

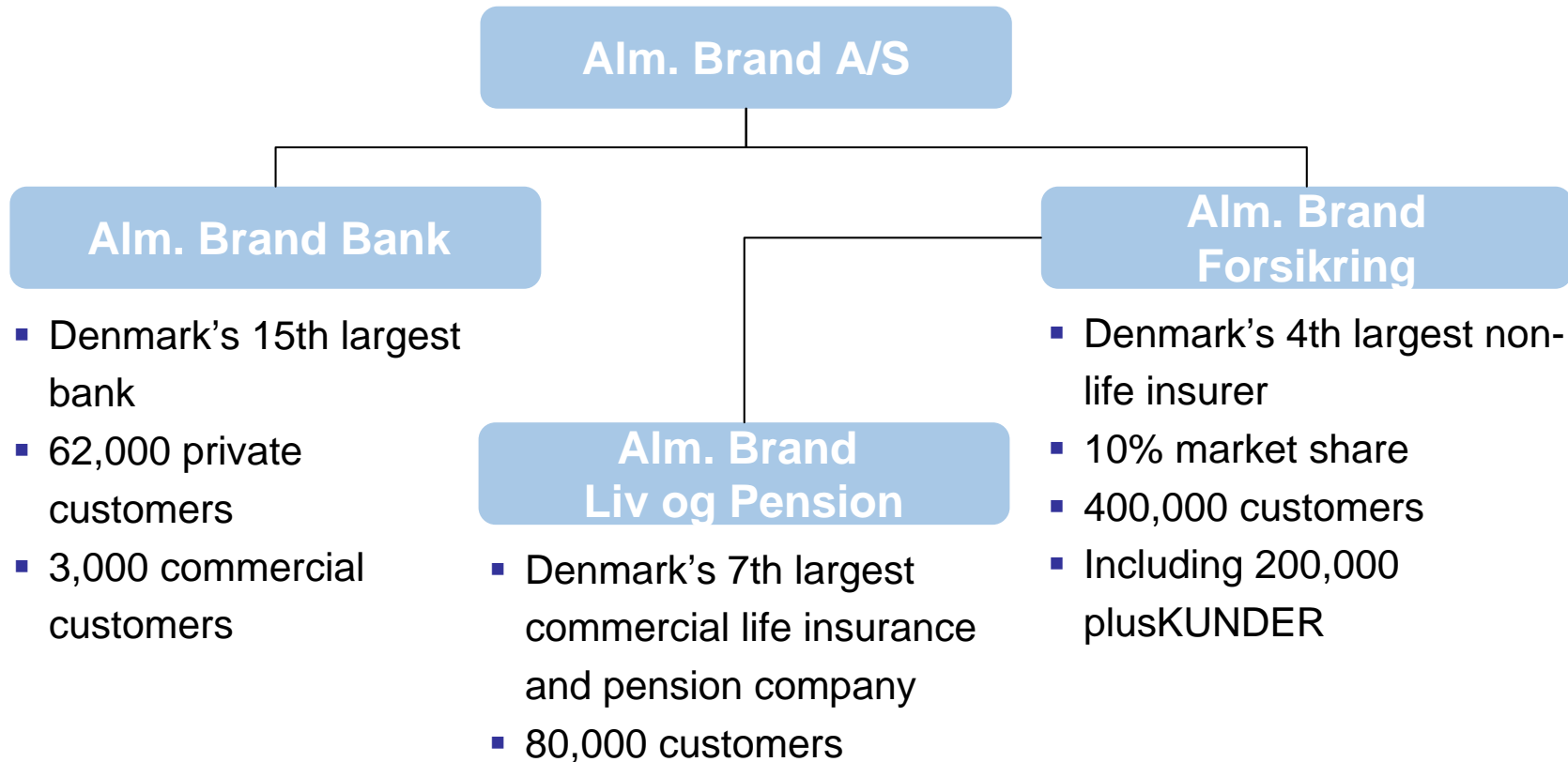
Alm. Brand A/S

Q3 2010 – Conference call



Alm. Brand

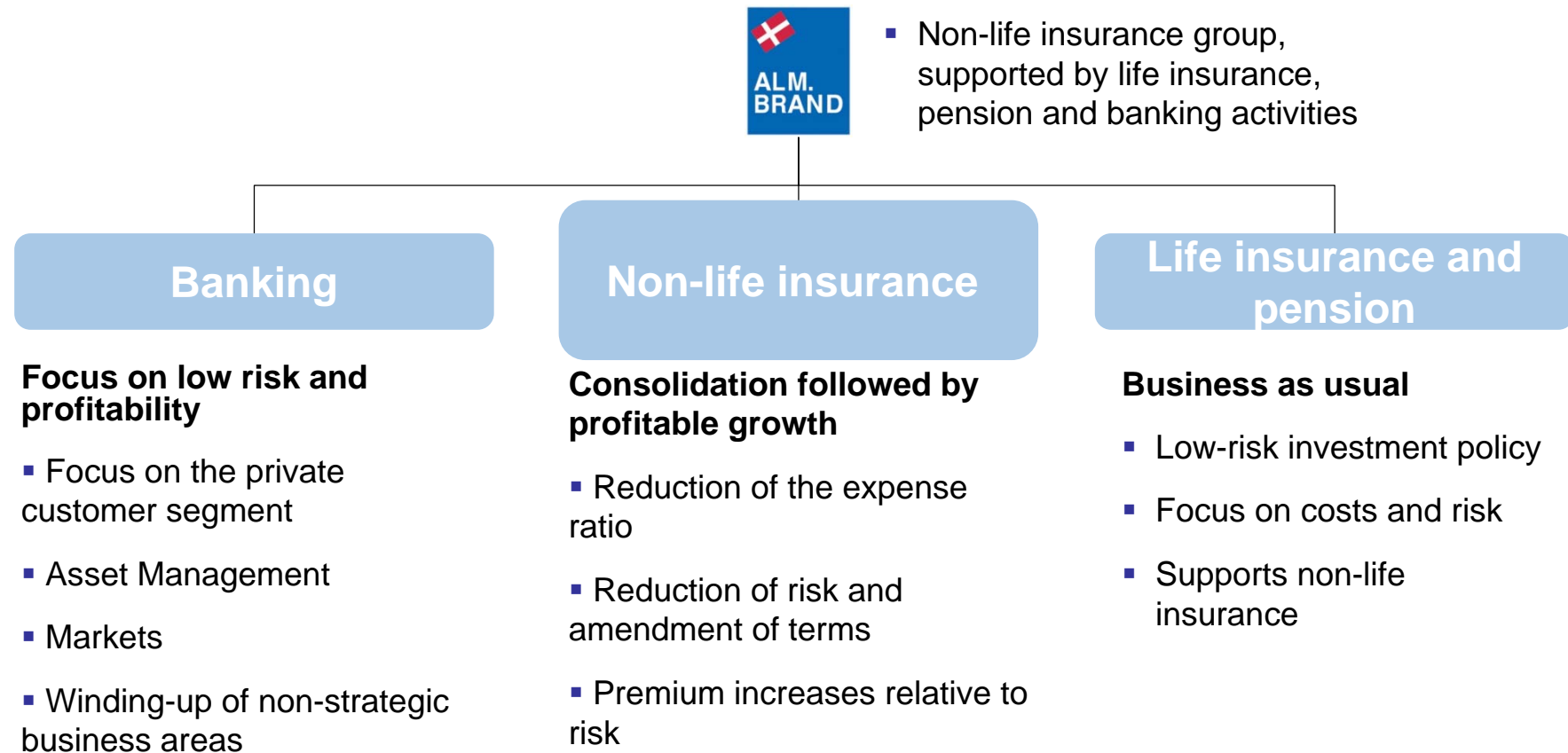
The three business areas



Note: Number of customers is based on number of households



Alm. Brand's strategic agenda



Alm. Brand

Highlights Q3 2010

- **Profit of DKK 103 million before losses and writedowns**
- **Loss of DKK 362 million after losses and writedowns**
- **Favourable development in non-life insurance**
 - Declining claims ratio
- **Life insurance and Pension is stable and positive**
- **Review of lending portefolio**
 - More cautious approach on valuation of mortgage deeds
 - Accumulation og writedowns
 - Estimated writedowns untill end-2012 adjustet by DKK 100 million
