

Alm. Brand – Interim report H1 2015

The Alm. Brand Group generated profit of DKK 306 million in H1 2015, corresponding to a highly satisfactory return on equity of 12% p.a. For the second quarter, the group generated profit of DKK 104 million, which was not entirely satisfactory. The full-year guidance is lifted by DKK 100 million to a profit of DKK 450-550 million.

“An otherwise strong Q2 operating performance was impacted by turbulent fixed income markets, affecting the investment results of all three of our business areas,” explained Søren Boe Mortensen, CEO of Alm. Brand. He continued:

“The performance of Non-life Insurance was supported by favourable weather conditions and by run-off gains. In spite of the negative investment result and a more competitive market, we are once again lifting our guidance for Non-life Insurance,” said Søren Boe Mortensen.

“At the same time, both Life and Pension and Banking are experiencing an increase in the level of activity. In the second quarter, we saw decent growth in pension contributions, and the bank is seeing an inflow of new customers and is again growing its loans and advances,” Søren Boe Mortensen concluded.

Financial results, Q2:

- Non-life Insurance generated profit of DKK 194 million before tax and had a combined ratio of 83.3, which was better than expected and highly satisfactory.

The performance was supported by very few weather-related claims and by run-off gains. The performance of the underlying business was satisfactory but was adversely impacted by the low level of interest rates.

Premium income was slightly below the year-earlier level due to tougher competition in the private and commercial customer segments, which resulted in lower average premiums.

The investment return after transfer to insurance activities was negative at DKK 16 million in Q2 2015. The investment return was affected in particular by turbulence in the fixed income markets, which impacted adversely on the portfolio of mortgage bonds in particular.

- Life and Pension generated profit of DKK 14 million before tax. Higher interest rates impacted the return on equity adversely, and the overall performance was not satisfactory.

Life and Pension continues to offer Denmark's highest rate on policyholders' savings to private customers and still has a highly satisfactory bonus rate of 10.5%. The attractive terms and conditions made more and more customers pool their pensions with Alm. Brand. Regular premiums increased by 6.4% in Q2.

- The bank's forward-looking activities posted a loss of DKK 8 million. The loss was due to the fact that the bank's excess liquidity yielded a negative return as a result of negative interest rates in the reporting period. The performance was also adversely affected by the turbulent fixed income markets.

The bank's private customer segment experienced an increase in the level of activity in the second quarter supported by an increase in the number of full-service customers and in loans and advances. Activities in Financial Markets reflected the financial market turmoil.

The bank's winding-up activities posted a loss of DKK 78 million in Q2, which was in line with

expectations. Impairment writedowns were dominated by the deteriorating conditions faced by Danish agriculture, whereas conditions for property and mortgage deeds were seen to improve.

Capitalisation

- At 30 June 2015, the group had excess capital of DKK 667 million relative to the group's internal capital target. This was better than expected, and the group therefore contemplates establishing a share buy-back programme in autumn 2015 based on the extraordinary capital improvement.

Outlook for 2015

- The full-year guidance for consolidated profit is lifted by DKK 100 million to a profit of DKK 450-550 million.

Webcast and conference call

Alm. Brand will host a webcast and conference call on 20 August 2015 at 10.00 a.m.

<http://presenter.qbrick.com/?pguid=4d661f76-f1b8-47d7-a588-0d7883237ce4>

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Contact

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The report is attached in pdf-format.