

Alm. Brand – Interim report H1 2013

Alm. Brand generated a pre-tax profit of DKK 136 million in H1 2013. The Q2 profit before tax amounted to DKK 107 million, and before losses and writedowns the profit came to DKK 198 million. Although better than expected, the performance was still not satisfactory. The full-year guidance of a profit of DKK 550 million before losses and writedowns is maintained.

“Alm. Brand's insurance activities continue to perform strongly. Although the number of claims reported by our customers increased, we are reporting a highly satisfactory performance supported by few weather-related and major claims, a strong investment result and reversal of prior year provisions. Our pension company also continued to deliver strong results. Finally, we recorded fair growth in our non-life insurance and pension activities, because customers are retaining their business with Alm. Brand and also because we are seeing an inflow of new customers,” said Søren Boe Mortensen, CEO of Alm. Brand.

“As a result of the bank's loan repayments, we are seeing a slow improvement of the interest margin and, accordingly, operations. This is good news, although we still have quite a lot of work to do before the bank generates the results we aim for,” Søren Boe Mortensen stressed, and he added:

“We're especially pleased to note that more and more customers pick us as their main banker.”

Other Q2 results:

- Non-life Insurance reported a profit of DKK 229 million before tax, which was better than expected and highly satisfactory.

The combined ratio was 84.5.

The second quarter was characterised by a higher than expected number of claims on the underlying business, particularly car glass claims. However, the Q2 performance was lifted by fewer major claims and weather-related claims than expected as well as by run-off on prior year claims and a strong investment result.

Premium income rose by 4.3%, which was better than anticipated.

- The bank posted a loss of DKK 44 million before losses and writedowns. Including losses and writedowns, the loss came to DKK 135 million. The performance was not satisfactory.

Operating activities were favourably affected by lower funding costs and higher fee income. The reduction of funding costs was driven by the partial repayment of hybrid core capital and government guaranteed bonds. On the other hand, operating activities were adversely affected by value adjustments on the bond portfolio caused by an increase in bond yields.

Losses and writedowns were in line with the Q1 level. Writedowns came primarily from the bank's mortgage deeds, agricultural customers and private customers. However, the bank again recorded reversals on commercial lending.

- Life and Pension reported a satisfactory profit of DKK 22 million before tax. Regular premiums grew at a highly satisfactory rate of 5% in the Q2 period.

Rising interest rates in June produced negative value adjustments on bonds, causing an overall negative return on investment assets of 1.5% for the second quarter. When measured against the benchmark, however, this was a satisfactory return. Due to the low investment return, the collective bonus potential

was reduced by DKK 75 million, and the bonus rate declined by 6.6%. The bonus rate of the interest rate group in which new agreements are written was 10.0% at 30 June 2013.

Webcast and teleconference

Alm. Brand will host a webcast and conference call on Thursday, 22 August 2013, at 10.00 a.m.

<http://presenter.qbrick.com/?pguid=9b66b1ca-ca51-4b8a-8a20-8e1b3ed6a42c>

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Contact

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The report is attached in pdf-format.