- **Capital injection into Alm. Brand Bank**
- **Continued decline in expenses**
- **Profit guidance upgraded by DKK 100 million to DKK 300 million**



Alm. Brand Non-life insurance Highlights

■ Results

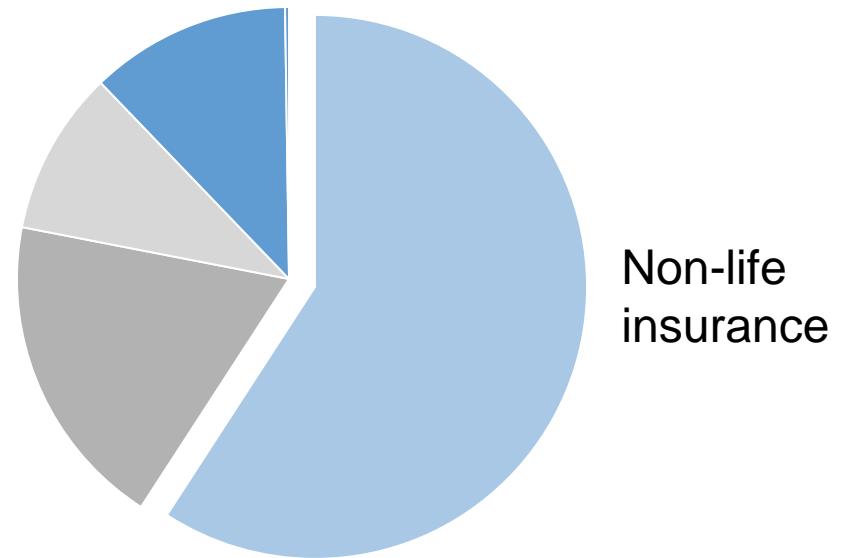
- Q3: DKK 105 million profit
- Q1-Q3: DKK 41 million profit

■ Combined ratio

- Q3: 92.2
- Q1-Q3: 100.6

■ Expense ratio

- Q3: 17.2%
- Q1-Q3: 18.3%

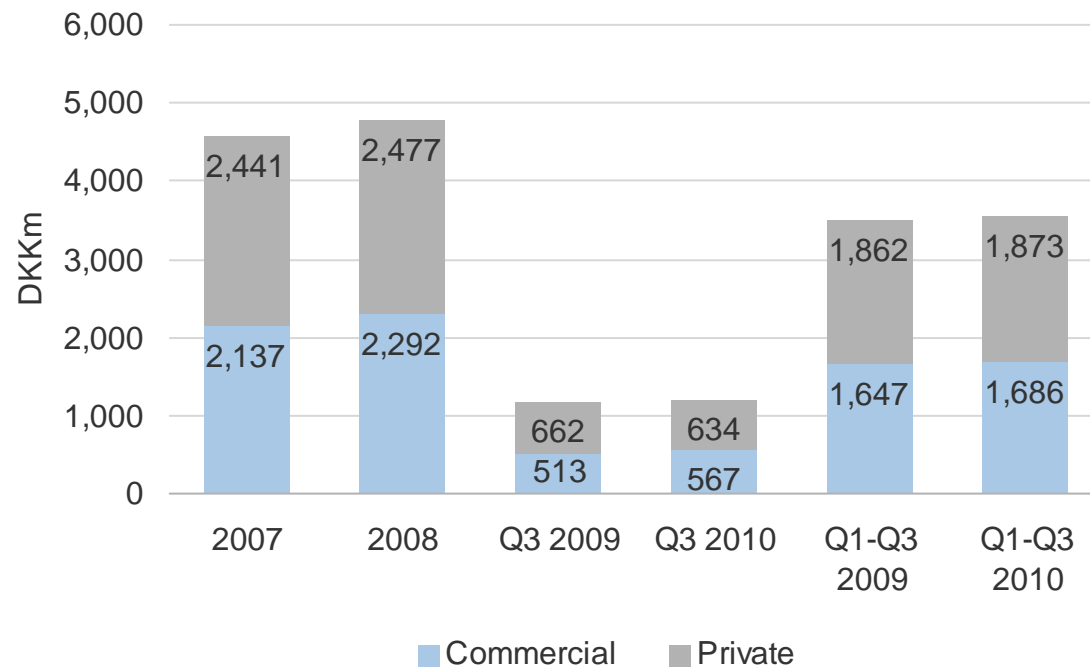


Alm. Brand Non-life insurance Highlights

- **Improvement of Combined Ratio**
- **Growth in premiums**
- **Lower claims frequency and stabilized average claims**
- **Staff reduction and restructuring**
- **Outlook for 2010 upgraded by DKK 120 million from DKK - 20 million to DKK 100 million**
- **Outlook for 2011: DKK 300 million**

