

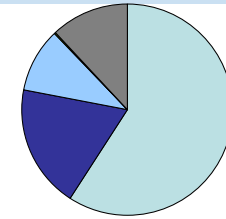
Alm. Brand A/S

Annual Report 2009 – USA

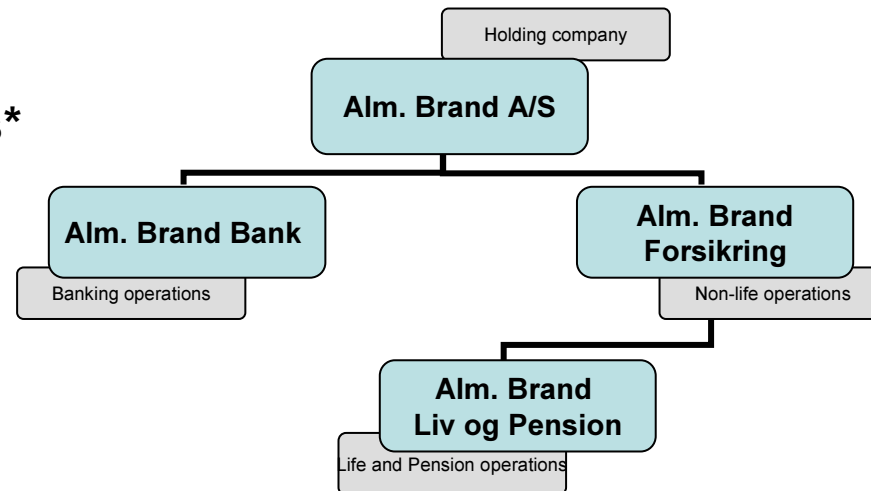


Alm. Brand

Three business areas



- **Non-life**
 - 4th largest in DK
 - 500,000 customers*
 - 200,000 Plus customers*
- **Banking**
 - 65,000 customers*
 - Supports non-life
- **Life and pension**
 - 80,000 customers*
 - Supports non-life
- **“Double-customers”**
 - 27,000*
 - Growth: 8%



“We take care of our customers”

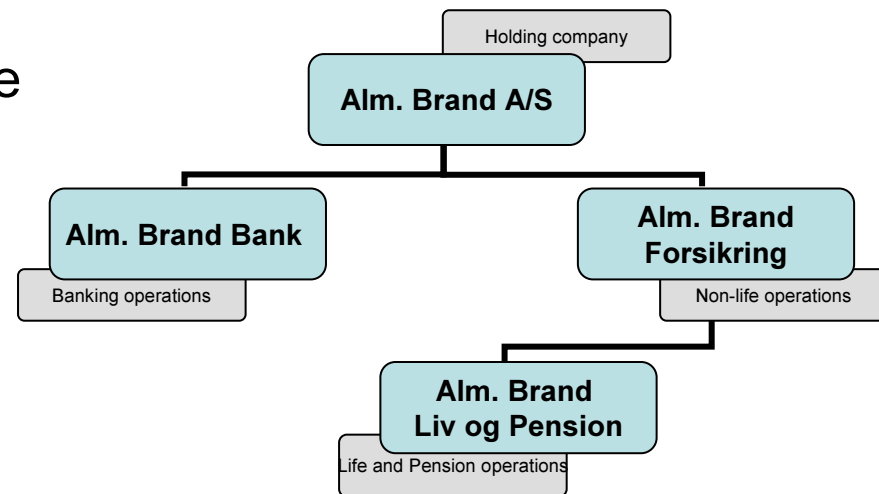
* Number of households/units

Alm. Brand A/S

The group

Before 2001

- Mutual non-life insurance company (since 1792)
- Alm. Brand A/S
 - Listed on the stock exchange
 - Activities:
 - Banking
 - Reinsurance
 - Life and pension



2001

- Non-life operations from G/S to A/S
- New focus
- New strategy towards 2006
- Reinsurance in run off
 - Isolated risk

Alm. Brand A/S

The group (2)

2002 - 2004

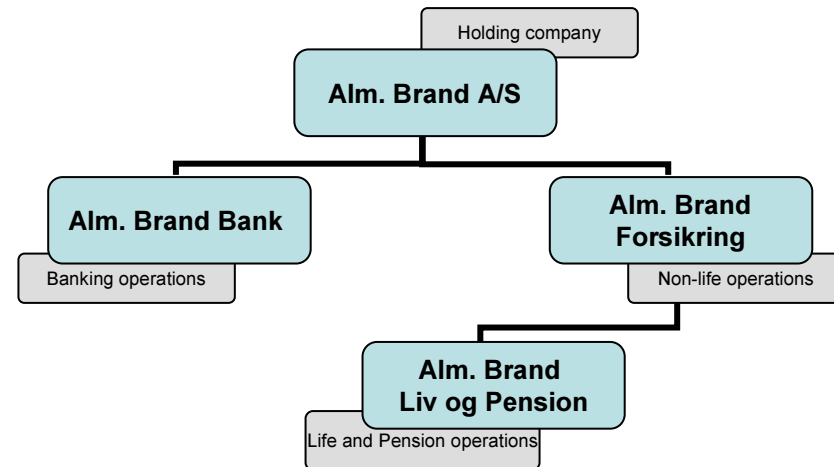
- The turn around
 - New processes and systems
=> Decreasing cost ratio
 - Risk - Cost optimization
 - Loss of market share
 - Service and advising
 - Accessibility

• 2005

- The turn around completed
- Good results and "The best Nordic non-life portfolio"
- High customer satisfaction

• 2006 – 2008

- New strategy towards 2010
- Double customer concept
- Growth to regain market share in non-life and gain Economies of Scale
- => success until the outbreak of the global financial crisis

