

Alm. Brand A/S – Interim report for H1 2016

Alm. Brand generated a highly satisfactory pre-tax profit of DKK 483 million in H1 2016 and raises its guidance for FY2016 by DKK 100 million to DKK 700-800 million.

“Our performance has once again exceeded our expectations, and we are pleased to see that the bank continued to generate a profit in the second quarter,” said CEO of Alm. Brand, Søren Boe Mortensen.

“Non-life Insurance once again outperformed our expectations, supported in particular by a strong investment result and high run-off gains. However, the number of claims increased, and prices are under pressure from mounting competition,” explained Søren Boe Mortensen. He continued:

“We are therefore very pleased to note a continued inflow of new customers to Alm. Brand and that we have continued to offer products and advisory services that attract customers within banking, insurance and pension in spite of the tough competition for customers.”

Financial results, Q2:

- Non-life Insurance delivered a highly satisfactory pre-tax profit of DKK 221 million, which was significantly better than expected, being lifted by a strong investment result.

The combined ratio of 86.2 was favourably affected by few weather-related claims as well as by run-off gains. However, a higher claims frequency and major claims in the commercial customer segment had an adverse effect.

Premiums declined by 1.2% in Q2. The decline was due to lower average premiums, but sales came out better than expected. This combined with a high retention rate to produce an increase in the number of policies written by the group in Q2.

- Our life and pension activities generated a highly satisfactory pre-tax profit of DKK 26 million, which was better than expected. In particular, earnings were lifted by a good risk result.

Pension contributions grew by 2.3% in Q2, with regular pension payments into guaranteed schemes increasing by 4.4%. The increase was in line with expectations and was satisfactory relative to the target. However, payments into market-based schemes fell marginally as a result of the volatile financial markets.

The bonus rate was 18.4 at 30 June 2016, which is a very satisfactory level. As a result of the high bonus rate, Alm. Brand Liv og Pension can continue to offer its customers high and competitive rates on policyholders' savings.

- The bank's forward-looking activities reported a profit of DKK 15 million.

The bank's performance was lifted by fair growth in the number of full-service customers in the private customer segment as well as in Financial Markets and Leasing. Over the past 12 months, the bank has attracted 13% more full-service customers, and lending to private customers has increased by 7%. The portfolio of Totalkredit loans continued to increase to DKK 7 billion, up by 1.1 billion year on year.

However, the performance was adversely affected by the financial market volatility, which especially impacted trading activity in Financial Markets. In addition, the combination of the negative short-term bond yield and the bank's excess liquidity continued to impact the financial results.

- Reporting a break-even result in Q2 2016, the bank's winding-up activities once again outperformed expectations. The performance was up by DKK 78 million on Q2 2015. The improvement was driven by a significantly better funding situation and more stable developments in the risk attaching to the lending portfolio.

Outlook

- The full-year guidance is raised by DKK 100 million to a pre-tax profit of DKK 700-800 million. The outlook for the group's forward-looking activities is lifted by DKK 75 million, comprising upgraded guidance of DKK 100 million and DKK 15 million for Non-life Insurance and Life and Pension, respectively. On the other hand, the outlook for the bank's forward-looking activities is lowered by DKK 20 million.

The guidance for the bank's winding-up activities is raised by DKK 25 million to a loss of DKK 25-50 million.

Webcast and conference call

Alm. Brand will host a webcast and conference call on 25 August 2016 at 10.00 a.m.

<https://player.eventcdn.net/abocwv>

Financial analysts are invited to participate by phone: Danish analysts: +45 3544 5583, US analysts: +1 855 269 2604, other international analysts: +44 (0) 203 194 0544.

Contact

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