

## Alm. Brand – Interim report 9M 2013

**Alm. Brand generated a pre-tax profit of DKK 310 million for the nine months ended 30 September. The Q3 profit amounted to DKK 174 million before tax, and before losses and writedowns the profit came to DKK 267 million. While better than expected, the performance was still not satisfactory. Due to expenses related to the storm that hit Denmark in October, the guidance for full-year profit is maintained at DKK 550 million before losses and writedowns.**

*“Our non-life insurance activities continue to develop very favourably, driven by a very healthy business and unusually mild weather conditions. But after the end of the third quarter, Denmark was hit by the worst storm since 2005 and against that background we refrain from lifting the guidance for our non-life operations. These extreme weather events occur at regular intervals, and it is precisely in such situations that we need to be ready to help our customers,” stressed Søren Boe Mortensen, CEO of Alm. Brand, and he continued:*

*“Our pension activities and our continuing banking activities are also keeping up the good momentum. The bank’s continuing business is generating a profit before losses and writedowns, and we have seen an increase in the inflow of new customers. Nevertheless, the bank continues to struggle with high impairment writedowns, and its performance is still not satisfactory. Consequently, a lot of work remains to be done before the bank’s overall performance reaches a satisfactory level,” Søren Boe Mortensen concluded.*

### Other Q3 results:

- Non-life Insurance reported a profit of DKK 266 million before tax, which was better than expected and highly satisfactory. The combined ratio was 81.7.

The Q3 performance was characterised by unusually mild weather conditions. In addition, the performance of the underlying business was better than expected, and the investment result also added to the performance.

Premium income continued to develop favourably, increasing by 4.3%. Growth was the most pronounced in the commercial segment.

- The bank posted a loss of DKK 10 million before losses and writedowns. Including losses and writedowns, the loss was DKK 103 million. The performance was not satisfactory.

The bank’s continuing activities generated a profit of DKK 15 million excluding losses and writedowns of DKK 18 million. The performance was lifted, among other things, by lower costs. Moreover, the bank saw an inflow of new customers and a slight increase in lending to private customers in the third quarter.

The bank’s discontinued activities produced a loss of DKK 25 million excluding losses and writedowns of DKK 75 million. Agricultural customers in particular caused large losses in Q3.

The bank is focused on reducing its funding costs and in September it repaid an additional DKK 200 million of the state-funded hybrid core capital. The effect of the lower interest payments resulting from the repayment will materialise fully in Q4.

- Life and Pension reported a satisfactory profit of DKK 23 million before tax. Premiums declined in Q3 relative to Q3 2012 because of extraordinarily high single payments made in 2012. In addition, tax reform effects detracted from the Q3 performance. However, the tax reform has only had a limited adverse effect in 2013 to date, among other things due to a fair increase in the inflow of new customers. Growth in regular premiums was 2.6% in the 9M period.

The investment result was adversely affected by rising interest rates in the third quarter, whereas the equity portfolio produced a positive return. When measured against the benchmark, the investment result was satisfactory.

### **Outlook**

- Because of expenses of about DKK 120-140 million related to the storm that hit Denmark in October, the full-year guidance for consolidated profit is maintained at DKK 550 million before losses and writedowns. Losses and writedowns are expected to total about DKK 350-400 million.
- For 2014, the consolidated profit is expected to be between DKK 450 million and DKK 500 million before losses and writedowns, which are expected to be in the DKK 250-350 million range.

### **Webcast and teleconference**

Alm. Brand will host a webcast and conference call at 10.00 a.m. on Thursday, 21 November 2013.

<http://presenter.qbrick.com/?pguid=2a737af8-f748-48e8-8f84-3b1d93bf51b2>

Financial analysts may participate by phone: Danish analysts: +45 70 26 50 40, US analysts: +1 718 354 1226, other international analysts: +44 (208) 817 9301.

### **Contact**

Please direct any questions regarding this announcement to:

Søren Boe Mortensen, CEO, tel. +45 35 47 79 07, or Susanne Bilstoft, Head of Information and Investor Relations, tel. +45 35 47 76 61.

The report is attached in pdf-format.