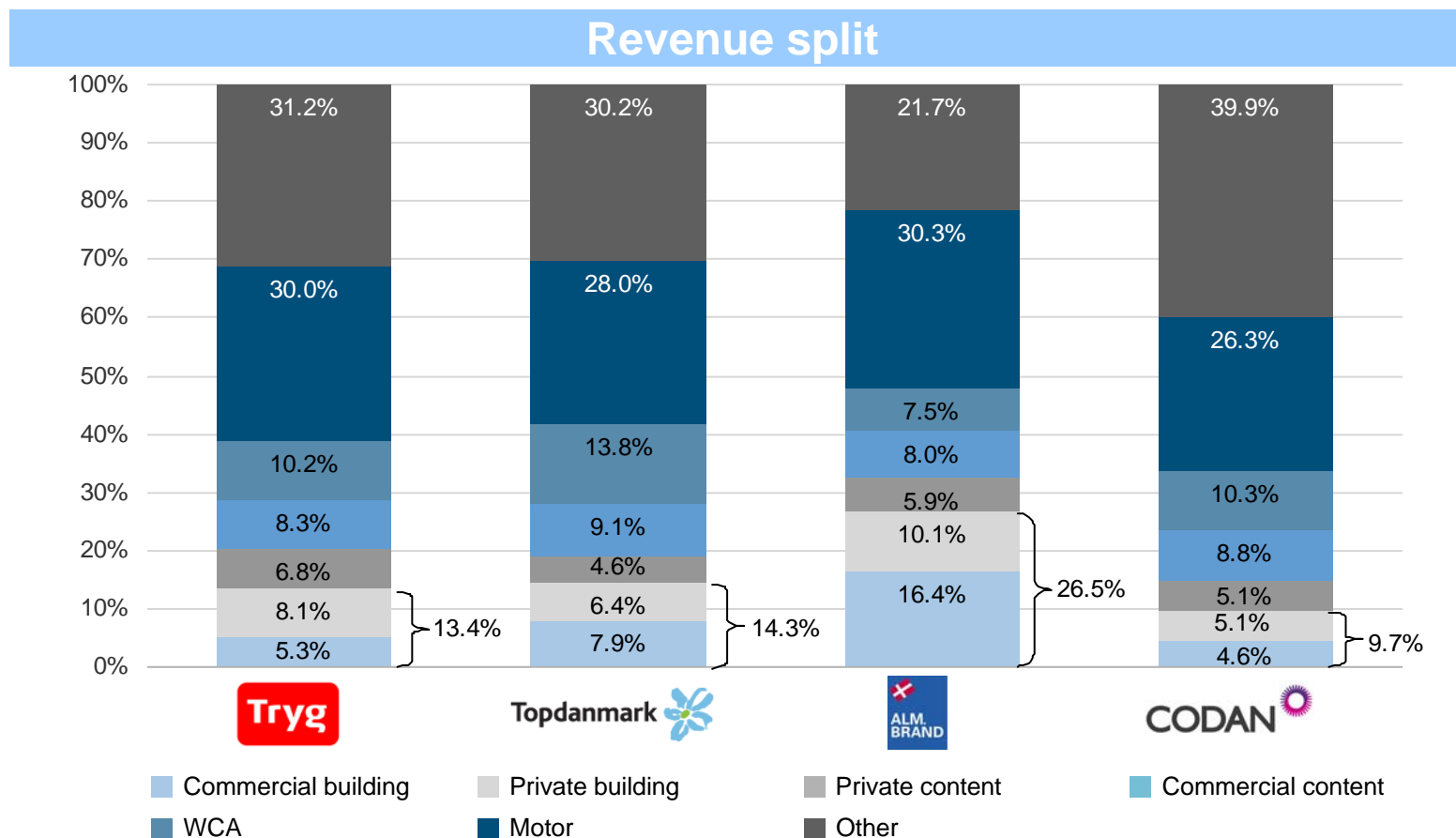
Alm. Brand Non-life insurance

Gross premiums



- **Premium growth of 2.2%**
 - Q1-Q3: 1.4%
- **Premium increases**
 - Building and household comprehensive: > 9%
 - Commercial: 12%
 - Continued increase in premiums

Alm. Brand non life insurance revenue split and loss ratios



Loss ratios in the market (2009)

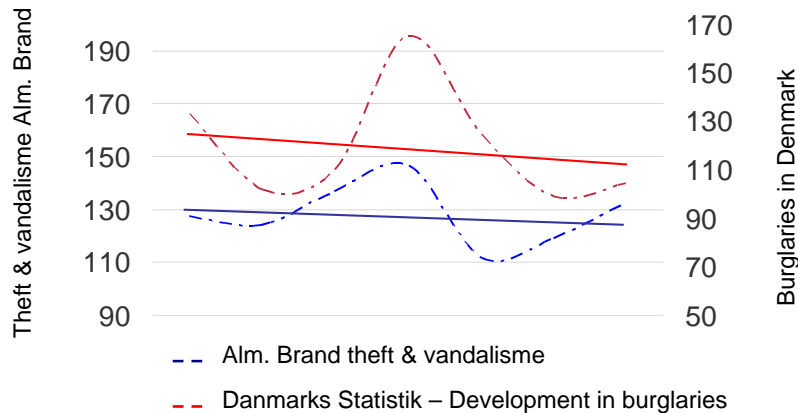
Private content 96.7% - Private building 94.5% - Commercial building 87.7% -
 Commercial content 74.0% - Motor 72.8% - WCA 73.3%



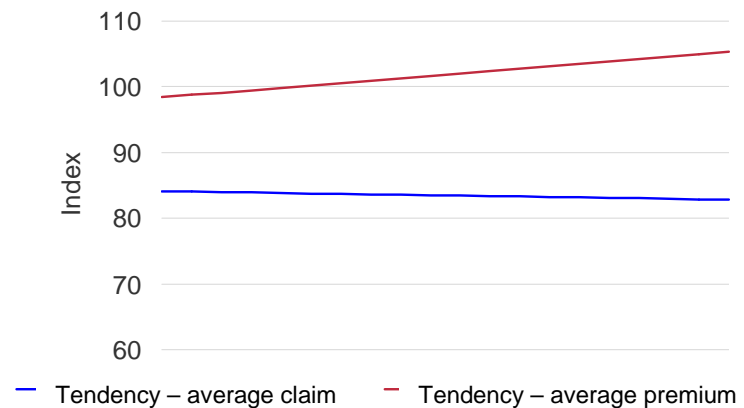
Alm. Brand non life insurance

Development in claims and premiums

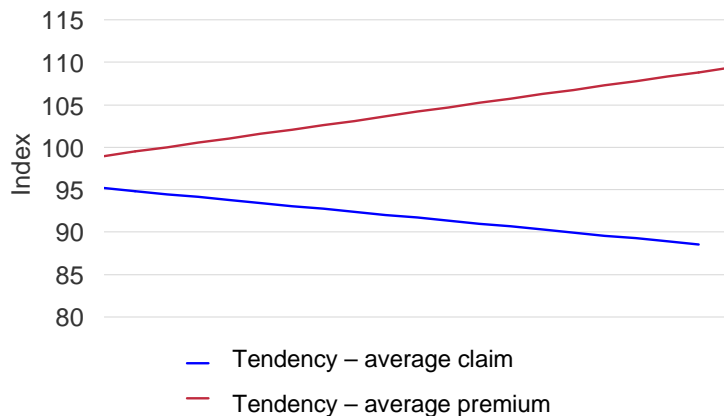
Relation between no of burglaries in Denmark and no of thefts and vandalisme damages