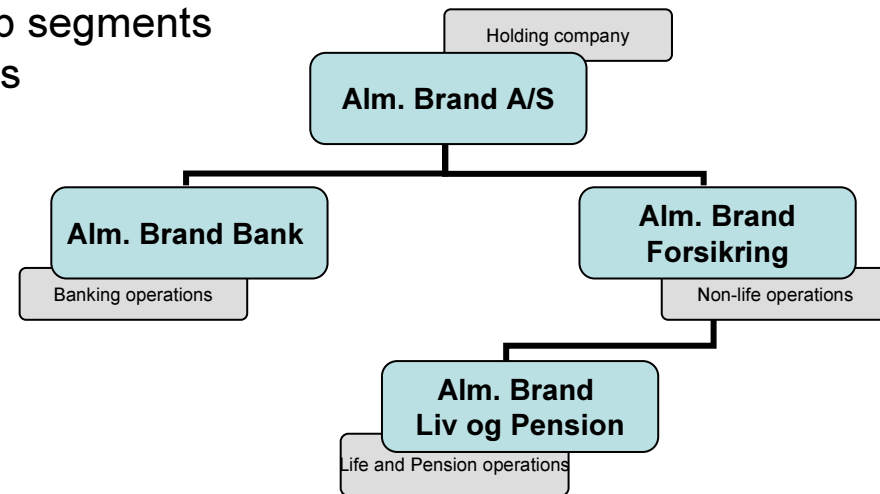


Alm. Brand A/S

The group (3)

2009

- The turn around of the bank
 - New strategy
 - Focusing on common Group segments
 - Closing down high risk areas
 - New management
 - Substantial write-downs
 - Injection of needed capital
- Strengthening non-life
 - Premium increases
 - Claims-limiting activities
- Cost reductions in group



2010 – A year of change

- The necessary steps towards the turn around has been taken
- Fewer write-downs
- Stabilization of claims
- Increasing premiums

Alm. Brand Business Case

- **Vision: "We take care of our customers"**
- **Cover all financial customer needs**
- **Core customers**
 - Private
 - SME
 - Agriculture
- **Double - customers**
 - Considerable savings on premiums for customers
 - Loyalty
 - Satisfaction
 - Repurchase

Alm. Brand

Distribution



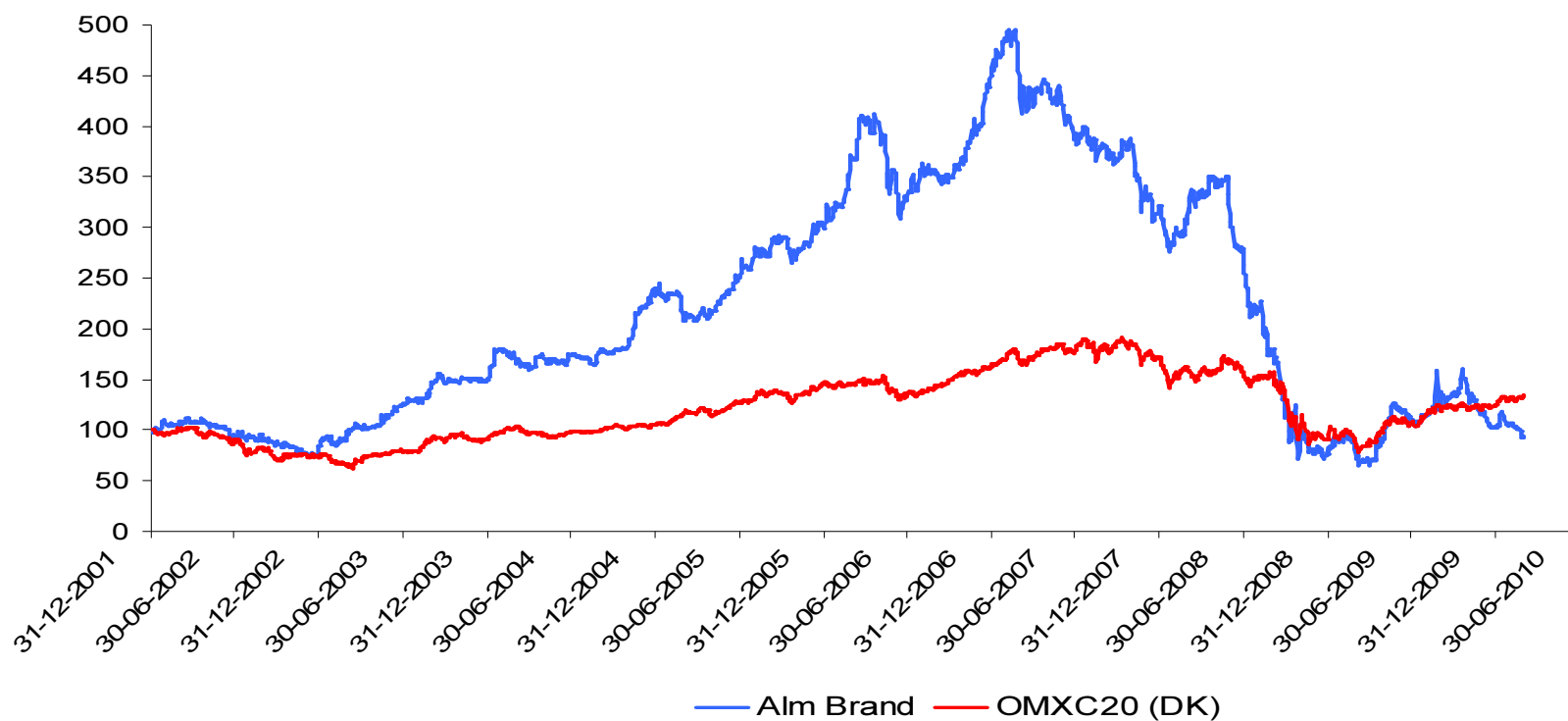
- Five regional offices
- Two central service centers (insurance)
- One central service centre (bank)
- 35 branches
- 300 insurance agents (private, commercial, agriculture)
- Sales and service via the internet or by telephone
- Partnerships
- Brokers

