

Alm. Brand A/S – Interim report for H1 2017

Alm. Brand generated a highly satisfactory pre-tax profit of DKK 543 million in H1 2017. The guidance for FY2017 is lifted by DKK 100 million to DKK 700-800 million.

“The Alm. Brand Group’s H1 performance was very satisfactory – we reported both stronger growth and better results than we had expected. As a result, we are lifting our guidance for consolidated full-year profit and for growth,” said CEO Søren Boe Mortensen.

“We are especially encouraged to report fair growth in the number of customers and in the volume of business, not least in light of the stronger competition we experience in the insurance, pension and banking segments,” emphasised Søren Boe Mortensen. He concluded:

“I am particularly pleased that our group has succeeded in maintaining strong results at a time when we are investing substantial amounts in our new strategy and digitalisation.”

Q2 performance

- Non-life Insurance delivered a highly satisfactory pre-tax profit of DKK 229 million, which was better than expected.
- The combined ratio was 83.8, being favourably affected by an unusually low level of expenses for major claims and weather-related claims.

Gross premium income amounted to DKK 1,278 million, up 2.5% on the year-earlier period, which was better than expected and achieved in a highly competitive market in both private and commercial lines. Customer loyalty remained at a high level with an upward trend in both segments.

The expense ratio increased to 18.4, mainly as a result of investments in the new strategy. The level was in line with expectations, and the expense ratio guidance for the year as a whole is maintained at about 17.

- Pension activities generated a highly satisfactory pre-tax profit of DKK 24 million, which was better than expected.

Pension contributions increased by 1.8% year on year, covering an increase in single payments of 2.1% and a slight decline in regular payments of 0.8%. Adjusted for the group life business, regular payments increased by 4.5%, which was satisfactory.

The bonus rate rose to 24.3% at 30 June 2017, which is a highly satisfactory level. The increase was mainly driven by the sale of the property at City Hall Square in Copenhagen, which produced a gain of just over DKK 200 million. The high bonus rate level ensures that Alm. Brand Pension can continue to offer the industry’s highest rates on policyholders’ savings for guaranteed products.

- The bank’s forward-looking activities generated a satisfactory profit of DKK 24 million, which was better than expected.

The bank’s loans and advances grew by 5% relative to 30 June 2016 in spite of the more competitive market, especially for new lending to private customers. The total portfolio of Totalkredit loans for which the bank acted as intermediary also grew from DKK 7 billion to DKK 8 billion. Financial Markets experienced an inflow of new customers, and Leasing also reported

strong year-on-year growth of 30%.

- The bank's winding-up activities produced a profit of DKK 8 million, against a break-even result in the same period of 2016. The winding-up activities were favourably affected by reversal of impairment writedowns.

Outlook

- The full-year guidance is raised by DKK 100 million to a consolidated pre-tax profit of DKK 700-800 million. The guidance for Non-life Insurance is lifted by DKK 100 million. In addition, the guidance for the bank is lifted by DKK 20 million and the guidance for Pension by DKK 5 million, whereas the guidance for Other activities is maintained.

Webcast and conference call

Alm. Brand will host a webcast and conference call on 24 August 2017 at 10.00 a.m.

<https://almbrand.eventcdn.net/2017q2>

Financial analysts are invited to participate by phone: Danish analysts: +45 70 3544 5583, US analysts: +1 855 269 2604, other international analysts: +44 (0) 203 194 0544.

Contact

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