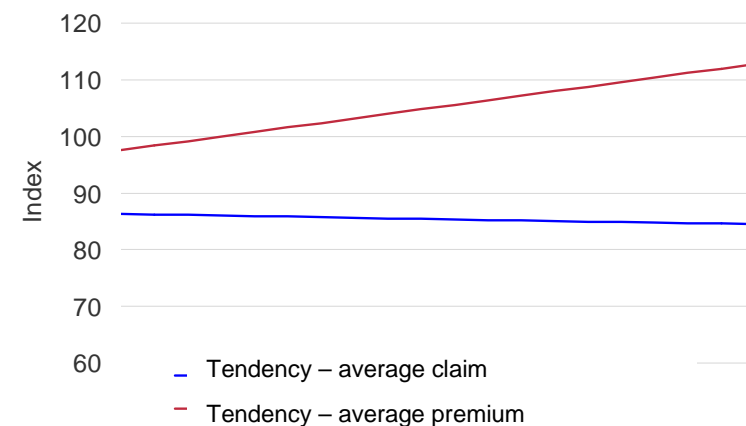
Commercial building 2009 – 2010 YTD



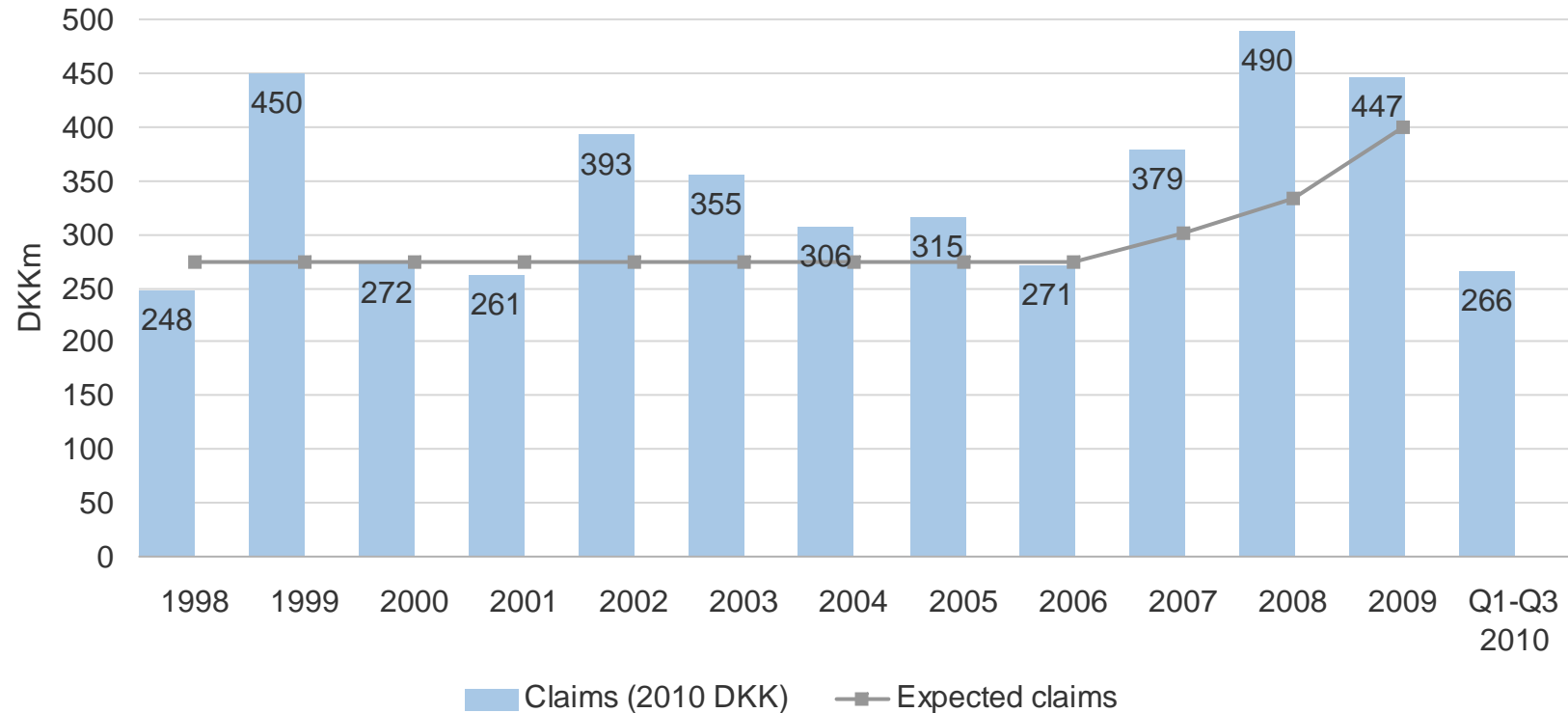
Private building 2009 – 2010 YTD



Private content 2009 – 2010 YTD



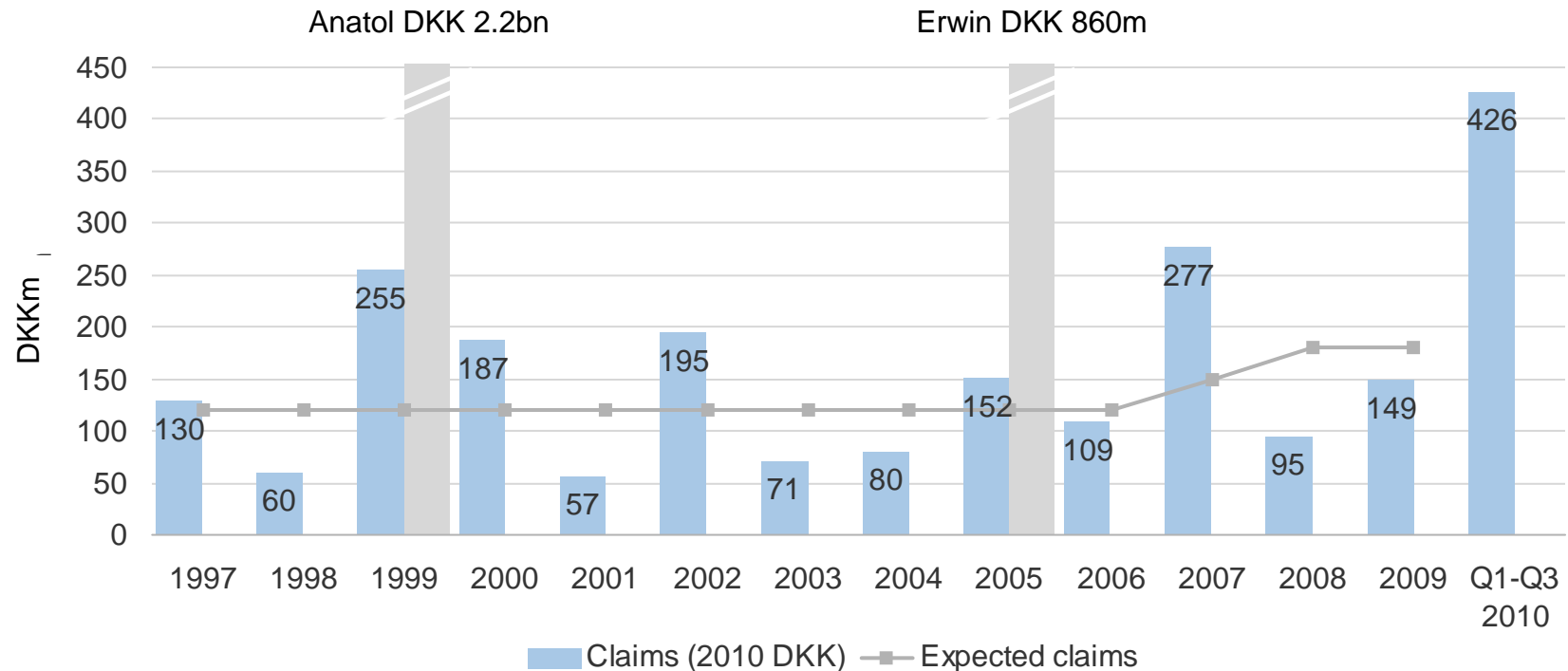
Alm. Brand Non-life insurance Expenses for major claims*