Alm. Brand Ownership

- **One owner with more than 5% ownership**
 - Alm. Brand af 1792 fmba
- **8% foreign investors**
 - 20% of free float
- **Nominal Capital**
 - DKK 1,388,000,000

The Alm. Brand share

Alm. Brand vs. OMXC20



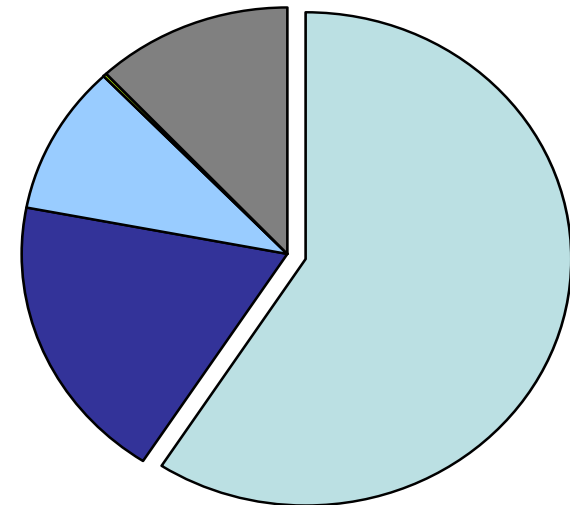
Alm. Brand

Highlights 2009

- Highly unsatisfactory loss of DKK 1.3bn
 - Before write-downs a profit of DKK 331m
- Write-downs of DKK 1.7bn in bank
- New management and strategy in bank
- Still high claims ratio in non-life
 - Premium increases
- Very satisfactory result in life
- Lower costs

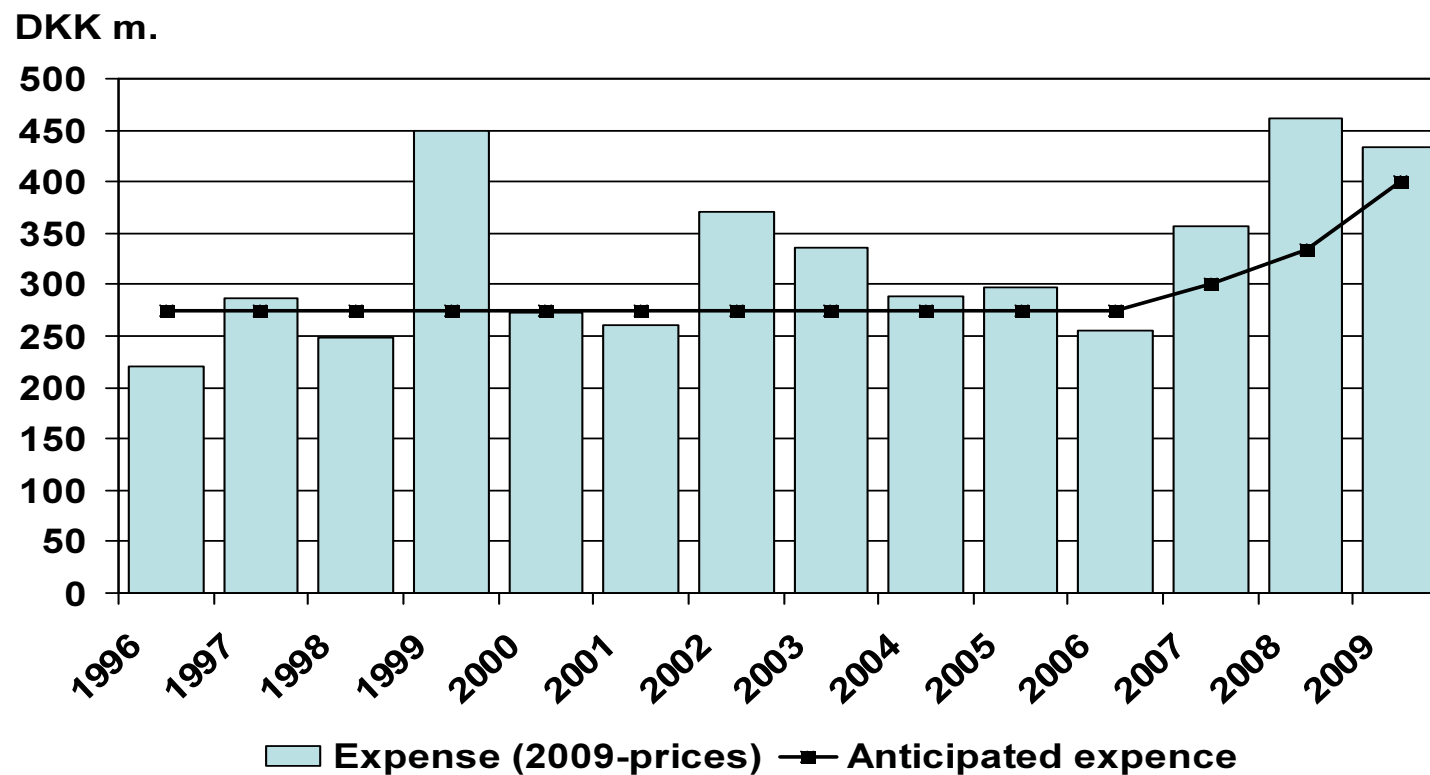
Alm. Brand – Non-life Highlights 2009

- **Result: Profit of DKK 287m**
- **Total premiums: DKK 4.7bn**
- **CR: 98.0 (goal 93-94)**
 - Q4: 96.9
- **Expense ratio: 18.5%**
 - Q4: 16.6%
- **Claims development stabilized toward the end of the year**
- **500,000 customers**



