

Alm. Brand – Annual Report 2016

Alm. Brand posted a highly satisfactory profit of DKK 1,033 million before tax. The performance was lifted in particular by strong results in Non-life Insurance. The Board of Directors recommends distribution of an ordinary dividend of DKK 1.50 per share and an extraordinary dividend of DKK 3.50 per share and the initiation of a new share buyback programme of up to DKK 300 million.

For 2017, Alm. Brand expects a pre-tax profit of DKK 450-550 million and a break-even result of the bank's winding-up activities.

“Our 2016 performance exceeded all of our expectations, and we are extremely pleased to announce a DKK 1.1 billion payout to our shareholders,” said CEO Søren Boe Mortensen. He continued:

“As expected, both Non-life Insurance and Life and Pension generated strong results, and the bank is now back in the black. Our performance was lifted by mild weather conditions, quite significant run-off gains, a better-than-expected investment result and a significantly lower level of impairment writedowns,” explained Søren Boe Mortensen, adding:

*“Our forward-looking activities are developing quite favourably, and we are seeing an inflow of customers to the group, which we expect our new group strategy, **Alm. Brand for the Customer**, to support even further. On the other hand, we also anticipate a more normal claims experience, and that investments in IT, digitalisation and innovation will increase costs for some time.”*

- Non-life Insurance delivered a highly satisfactory pre-tax profit of DKK 967 million, which was significantly better than expected.

Supported by run-off gains, the combined ratio improved by 7.9 percentage points to 82.2 in 2016. The underlying combined ratio was 80.2, which was in line with expectations, but higher than in 2015 as a result of lower average premiums and higher costs.

Premium income dropped by 0.7% due to intensified competition. This figure covers an increase in the number of policies of 1.4%, whereas average premiums trended downward. Customer loyalty remains high both in private and commercial lines, and both segments experienced an upward trend.

- Life and Pension generated a satisfactory profit of DKK 84 million before tax, up DKK 6 million on 2015.

Regular payments into guaranteed schemes were up by 1.7%, whereas single payments declined by 6.2%. Single payments nevertheless remain at a high level.

After an extraordinarily high level in 2015, payments into market rate schemes fell by 22.9% in 2016.

The collective bonus potential increased by DKK 168 million to DKK 1,317 million in 2016. The increase was in particular due to a fair-sized investment return for 2016, making for a bonus rate of 20.1%.

- The bank's forward-looking activities generated a profit of DKK 62 million, which was better than the most recent guidance. The performance was lifted by reversed writedowns on private

customers, a better return on investment activities and stronger growth in leasing activities.

The bank is reporting strong and satisfactory business activity even in a setting of a very competitive banking market. The number of full-service customers increased by 11%, lending grew by 5%, equivalent to DKK 140 million, while the portfolio of Totalkredit mortgage loans was up by 18%, equivalent to DKK 1.1 billion. Financial Markets and Leasing also experienced growth, in customer numbers as well as in business volume.

- The bank's winding-up activities reported a pre-tax loss of DKK 18 million, marking a significant improvement relative to 2015.

Dividends

- The Board of Directors recommends distribution of an ordinary dividend of DKK 1.50 per share. In addition, an extraordinary dividend of DKK 3.50 per share will be paid. At the same time, a new share buyback programme of up to DKK 300 million will be initiated, which is expected to run until end-March 2018. Overall, this means that Alm. Brand will distribute up to DKK 1.1 billion in respect of the 2016 financial year.

The share buyback programme is subject to the approval of the Danish Financial Supervisory Authority.

Outlook

- Expectations are for an overall pre-tax profit of DKK 450-550 million in 2017. The group's forward-looking activities are expected to generate pre-tax profit of DKK 450-550 million. The combined ratio for the group's non-life insurance activities is expected to be in the region of 91-92. The winding-up activities are expected to produce a break-even result.

Webcast and conference call

Alm. Brand will host a webcast and conference call on 1 March 2017 at 10.00 a.m.

<https://almbrand.eventcdn.net/2016fy>

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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