- Decent development in major claims
- Preventive measures

Note: Claims above DKK 1 million

Alm. Brand Non-life insurance Weather-related claims

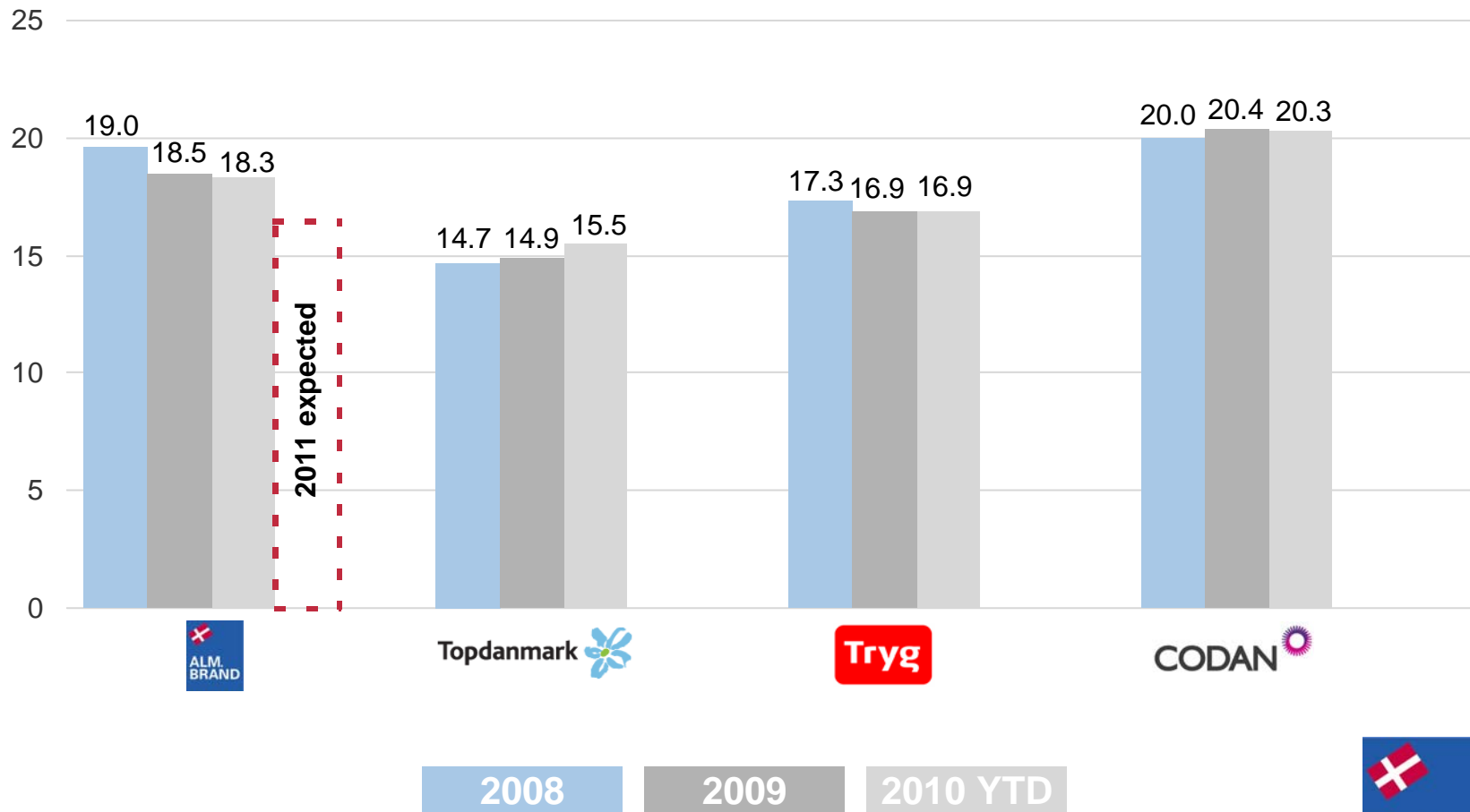


- Winter claims
- Cloudburst
- Increased reinsurance cover
- Preventive measures



Alm. Brand Non-life insurance

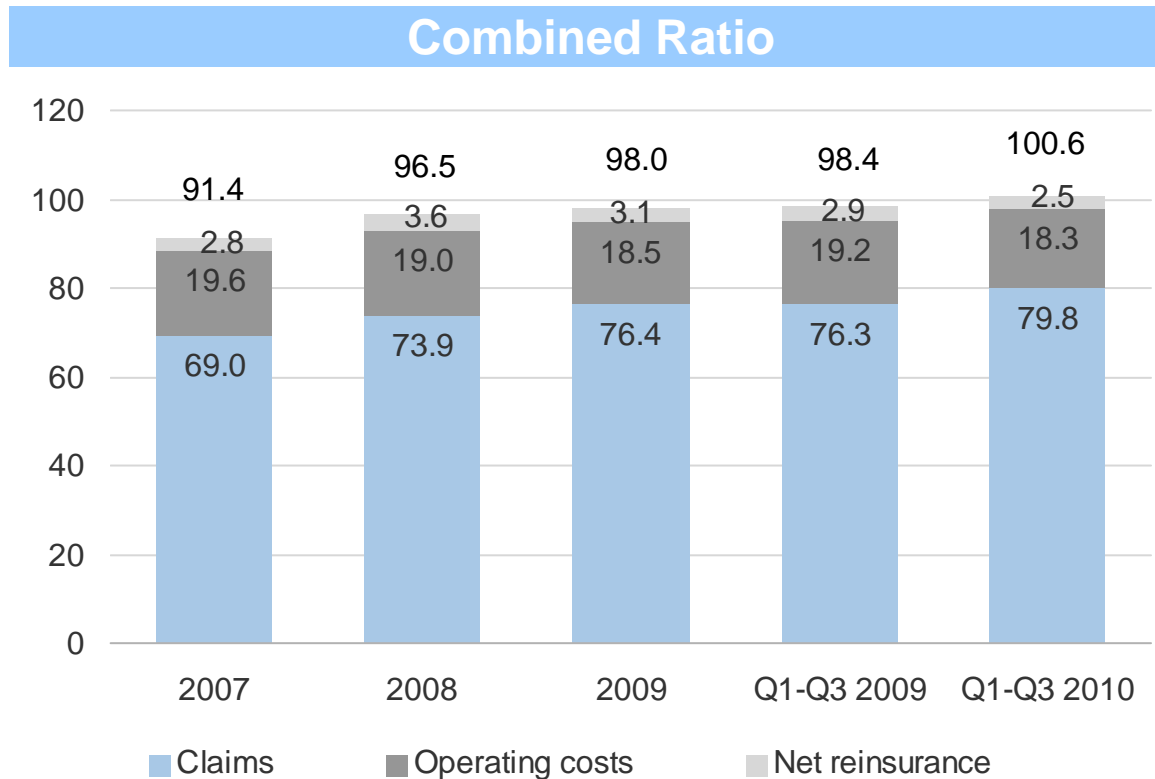
Cost ratio - major Danish non-life companies