Non-life
insurance

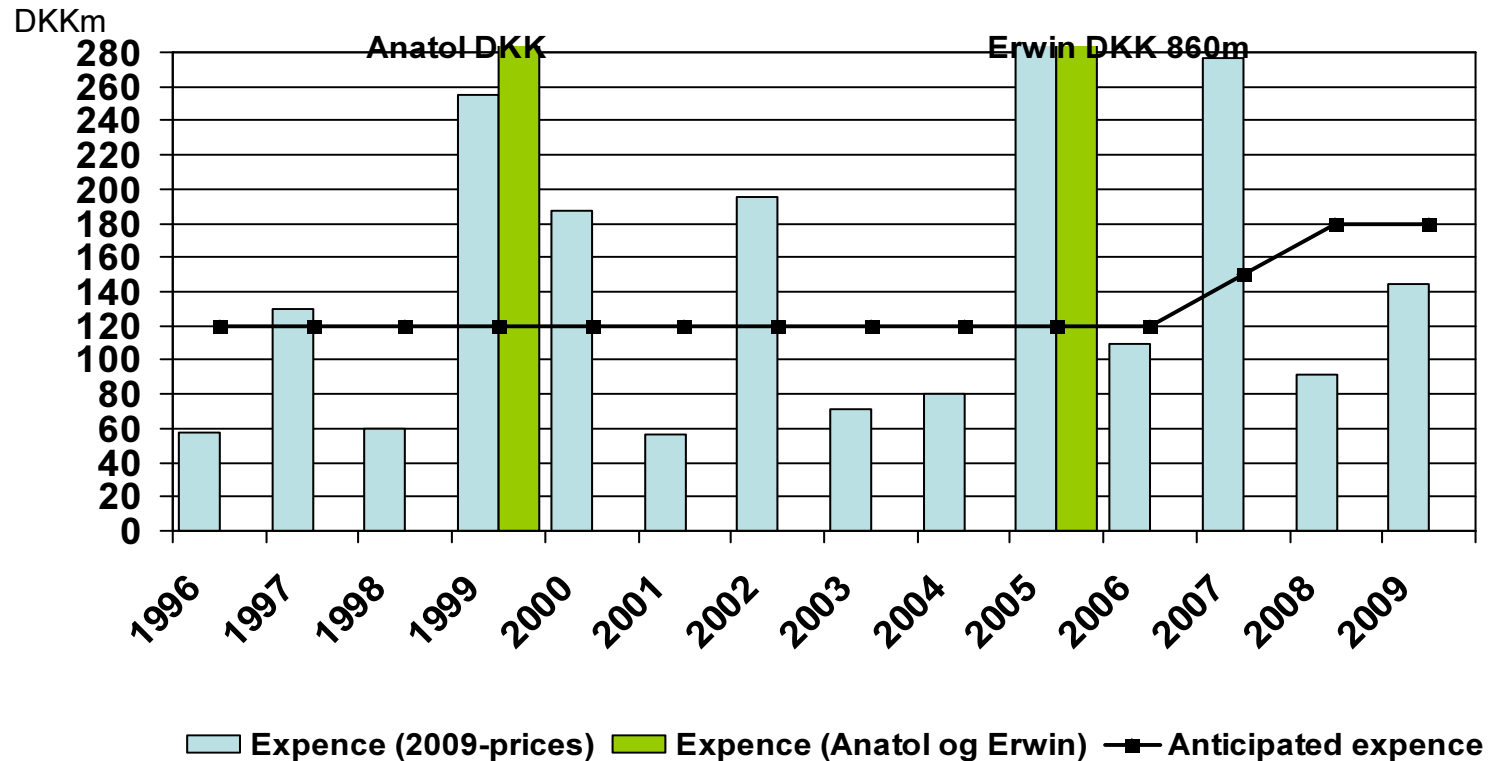
Alm. Brand – Non-life Expenses for major claims*



