

## Alm. Brand – Annual Report 2012

**Alm. Brand generated a profit of DKK 860 million before tax and losses and writedowns. The most recent guidance was for a profit of DKK 725 million.**

**The profit after losses and writedowns was DKK 380 million, which was significantly better than expected. However, at a return on equity of 9%, the performance did not fully meet the group's target of the money market rate plus 10% and hence was not satisfactory.**

*"We are extremely pleased to announce that the Alm. Brand Group has returned to profit. Our non-life insurance activities are developing incredibly well – because random factors have played to our favour, but certainly also because our company is in top shape," stressed Søren Boe Mortensen, CEO of Alm. Brand.*

*"Our pension company is also defying the crisis, producing an excellent performance, generating strong returns for policyholders and bolstering reserves. Policyholders acknowledged the uplift by increasing their payments by 25%. The bank is showing signs of improvement, but due to sustained impairment writedowns and weak operational developments the performance was definitely still not satisfactory. The repayment of the hybrid capital will strengthen our banking operations going forward," said Søren Boe Mortensen.*

- Non-life Insurance delivered a very strong performance at a profit of DKK 853 million before tax, which was significantly better than expected and highly satisfactory.

The combined ratio was 83.3, of which the expense ratio represented 16.2. The underlying combined ratio of Non-life Insurance again developed favourably, ending the year at 79.7, against 80.2 in 2011.

The 2012 performance was lifted in particular by the low level of claims, very favourable weather conditions and very few major claims. Premiums were up by 2%, which was in line with expectations. The customer defection rate was lower in 2012 than in previous years and sales were higher than in 2011.

- The bank reported a loss of DKK 39 million before losses and writedowns, which was DKK 11 million better than the most recent guidance. Including losses and writedowns, the loss was DKK 519 million. The performance was not satisfactory.

Losses and writedowns remained high in 2012, weighed down in particular by mortgage deeds and agricultural exposures. The performance was also adversely affected by the generally declining level of interest rates and the reduction of the lending portfolio.

On 26 February 2013, Alm. Brand A/S injected DKK 700 million into Alm. Brand Bank A/S as equity. The capital injection was made to ensure that the bank has adequate capital excess coverage and will be used to repay DKK 430 million or about half of the state-funded hybrid core capital. The partial repayment will entail a substantial reduction of the bank's future funding costs.

- The life and pension activities reported a satisfactory profit of DKK 90 million before tax. Premium growth was highly satisfactory at 24.7%, driven mainly by many customers transferring their existing pensions to Alm. Brand Liv og Pension. We also saw growth in regular payments of 2.5%.

The return on policyholders' funds was 8.6%. The favourable results caused the collective bonus potential to increase by DKK 137 million to DKK 586 million, equivalent to a bonus rate of 5.8%. The

bonus rate of the interest rate group in which new agreements are written was 8.9% at 31 December 2012.

**Webcast and teleconference**

Alm. Brand will host a webcast and conference call on Tuesday, 26 February 2013 at 10.00 a.m.

<http://presenter.qbrick.com/?pguid=26b2b977-763c-4634-86b9-a68927a6a4a4>

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**Contact**

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The report is attached in pdf-format.