Note: Cost ratio is on group level. YTD for Topdanmark and Codan is H1 2010

Alm. Brand Non-life insurance

Impact on results



- + Lower costs
- + Lower major claims
- + Stabilisation of normal claims
- + Premium increases
- + Positive run-off

- Extraordinary winter claims
- Cloudburst
- Interest rate: 0.6% higher claims ratio

Alm. Brand Non-life insurance

Combined ratio

	2007	2008	2009	Q1-Q3 2009	Q1-Q3 2010
Combined ratio ex weather-related and major claims	81.6	84.6	88.8	88.1	85.7
Major claims	7.4	9.3	7.8	8.8	7.5
Weather-related claims	4.3	1.9	3.1	3	12
Run-off result*	-1.9	0.7	-1.7	-1.5	-4.6
Combined ratio	91.4	96.5	98	98.4	100.6

* A negative run-off result equals a run-off gain

Alm. Brand Non-life insurance

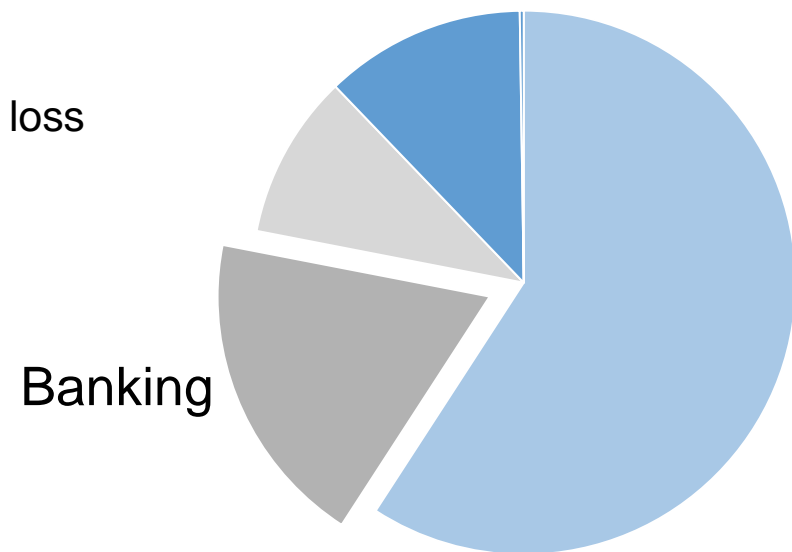
Measures to achieve a lower combined ratio

- **New insurance system**
- **Staff reductions**
- **Establishment of e-branch concept**
- **Agricultural risk and conversion team established**
 - Fewer and less expensive claims
- **Claimshandling**
 - Terms and conditions
 - Purchase
- **Premium increase**
 - Household comprehensive and building
 - Building and contents

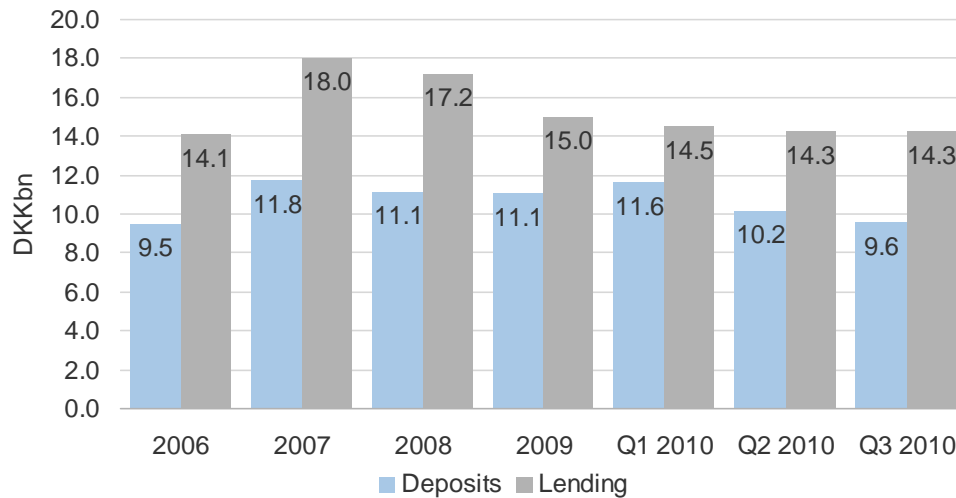
- **Combined Ratio**
 - 2011: 95
 - Longterm goal: 93
- **Expense ratio expected to be 2 percentage points lower in 2012**

Alm. Brand Banking Highlights

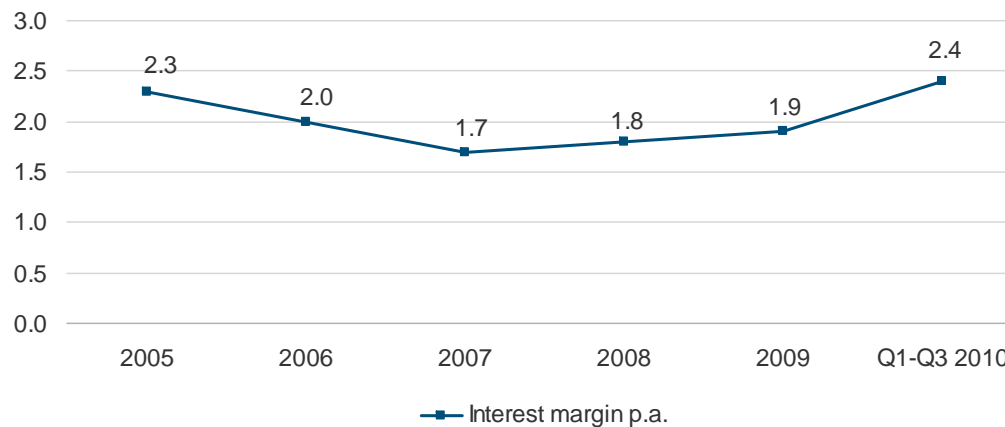
- **Q3: DKK 23 million loss**
 - Incl. losses and writedowns: DKK 488 million loss
- **Q1-Q3: DKK 91 million profit**
 - Incl. losses and writedowns: DKK 660 million loss
- **More rigorous strategy**
 - 3/4 of lending portfolio in run-off
- **At 17 November 2010:**
 - Individual solvency: 14.1
 - Accelerated writedowns
 - More cautious valuation of mortgage deeds
 - Amount remaining to be written down until end-2012: almost DKK 700 million (DKK 1.3 billion to DKK 1.4 billion)
 - Capital injection from Alm. Brand A/S of DKK 600 million
 - FSA review of portfolio