* Claims of more than DKK 1m

- New tariffs and terms
- Claims-limiting activities

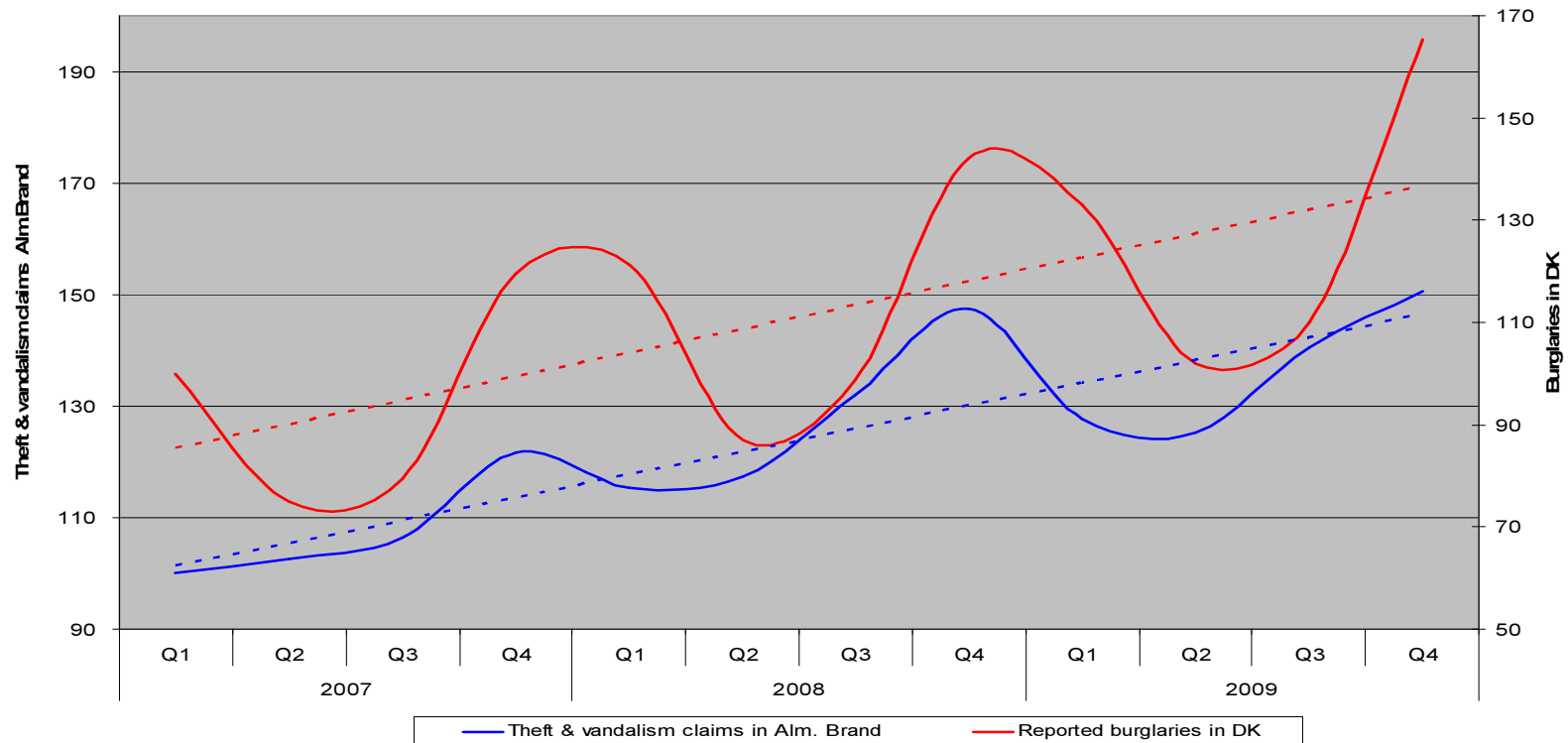
Alm. Brand – Non-life Weather claims



- More lighting claims
- Heavy rain
- Storm in November

Alm. Brand – Non-life Burglaries

Correlation between reported burglaries in DK and theft & vandalism claims in Alm.Brand



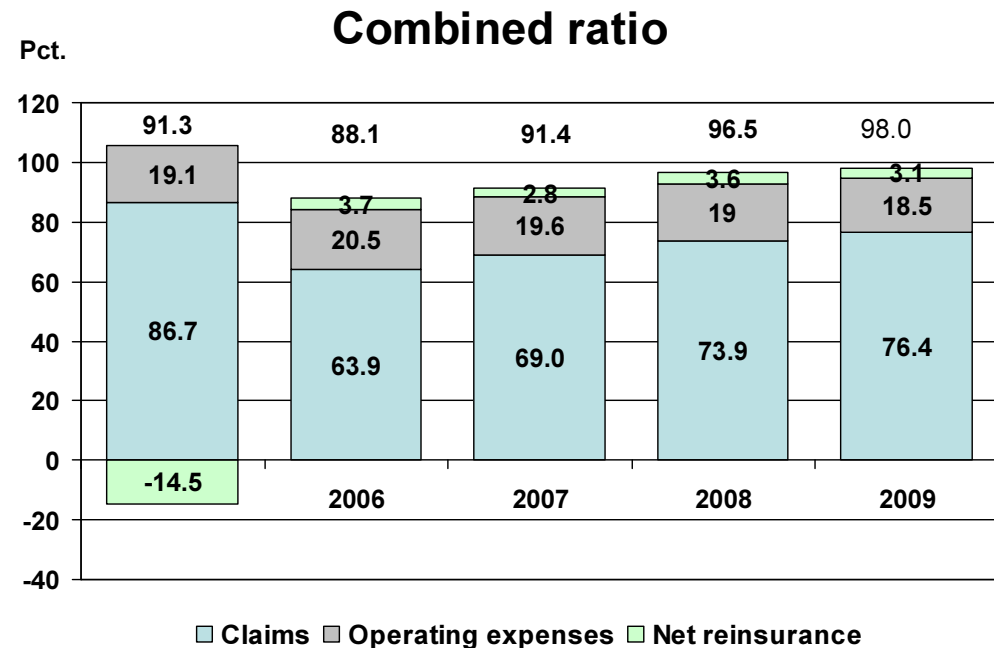
- Significant increase
- Christmas holidays particularly impacted
- Urgent need for police efforts



Alm. Brand – Non-life

Impact on performance

- Lower costs
- High claims ratio
- Expensive major claims
- Burglaries are very expensive
- ⇒ Increase in premiums
- ⇒ Claims-limiting activities
- Discounting effect: 1.3% higher claims ratio
 - Q4: 1.5%
- Weaker growth because of economic recession



