

## Alm. Brand A/S – Interim report for H1 2018

**Alm. Brand generated a pre-tax profit of DKK 410 million in H1 2018, which was highly satisfactory and better than expected. The full-year guidance for 2018 is raised to a profit of DKK 600-700 million.**

*“We are extremely pleased with the greater customer inflow and growth experienced across the group in the first six months of 2018. Moreover, we are once again able to raise our guidance for the consolidated full-year profit,” emphasised CEO of Alm. Brand A/S, Søren Boe Mortensen. He continued:*

*“The fact that the strong performance was achieved in a highly competitive market underlines the importance of high customer satisfaction rates and of consistently improving our value proposition, which is in fact a key component of our strategy for the group,” he explained and concluded:*

*“I’m also extremely pleased that the integration of Saxo Privatbank is progressing to plan. We continue to expect that it will strengthen the bank’s bottom line by DKK 50 million annually from 2019.”*

### Q2 performance

- Non-life Insurance delivered a highly satisfactory pre-tax profit of DKK 156 million, which was better than expected.
- The combined ratio was 88.4, being favourably affected by an unusually low level of expenses for weather-related claims and by run-off gains. On the other hand, the level of major claims in the second quarter was higher than expected.

Gross premium income amounted to DKK 1,317 million, up 2.9% on the year-earlier period, being distributed on an expected increase of 1.4% in the private customer segment and 4.5% in the commercial customer segment, which was better than expected. Customer loyalty remained high in both segments.

The expense ratio was 17.6, which was slightly below the expected level. The full-year expense ratio forecast of 17 is maintained.

- Life Insurance activities generated a highly satisfactory pre-tax profit of DKK 25 million, which was better than expected.

Pension contributions grew by 41% relative to the same period of 2017, which was better than expected. The improvement was composed of an increase in regular premiums of 11% and an increase in single payments of close to 70%. The improved result was lifted in particular by a major influx of company pension schemes.

The bonus rate was 21.7% at 30 June 2018, which was highly satisfactory, ensuring that Alm. Brand Pension may continue to offer high, competitive rates on policyholders’ savings.

- Banking activities produced a profit of DKK 21 million, which was less than expected and not satisfactory.

The turbulent investment market resulted in a loss on the investment portfolio, whereas improved economic conditions made room for a DKK 25 million reversal of impairment

writedowns. Moreover, the acquisition of the majority of Saxo Privatbank A/S's activities lifted the performance by a non-recurring income of DKK 24 million. The results of the acquired activities were fully recognised in the income statement and balance sheet of Alm. Brand Bank effective from 1 April 2018.

The bank generally experienced an increase in the level of activity in the reporting period. Over the past 12 months, the number of Pluskunder has grown by 9% not including customers acquired from Saxo Privatbank.

At 30 June 2018, lending amounted to DKK 4.3 billion, DKK 1.5 billion of which was attributable to the acquired Saxo Privatbank activities. The Totalkredit portfolio amounted to DKK 14.8 billion, DKK 5.5 billion of which was attributable to Saxo Privatbank. The portfolio of mortgage loans arranged for Totalkredit grew significantly, up 16% year on year excluding Saxo Privatbank. Developments in lending reflected the general market trend of lower borrowing requirements among customers and customers increasingly opting to repay and redeem their loans. At the same time, there was a substantial, positive trend in the conversion of bank loans to mortgage loans by both new and existing customers.

In addition, the bank took over Saxo Privatbank Wealth Management and Private Banking, which will serve to strengthen the bank's position vis-à-vis investment clients.

#### **Outlook**

- The full-year guidance is upgraded by DKK 100 million to a consolidated pre-tax profit of DKK 600-700 million driven by improved performances of Non-life Insurance and Life Insurance as well as by a significantly smaller-than-expected reduction of the current VA premium.

The guidance for Non-life Insurance is raised by DKK 60 million to a profit of DKK 600 million, while the guidance for Life Insurance is lifted by DKK 5 million to a profit of DKK 85 million. The guidance for the bank and the group's other activities is unchanged.

#### **Webcast and conference call**

Alm. Brand will host a webcast and conference call on Thursday, 23 August 2018 at 10.00 a.m.

<https://almbrand.eventcdn.net/20180823>

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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