Alm. Brand Banking Deposits and lending



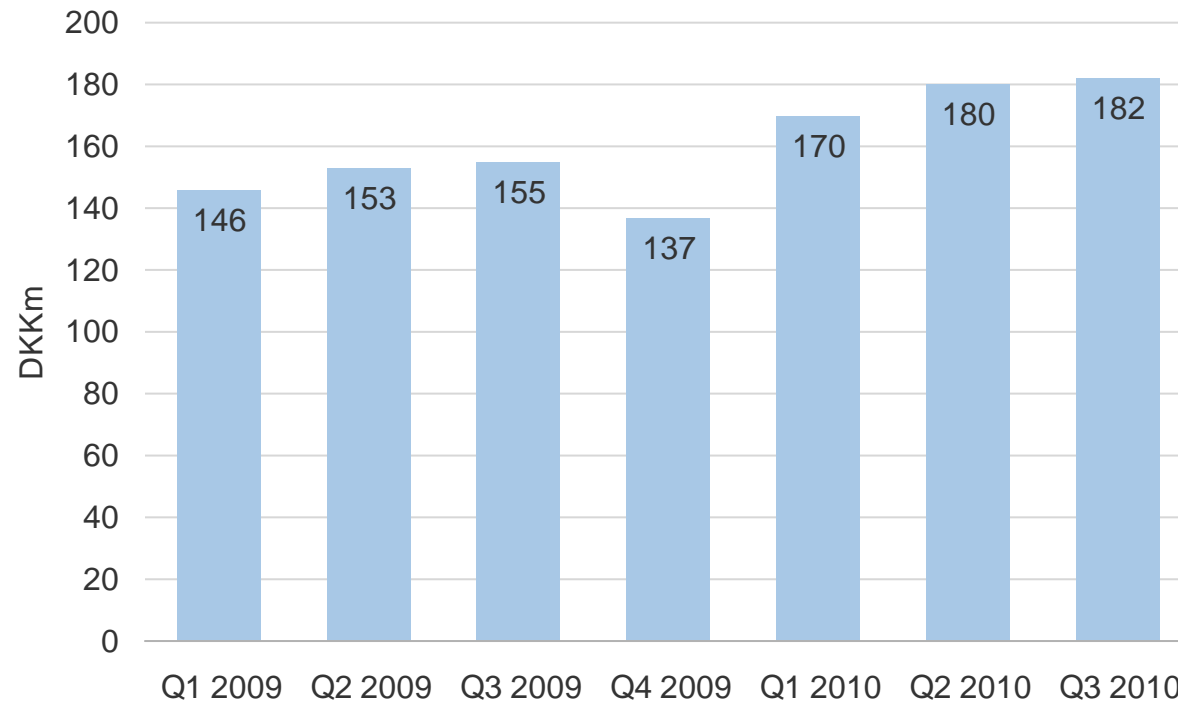
- Lending portfolio reduced by approx. DKK 1.3 billion before losses and writedowns and excluding reverse transactions since end-2009



- Interest margin
 - + Customer margin increased
 - + High-yielding bonds
 - + Lower interest paid on fixed-rate deposits
 - Hybrid capital

Alm. Brand Banking

Net interest and fee income



Alm. Brand Banking

Lending portfolio and credit losses

DKKm	Loans			Impairment writedowns		Prorata	
	31.12.2009	30.09.2010	Portfolio share in pct.	Q3 2010	Q1-Q3 2010	Imp.	pct *)
Segments							
Retail lending	3,356	3,327	23.3%	3	3		0.1%
Car financing	994	706	4.9%	3	8		1.0%
Agriculture	1,125	1,213	8.5%	14	29		2.5%
Other commercial lending	1,008	613	4.3%	-2	25		3.0%
Lending to subsidiaries**)	1,345	577	4.0%	0	-		0.0%
Security financing	3,756	2,616	18.3%	182	375		11.8%
Investment properties	1,791	1,604	11.2%	112	27		1.6%
Residential mortgage deeds	856	1,390	9.7%	-27	40		3.5%
Commercial mortgage deeds	263	562	3.9%	117	163		39.6%
Property development projects	515	547	3.8%	42	57		10.9%
The Private Contingency Association	-	-	-	21	24		-
Total excluding reverse transactions	15,009	13,155	92.1%	465	751		5.3%
Reverse transactions	15	1,131	7.9%	-	-		-
Total	15,024	14,286	100.0%	465	751		5.1%

*) Impairment writedows i procent of the average portfolio in Q1-Q3 2010. The number can not be compared to the writedown number presented in the financial highlights for the bank

***) Alm Brand Formue A/S and Alm. Brand Pantebreve A/S

Alm. Brand Banking

New bank & winding-up bank

Current lending portfolio: DKK 13.2 bn

Continuing portfolio: DKK 3.6 bn

Private lending: DKK 3.3 bn

Investment credits: DKK 0.2 bn

Leasing: DKK 0.1 bn

Winding-up portfolio: DKK 9.6 bn

New strategy for the bank

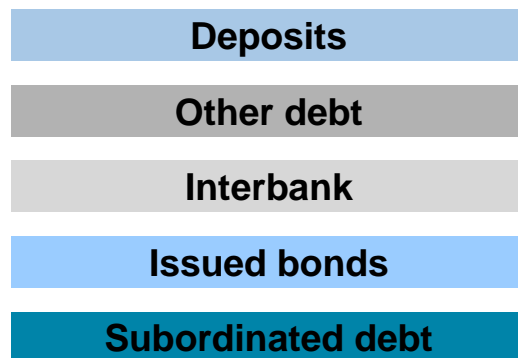
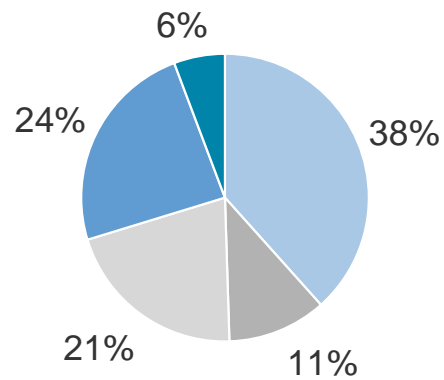
- Supporting non-life insurance and life insurance and pension
- Private
- Leasing
- Markets
- Asset Management