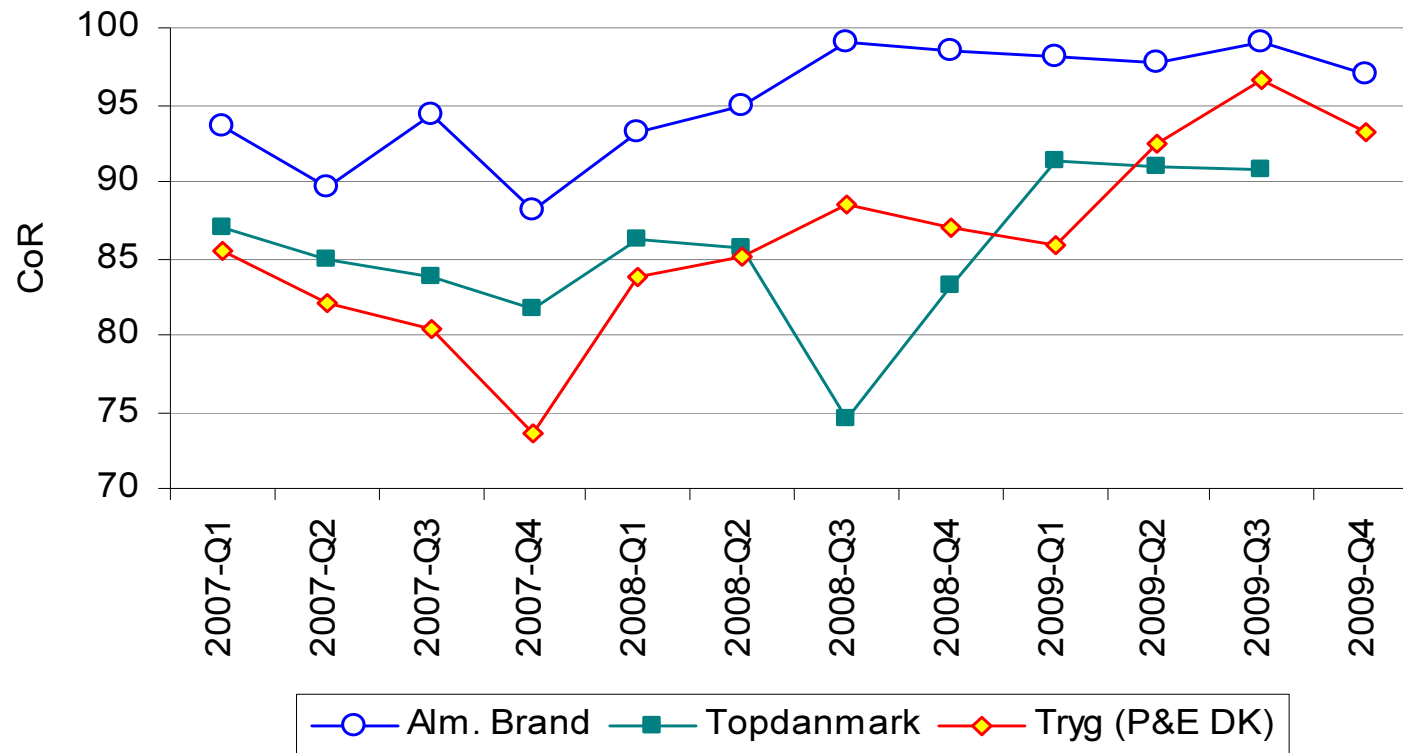
Alm. Brand – Non-life Combined ratio

	2006	2007	2008	2009
Combined Ratio ex weather claims and major claims	81.4	81.6	84.2	87.4
Major claims	5.6	7.4	9.7	9.2
Weather claims	2.2	4.3	1.9	3.1
Run-off result*	-1.1	-1.9	0.7	-1.7
Combined ratio	88.1	91.4	96.5	98.0

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



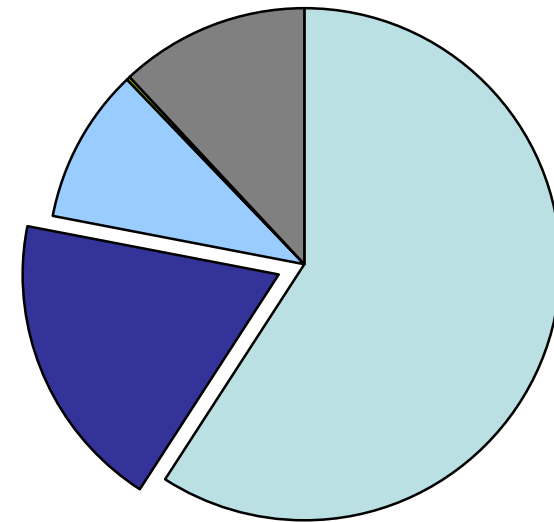
Alm. Brand – Non-life Combined ratio – to be improved



- Premium increases of DKK 200m.
- Claims limiting activities

Alm. Brand – Banking Highlights 2009

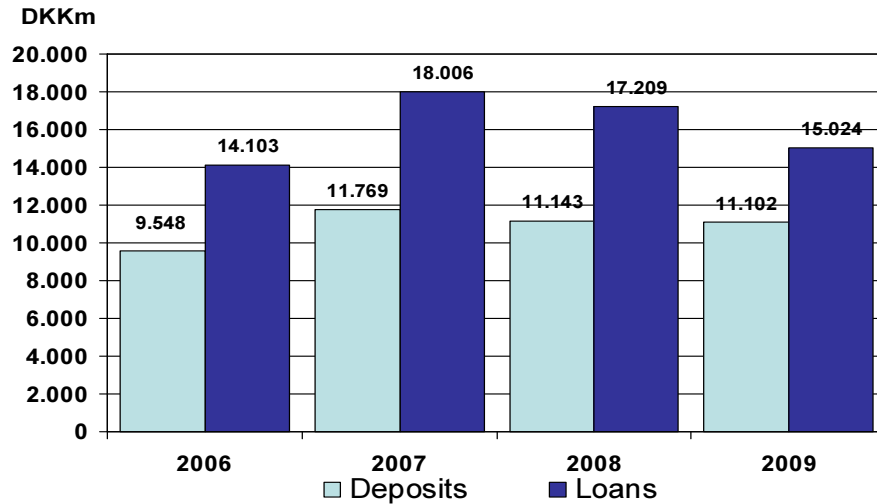
- **Result: Loss of DKK 1.7bn**
- **Interest margin: 1.9%**
- **65,000 customers**
- **27,000 “Double-customers”**
- **Solvency: 16%**
- **Core Capital: 12.9%**
- **Restructuring costs: DKK 139m**
- **Costs of bank packages: DKK 147m**



