

Alm. Brand – Annual Report 2015

Alm. Brand posted a highly satisfactory profit of DKK 652 million before tax. The performance was lifted in particular by strong results in Non-life Insurance. The Board of Directors recommends that an ordinary dividend of DKK 1.50 per share and an extraordinary dividend of DKK 1.50 per share be paid and that the share buyback programme be increased by DKK 100 million.

Alm. Brand expects to generate profit of DKK 500-600 million before tax in 2016 including an expected loss of DKK 50-75 million from the bank's winding-up activities.

“Our results for 2015 far exceeded our expectations. We are therefore very pleased to announce that the Board of Directors is recommending a dividend payout totalling just over DKK 900 million – the largest in company history,” said Alm. Brand CEO Søren Boe Mortensen. He continued:

“We reported an extremely strong technical result, which was lifted in particular by run-off gains and few expenses for major claims. Moreover, customer satisfaction is growing, and all three business areas are experiencing strong underlying business activity. In particular, Life and Pension and Banking reported of customer inflow and stronger growth,” explained Mr Boe Mortensen.

“On the other hand, competition remains fierce in all of our business areas, and we expect this trend to continue to impact the market in 2016. Financial market volatility was also a challenge. Lastly, as expected, the challenges facing the agricultural sector resulted in significant impairment writedowns in 2015,” stressed Mr Boe Mortensen.

- Non-life Insurance delivered a highly satisfactory pre-tax profit of DKK 959 million, which was significantly better than expected.

The combined ratio was 80.8, being favourably affected by run-off gains, which improved the combined ratio by 8.6 percentage points. The underlying combined ratio was 79.4. Compared with 2014, the underlying combined ratio was adversely affected by a higher claims frequency and lower average premiums. However, the level was satisfactory and in line with the long-term target.

Mounting competition and the resulting lower prices on motor insurances impacted premium income, which declined by 0.3% in 2015.

- Life and Pension generated a satisfactory pre-tax profit of DKK 79 million, which was in line with expectations. Premium growth continued to find support in customers consolidating their pension schemes with Alm. Brand. Regular premiums increased by 3.8%, which was in line with the target.

In spite of substantial financial market volatility, the company succeeded in increasing the collective bonus potential by DKK 30 million to DKK 942 million, equivalent to a bonus rate of 9.7%.

- The bank's forward-looking activities reported a profit of DKK 18 million. The performance was adversely affected by financial market volatility, as the negative short-term interest rates were a challenge given the bank's substantial excess liquidity.

The bank is reporting strong and satisfactory business activity even in a setting of a very competitive banking market. The bank increased the number of *Pluskunder* by 13%, lending to private customers grew by almost DKK 200 million, and the portfolio of Totalkredit loans increased by more than DKK 1 billion. In addition, the number of customers and the volume of business in Financial Markets and

Leasing grew.

- The bank's winding-up activities reported a loss of DKK 349 million, which, although not satisfactory, was in line with expectations. The performance was impacted in particular by the severely deteriorated market conditions in the agricultural sector, which resulted in high impairment writedowns.

Dividends

- The Board of Directors recommends that an ordinary dividend of DKK 1.50 per share be distributed for a total dividend payout of DKK 260 million. In addition, an extraordinary dividend also in the amount of DKK 1.50 per share will be paid, equivalent to an additional payout of DKK 260 million. The Board of Directors further recommends that the existing share buyback programme be increased by DKK 100 million to up to DKK 400 million and extended until end-February 2017.

The increase of the share buyback programme is subject to the approval of the Danish FSA.

Outlook

- Alm. Brand expects to report a pre-tax profit of DKK 500-600 million in 2016. The group's forward-looking activities are expected to generate pre-tax profit to the tune of DKK 575-650 million. The combined ratio for the group's non-life insurance activities is expected to be about 91. The winding-up activities are expected to report a loss of DKK 50-75 million before tax.

Webcast and conference call

Alm. Brand will host a webcast and conference call at 10.00 a.m. on 2 March 2016.

<http://player.eventcdn.net/fuqfzk>

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

Contact

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