Privatbank will experience becoming customers of a bank with an unfaltering focus on conventional banking with a high level of service, on private banking and on Asset Management activities. They will also experience getting a number of additional benefits from the combination with a bank that forms part of a major financial services group.*
- *The business combination will significantly grow Alm. Brand Bank, providing scope for a number of synergies both in the bank and across the group's business areas and staff functions. This will significantly improve the bank's earnings, said Søren Boe Mortensen. He concluded:*
- *Moreover, we will be entering a partnership with Saxo Bank A/S concerning Saxo TraderGO, which will provide our customers with access to a professional and unique trading platform.*

Transaction highlights

- The acquisition price is DKK 360 million, corresponding to the book value of the acquired assets and liabilities.
- The acquisition is financed with equity from the Alm. Brand Group.
- Customer relationships taken over are assessed to represent a value of DKK 150-200 million, which amount will be capitalised and written down over a number of years.
- Implementation costs are expected to amount to about DKK 200 million, relating primarily to the transition to a common data centre including system development.
- Annual synergies in the order of DKK 75 million are expected to materialise from 2019.
- The acquisition is expected to be completed on 1 April 2018, subject to approval by the Danish Financial Supervisory Authority and the Danish Competition and Consumer Authority.
- The seller of the activities is Saxo Privatbank A/S, a wholly-owned subsidiary of Saxo Bank A/S.

Saxo Privatbank A/S today has a healthy customer portfolio with good credit quality which is similar to Alm. Brand Bank's existing customer base. The bank engages in classic banking activities, including deposits and lending. Moreover, the bank specialises in serving and advising high net worth individuals within private banking and wealth management. Saxo Privatbank also has a unique trading platform.

The acquisition will significantly increase Alm. Brand Bank's business volume. Saxo Privatbank's 17,500 customers, composed of 15,000 private customers and 2,500 small and medium-sized businesses, will be transferred to Alm. Brand Bank, which today serves approximately 50,000 customers across Denmark.

The activities acquired comprise total loans and advances of DKK 1.8 billion, total loans under Totalkredit facilities of DKK 5.2 billion and deposits of DKK 3.2 billion. The acquisition further comprises assets under management and custody accounts of DKK 20 billion.

Accordingly, the acquisition will increase Alm. Brand Bank's total lending to private customers to DKK 3.7 billion in private loans and advances and DKK 13.9 billion in loans under Totalkredit facilities, while lending to commercial customers will increase to DKK 0.8 billion in aggregate. Alm. Brand Bank's assets under management and custody account balances will total DKK 60 billion following the acquisition.

The customer portfolio and activities are acquired with ancillary obligations. Moreover, properties and other investment assets, including seven branches and two administrative offices, are taken over. Finally, the acquisition comprises the bank's service and advisory set-up, including 110 employees.

In connection with the acquisition, Alm. Brand will also enter into a strategic partnership with Saxo Bank A/S consisting of a white label solution with Saxo Bank's trading platform.

Strategic rationale – growth and synergies

Alm. Brand Bank will be taking over a well-run bank with an attractive customer portfolio, thereby significantly strengthening its market position. At the same time, Alm. Brand Bank sees a strong potential in serving existing and prospective investment customers on a unique trading platform, which will significantly strengthen Alm. Brand Bank's private banking concept.

The Alm. Brand Group expects to achieve substantial synergies from the acquisition. Like Alm. Brand Bank, Saxo Privatbank A/S has a healthy customer base and needs critical mass in order to improve its operating performance. The synergies include, among other things, lower costs as a result of shared administration, a common future data centre and other group synergies across the Alm. Brand Group's business areas and staff functions.

Alm. Brand Bank already has a broad presence throughout Denmark. The group expects to combine the employees in one single branch in the cities where both banks have a presence.

The total synergies and hence contributions from the acquired activities are expected to amount to some DKK 75 million annually. These synergies will materialise from 2019 onwards. In addition, synergies are expected to materialise longer term in the form of up-selling across the group's other business areas – insurance and pension.

Expected time line for closing of the transaction

The acquisition of the activities of Saxo Privatbank A/S was made on 5 February 2018 with expected takeover on 1 April 2018. The acquisition is subject to approval by the Danish Financial Supervisory Authority and the Danish Competition and Consumer Authority.

Contact

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Advisers

Bruun Hjejle acted as legal advisers in connection with the acquisition.

About Saxo Privatbank A/S

Financial information on the acquired activities of Saxo Privatbank A/S

	2017	2016
Net interest and fee income	DKK193 million	DKK207 million
Costs	DKK-175 million	DKK-197 million
Writedowns	DKK2 million	DKK-72million
Operating profit	DKK20 million	DKK-62 million

For additional information on Saxo Privatbank, see the company's website,
<https://www.privatbank.saxo/bank/>

About Alm. Brand

For additional information about the Alm Brand Group and Alm. Brand Bank, see the group's website,
almbrand.dk