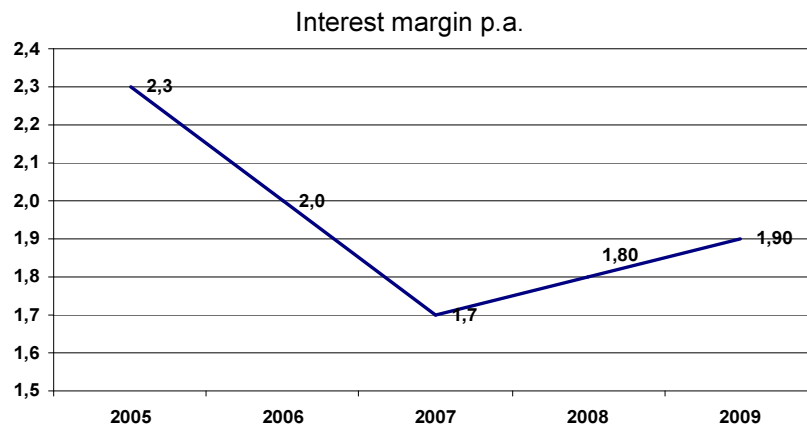
Banking

Alm. Brand – Banking

Deposits and loans



- Loan portfolio reduced by DKK 2.2bn
 - Of which accumulated write-downs DKK 1.4bn
- Deposit deficit reduced to 26%



- Interest margin
- + increased customer margin
- - hybrid capital
- - substantial excess liquidity

Alm. Brand - Banking

Loan portfolio and credit losses

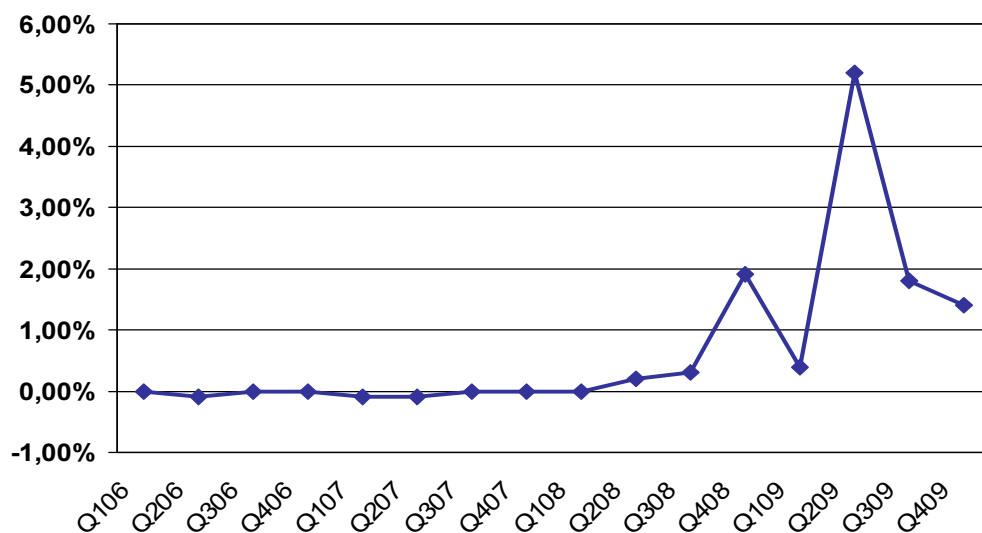
DKKm	Lending			Losses and writedowns					Loss rate	
	2008	2009	%	Q1	Q2	Q3	Q4	Total	Q4	2009
Retail lending	3,524	3,356	22.3%	-7	21	0	43	57	1.3%	1.7%
Car finance	1,276	994	6.6%	6	11	5	3	25	0.3%	2.2%
Agriculture	1,081	1,125	7.5%	-2	65	0	16	79	1.4%	7.2%
Other commercial lending	1,234	1,023	6.8%	6	17	14	1	38	0.1%	3.4%
Lending to subsidiaries	1,287	1,345	9.0%	0	0	0	0	0	0.0%	0.0%
Security financing	4,570	3,756	25.0%	37	167	110	109	423	2.8%	10.2%
Investment properties	2,291	1,791	11.9%	4	378	0	19	401	1.1%	19.6%
Residential mortgage deeds	1,028	856	5.7%	4	20	30	23	77	2.6%	8.2%
Commercial mortgage deeds	309	263	1.8%	10	26	74	29	139	10.4%	48.6%
Property development projects	609	515	3.4%	23	273	71	11	378	2.5%	67.3%
Private Contingency Association	-	-	-	-2	6	33	13	50	-	-
Total	17,209	15,024	100.0%	79	984	337	267	1,667	1.7%	10.3%



