

## Alm. Brand – Annual Report 2014

**Alm. Brand posted profit of DKK 401 million before tax, which was better than expected. The strong performance was driven by lower costs, few claims and a lower level of impairment writedowns. The Board of Directors recommends a dividend payment of DKK 0.50 per share for a total pay-out of DKK 87 million.**

**Alm. Brand expects to generate profit of DKK 200-300 million before tax in 2015 including a loss of DKK 300-350 million from the bank's winding-up activities.**

*"We reported an incredibly strong technical result driven by lower costs, fewer claims and a lower level of major claims expenses. We are also pleased to note that our high rate on policyholders' savings has made many customers consolidate their pension savings with us and that the customer satisfaction rate for the group overall has doubled over the past two years to stand at a very high level. Moreover, activity in our forward-looking bank is growing," said CEO Søren Boe Mortensen. He continued:*

*"Our results for 2014 exceeded our expectations, and we are glad to see that the Board of Directors is recommending a dividend distribution to our shareholders for the first time since the onset of the financial crisis."*

*"However, we are seeing mounting competition in all business areas, which is a trend we expect will influence our financial results also in 2015. The financial results of all business areas were also impacted by the drop in interest rates to a new all-time low. In addition, the Russian trade embargo has had far-reaching consequences for our agricultural customers," Søren Boe Mortensen stressed.*

- Non-life Insurance delivered very satisfactory profit of DKK 651 million before tax, which was significantly better than expected.

The combined ratio was 85.5, of which the expense ratio represented 15.6. Run-off gains improved the combined ratio by 2.6 percentage points, which was below the 2013 level. The underlying combined ratio was 77.0, which was better than expected.

The combined ratio was favourably affected by a lower claims frequency, lower-than-expected major claims expenses and a positive run-off result.

Mounting competition, particularly on motor insurance, impacted growth, which came to 0.5%.

- Our life and pension activities generated satisfactory profit of DKK 78 million before tax, which was in line with expectations. Premium growth continued to find support in customers consolidating their schemes with Alm. Brand. However, regular premiums only grew by 1.0%, remaining adversely affected by the tax reform. Life and Pension once again produced a satisfactory expense and risk result.

The collective bonus potential increased by DKK 85 million to DKK 912 million in 2014, equivalent to a bonus rate of 9.8%.

- The bank posted a pre-tax loss of DKK 275 million.

The bank's forward-looking activities generated profit of DKK 61 million, against a loss of DKK 90 million in 2013. Impairment writedowns were at a reasonable level in 2014, at an impairment ratio of 0.7%.

The bank's performance was affected by certain non-recurring income, including an adjustment for accounting purposes related to the solvent liquidation of Alm. Brand Formue.

The bank's winding-up activities reported a loss of DKK 336 million, against DKK 379 million in 2013. The improvement was driven by a stronger operating profit. Impairment writedowns were on a par with 2013 and were adversely affected by the deteriorating conditions facing the bank's agricultural customers.

### **Dividends**

- The Board of Directors recommends a dividend payment of DKK 0.50 per share for a total pay-out of DKK 87 million. The dividend payment equals a pay-out ratio of 24.9%.

### **Outlook**

- For 2015, the profit before tax is expected to be in the range of DKK 200-300 million. The group's forward-looking activities are expected to generate profit to the tune of DKK 550-600 million. The combined ratio for the group's non-life insurance activities is expected to be in the region of 90-91. The winding-up activities are expected to produce a loss of DKK 300-350 million before tax.

### **Webcast and conference call**

Alm. Brand will host a webcast and conference call at 10.00 a.m. on Wednesday, 25 February 2015.

<http://presenter.qbrick.com/?pguid=083a9f6b-fd10-49e4-adb1-0c83192d9e66>

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### **Contact**

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