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Alm. Brand A/S – Interim report for the third quarter of 2010

The quarter at a glance

- **For Q3 2010, the profit amounted to DKK 103 million excluding losses and writedowns. Including losses and writedowns, the Q3 performance was a loss of DKK 362 million.**
- **Non-life insurance experienced a positive development in the general claims experience, achieving a combined ratio of 92 despite the heavy rainfall in August.**
- **In Q3 2010, losses and writedowns in the bank were particularly affected by a revised assessment of the bank's mortgage deed-related lending.**
- **The full-year guidance is upgraded by DKK 100 million to DKK 300 million excluding losses and writedowns.**
- **For 2011, the group expects to generate a profit of DKK 340–400 million excluding losses and writedowns.**

"We are very pleased to note that our claims expenses are developing in the right direction, and we are therefore able to upgrade the guidance for our non-life insurance activities. In addition, we upgrade the guidance for our life insurance and pension activities. At the same time, our expenses are declining significantly, which further strengthens our performance," said Chief Executive Søren Boe Mortensen and added: "We have come a long way in restructuring the bank. Impairment writedowns developed slightly faster than we had expected, but the overall estimate remains largely unchanged."

Other highlights

- Non-life insurance activities generated a profit of DKK 105 million in Q3 2010, despite a large number of rainfall claims in August. Year to date, the performance was a profit of DKK 41 million, which was impacted by severe winter claims in Q1.

  The expense ratio continues to decline, ending the third quarter at 17.2%. Growth developed favourably at a rate of 2.2% for Q3 2010.

- Year to date, the bank posted a profit of DKK 91 million before impairment writedowns. After impairment writedowns, the performance was a loss of DKK 660 million.

  For Q3 2010, the performance was a loss of DKK 23 million excluding losses and writedowns. The unsatisfactory performance was the result of restructuring costs and unrealised value adjustments, particularly on the mortgage deed portfolio. Including losses and writedowns, the bank posted loss of DKK 488 million in Q3.

  Management has increased the individual solvency need to 14.1% going forward and, due to a more conservative assessment of mortgage deed-related lending, adjusted the expected impairment writedowns for the period until 31 December 2012 to almost DKK 700 million.

  At 17 November 2010, Alm. Brand A/S contributed DKK 600 million in equity to Alm. Brand Bank.

- Life insurance activities generated a highly satisfactory profit of DKK 159 million for the nine months ended 30 September 2010. For Q3 alone, the profit was DKK 30 million. Moreover, the collective bonus potential rose to DKK 348 million, corresponding to a bonus rate of 3.4%.

  Growth developed very favourably during the quarter, increasing by 11%. For the year to date, the return on policyholders' investment assets was 9.8% (13.1% p.a.).

Please direct any questions regarding this announcement to Søren Boe Mortensen, Chief Executive, on tel. +45 35 47 79 07 or Susanne Biltoft, Head of Information and Investor Relations, on tel. +45 35 47 76 61.

Alm. Brand A/S will host a webcast and conference call on Wednesday, 17 November 2010 at 10.00 a.m.

To follow the webcast, go to:

http://webcast.zoomvision.se/denmark/clients/almbrand/101117/

Dial-in instructions for financial analysts: Danish analysts: +45 327 147 67, US analysts: +1 718 354 1226 and other international analysts: +44 (0) 207 509 5139.

Alm. Brand A/S

Søren Boe Mortensen
Chief Executive

The interim report is attached in pdf-format.