

Alm. Brand – Interim report H1 2014

The H1 pre-tax profit amounted to DKK 249 million, of which a profit of DKK 409 million was attributable to the forward-looking activities. The Q2 pre-tax profit amounted to DKK 173 million. The full-year profit guidance is upgraded by DKK 100 million.

“We are pleased to note that all our forward-looking activities performed well in the second quarter. Supported by these strong results, we have raised the full-year guidance for Non-life Insurance, Pension and Banking,” said CEO Søren Boe Mortensen. He continued:

“Non-life Insurance incurred less expenses for major claims, and the underlying business generally saw a below-average claims level. In spite of cloudburst in May and intensifying competition, we are pleased that we were able to achieve a highly satisfactory combined ratio of 82.6. We are experiencing an inflow of new pension and banking customers, and the results of these divisions are also improving,” concluded Søren Boe Mortensen.

Other Q2 results:

- Non-life Insurance reported a profit of DKK 212 million before tax and a combined ratio of 82.6, which was better than expected and highly satisfactory.

The Q2 performance was characterised by unusually few major claims and a low claims frequency on the underlying business. On the other hand, a cloudburst in May resulted in an above-normal level of weather-related claims, and a falling level of interest rates produced a loss on investment activities.

Premium income was up by 0.6% year-on-year. As expected, premiums remained impacted by the mounting competition.

- Life and Pension reported a satisfactory profit of DKK 27 million before tax. Total pension contributions increased by 31%, driven in particular by high single payments resulting from many customers transferring their pension savings to Alm. Brand. However, regular premiums remained adversely affected by the recent tax reform which abolished the tax deductibility of payments into capital pension schemes.

The investment result was satisfactory, being favourably affected by a falling level of interest rates in the second quarter. In spite of the high rate on policyholders' savings, Life and Pension was again able to increase the bonus rate to stand at 11%.

- The bank's forward-looking activities reported a profit of DKK 22 million, which was satisfactory and better than expected. The profit was lifted by a higher level of activity in the Financial Markets division, resulting in higher fee income. In addition, the bank has welcomed more full-service customers, although borrowing appetite remains weak.

The bank's winding-up activities reported a loss of DKK 75 million after impairment writedowns, which was better than expected. Impairment writedowns amounted to DKK 60 million. During the quarter, the lending portfolio was reduced by DKK 99 million adjusted for losses and writedowns.

In May 2014, the Danish FSA initiated an inspection of the bank. The FSA inspection report is not expected to affect the bank's full-year profit guidance or the calculated solvency need.

Outlook for 2014

- The guidance for the full-year consolidated profit before tax is raised by DKK 100 million to DKK 250-350 million. The guidance for the forward-looking activities is upgraded by DKK 50 million to a profit of DKK 625-675 million, and the guidance for the winding-up activities is improved by DKK 50 million to a loss of DKK 325-375 million.

Webcast and conference call

Alm. Brand will host a webcast and conference call on Thursday, 21 August 2014 at 10.00 a.m.

<http://presenter.qbrick.com/?pguid=c30b35a7-fb32-45cb-8b79-62bb724dc274>

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The report is attached in pdf-format.