

Alm. Brand – Interim report 9M 2017

Alm. Brand generated a highly satisfactory pre-tax profit of DKK 888 million in 9M 2017. The full-year guidance is upgraded by DKK 250 million to a profit of DKK 950-1,050 million.

“Supported by really impressive results and strong growth in all business areas, Alm. Brand continued its highly favourable developments,” said Alm. Brand’s CEO Søren Boe Mortensen. He continued:

“Moreover, we have a very sound business, backed by increasingly more satisfied and loyal customers. The extremely focused customer satisfaction strategy we have pursued for the past several years has consistently yielded better results.”

“Our new strategy, which we introduced about a year ago, is based on our customers’ individual circumstances, ensuring that we cater to all of their financial needs. Aiming to provide an unrivalled customer experience, we are investing substantially in digitalisation, customer experience and growth across the group. As we continue to make these investments in 2018, we expect them to drive up the level of activity in the bank in particular,” concluded Søren Boe Mortensen.

Q3 performance:

- Non-life Insurance reported a highly satisfactory pre-tax profit of DKK 320 million, which was considerably better than expected, lifted by a strong claims experience and a strong investment result.

The combined ratio was 78.7, supported by a lower level of major claims and by run-off gains.

Gross premiums amounted to DKK 1.3 billion, increasing by 2.7% relative to Q3 2016. Both private and commercial lines improved, reporting growth of 1.1% and 4.4%, respectively. Customer loyalty remained at a high level with an upward trend in both segments.

- Pension activities generated a satisfactory pre-tax profit of DKK 23 million, which was better than expected.

Pension contributions were up by 8% year on year. Regular payments were up by 7%, while single payments increased by 4%. In addition, payments into market rate schemes increased by 15%.

Growth was satisfactory and in line with the group’s aim of generating growth in regular payments in particular.

The bonus rate was 25.0 at 30 September 2017. The high bonus rate level ensures that Alm. Brand Pension may continue to offer one of the industry’s highest rates on policyholders’ savings for guaranteed products.

- The bank generated an overall pre-tax profit of DKK 14 million in Q3 2017. The performance was better than expected and was favourably affected by value adjustments, whereas costs increased as a result of investments in growth and digitalisation.

The forward-looking activities generated a profit of DKK 9 million, while a profit of DKK 5 million was reported on the winding-up activities.

The bank’s loans and advances grew by 5% relative to 30 September 2016 in spite of the more competitive market, especially for new lending to private customers. In addition, the total

portfolio of Totalkredit loans for which the bank acted as intermediary grew by DKK 1 billion to DKK 8.2 billion. Financial Markets experienced an increase in sales, with sales of the portfolio of the ETF product IndexPlus in particular exceeding expectations, reaching the DKK 300 million mark at 30 September.

Leasing exceeded a portfolio of DKK 1 billion in Q3 2017, equivalent to 9,000 cars.

Outlook

- The full-year guidance is upgraded by DKK 250 million to a consolidated pre-tax profit of DKK 950-1,050 million. The guidance for Non-life Insurance is lifted by DKK 200 million. In addition, the guidance for Banking and Pension is lifted by DKK 10 million each, while the guidance for Other activities is maintained. The outlook is exclusive of run-off gains for the rest of the year.
- The group's consolidated profit for 2018 is expected to be in the DKK 450-550 million range. The guidance for winding-up activities is a break-even performance.

Webcast and conference call

Alm. Brand will host a webcast and conference call on 15 November 2017 at 10.00 a.m.

<https://almbrand.eventcdn.net/2017q3>

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

Contact

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