Alm. Brand Banking

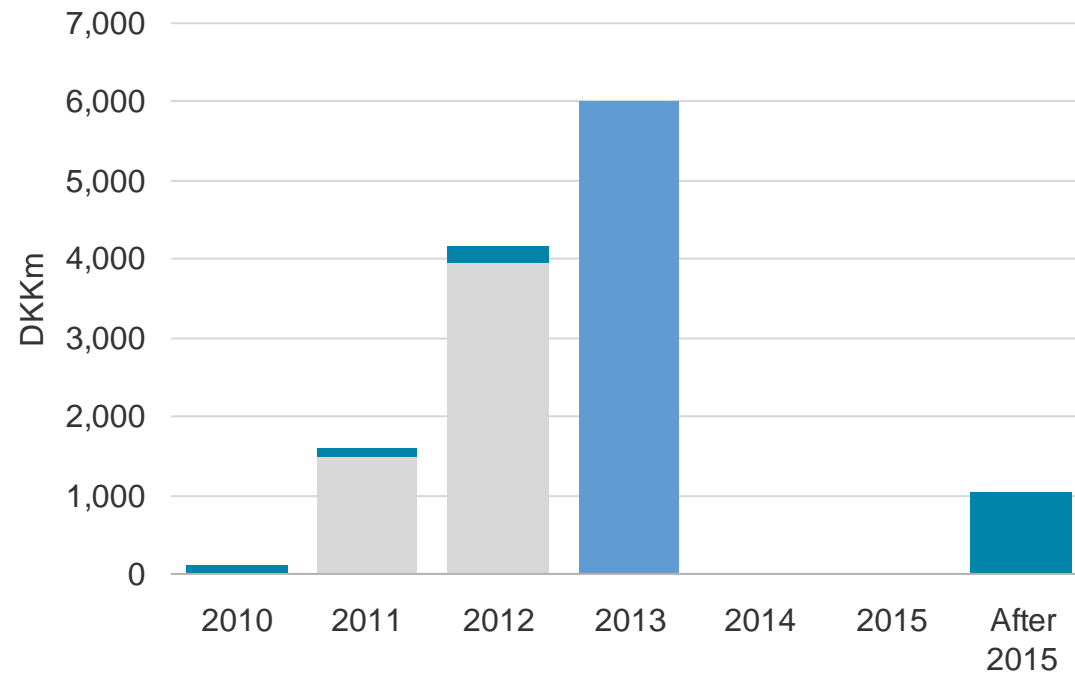
Measures towards a new bank

- **New management and strategy**
 - **Staff reductions**
 - **From 20 to 11 branches**
 - **Winding-up of loans**
 - Commercial, agricultural, loans for mortgage deeds and property development
 - **“Ambulance service” for private mortgage deed debtors**
 - **Acquisition of Alm. Brand Pantebreve A/S**
 - Supervision of winding-up process and customers
- **Target: Significantly reduced risk of losses and writedowns relative to today**

Alm. Brand Banking Funding



Repayment structure for interbank funding, issued bonds and subordinated debt



Alm. Brand Life insurance and pension Highlights

⌘ Results: DKK 30 million profit

- Q1-Q3: DKK 159 million profit

⌘ Collective bonus potential: DKK 348 million

- Bonus rate: 3.4%

⌘ Premiums

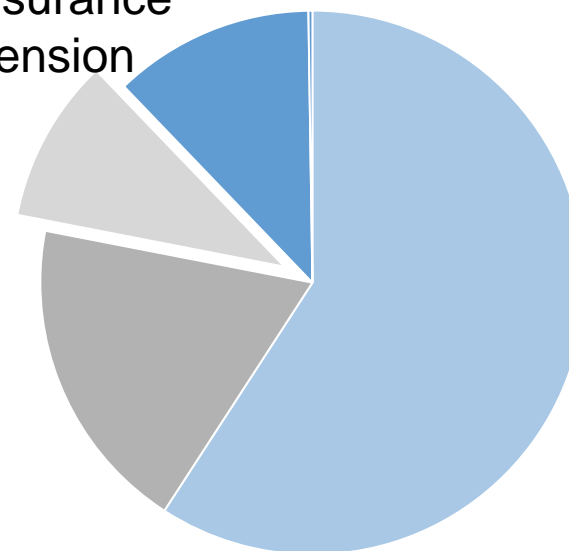
- Growth: 11%
- incl. banking: 10%

⌘ Strong investment return

- 9.8% (p.a. 13.1%)

⌘ Forecast for 2010 upgraded by DKK 30 million to DKK 170 million

Life insurance
and pension



Alm. Brand Life insurance and pension

Return on equity before tax

DKKm	2008	2009	Q3 2009	Q3 2010	Q1-Q3 2009	Q1-Q3 2010
Return on investment allocated to equity	43	58	13	6	52	30
Result of portfolios without bonus entitlement	0	-24	0	4	-2	14
Risk premium	53	54	13	14	40	41
Share of expense and risk result	28	22	1	6	13	18
Calculated return on equity	124	110	27	30	103	103
Reversed from/transferred to shadow account	-81	29	43	0	4	56
Waiver of return	43	0	0	0	0	0
Profit before tax	43	139	70	30	107	159
Shadow account balance	81	56	41	0	80	0

Alm. Brand Life insurance and pension Investments Q3 2010

Return on investments (OE)	2.4%
Return on investments (customers)	<u>9.8%</u>
Bonds etc.	12.3%
Equities	4.8%
Properties	3.7%
Total equity exposure approx.	10.0%
Interest (customers) p.a.	3.0%

Alm. Brand Life insurance and pension Liv og Pension's portfolio

At 30 June 2010	Average guarantee	Duration Year	Share of portfolio
Low guarantees	1.83%	31.07	34.7%
Medium guarantees	3.01%	9.96	18.8%
High guarantees	4.04%	10.87	46.5%

- Short duration on high guarantee

Alm. Brand

Outlook 2010

- **Alm. Brand A/S upgrades with DKK 100 million from DKK 200 million to DKK 300 million (before losses and writedowns)**
 - Non-life insurance from DKK 20 million loss to DKK 100 million profit
 - Life insurance and pension from DKK 140 million profit to DKK 170 million profit
 - Bank downgrades (before losses and writedowns) from DKK 140 million profit to DKK 90 million profit
 - Other business activities unchanged at DKK 60 million loss

Alm. Brand Outlook 2011

- **Alm. Brand A/S: DKK 340 to 400 million profit**
 - Non-life insurance: DKK 300 million profit (Combined Ratio: 95)
 - Life and pension: DKK 70 million profit
 - Banking: DKK 70 million profit (before losses and writedowns)
 - Other business activities: DKK 40 to 100 million loss

Alm. Brand

Capital until 2012

- + Earnings
- + Reduced total lending in the bank
- Solvency II
- Basel III
- Losses and writedowns in the bank

Capital contribution:

- + Commitment of DKK 900 million from fmba
- + Considerations regarding rights issue with proceeds of DKK 1.5 to 1.7 billion (incl. commitment from fmba)

Alm. Brand

The group's internal capital target

- **Non-life insurance**
 - 45% of premiums
 - DKK 500 million above Solvency II requirement
- **Life insurance and pension**
 - 9% of provisions
 - DKK 500 million above Solvency II requirement (requirements and model remain uncertain from a legislator point of view)
- **Banking**
 - Individual solvency requirement plus 3% of risk-weighted assets, however, not less than 13%
 - DKK 500 million above individual solvency need
- **Goal provides room for unforeseen events**

Alm. Brand

Outlook until 2012

- **Losses and writedowns in the bank**
 - Almost DKK 700 million (until end-2012)
- **Consolidated results after losses and writedowns**
 - 2010: Substantial loss
 - 2011: Small profit
 - 2012: Significantly greater profit
- **Due to**
 - Normalised writedowns
 - Claims mitigation
 - Premium increases
 - Declining expenses

Alm. Brand Highlights

- **Non-life insurance developing favourably**
- **Life insurance and pension continuing stable and favourable development**
- **Continued decline in expenses**
- **Review of lending in the bank**
 - Revised view on mortgage deeds
 - Advancement of impairment writedowns
 - Increased writedowns
 - Increased solvency
- **Injection of capital into the bank**
- **Profit upgrade with DKK 100 million to DKK 300 million**

Alm. Brand A/S

Q3 2010 – Conference call