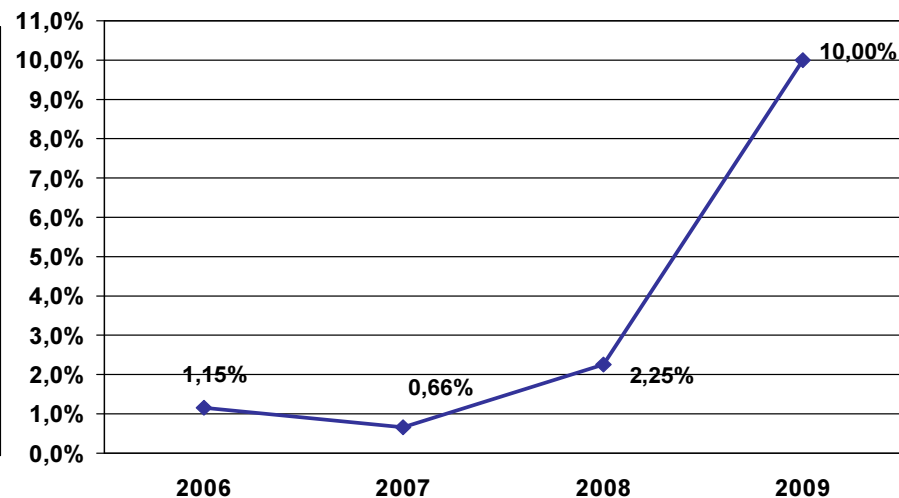
Alm. Brand – Banking Writedowns

- Especially on corporate mortgage deeds, property investment projects and one single property development project
- Falling trend since June 2009

Writedowns



Accumulated writedown ratio*



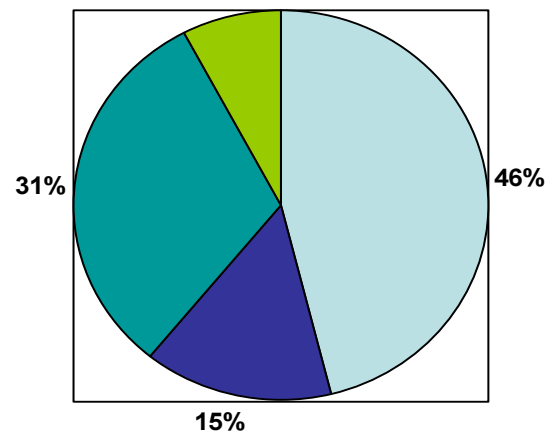
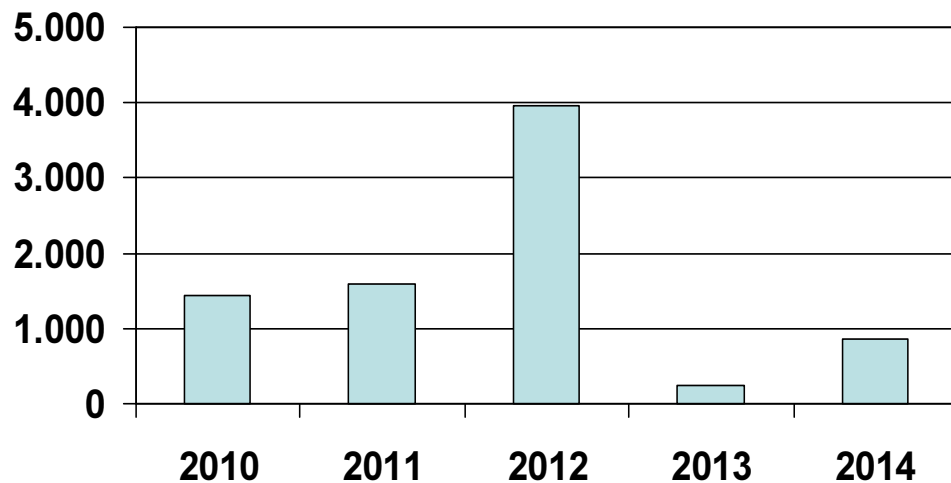
* Excluding credit-related value adjustments on mortgage



Alm. Brand – Banking Funding situation

- Long cheap funding
- Applied for state guaranteed bond issues (under BP II)
- DKK 2.1bn new capital injected in 2009

Repayment structure for loans issued by
Alm. Brand Bank

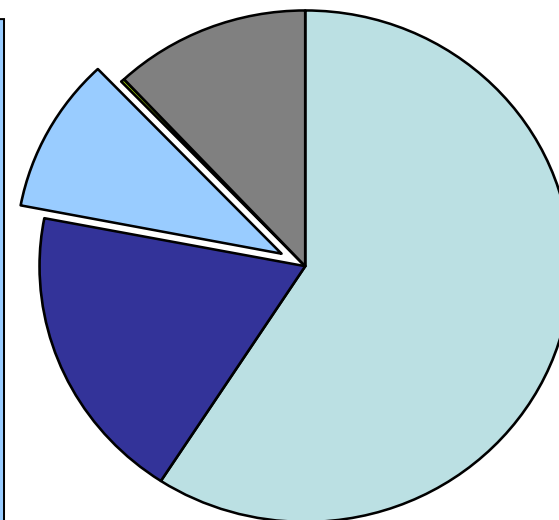


Alm. Brand – Banking Future

- **New management**
- **New strategy**
 - **Supporting non-life segment customers**
 - **Private, SME and agriculture**
 - **Asset Management and Markets activities**
 - **Focus on reducing write-downs**
 - **Transfer of mortgage customers to bank**

Alm. Brand – Life and Pension Highlights 2009

- **Result: Profit of DKK 139m**
- **Collective bonus potential: DKK 225m**
- **Shadow account balance: DKK 56m**
- **Gross premiums: DKK 710m**
 - Growth: -5%
- **Provisions: DKK 11.3bn**
- **80,000 customers**



Life &
Pension

Alm. Brand – Life and Pension Investments 2009

- **Very satisfactory performance**
- **Very strong investment return**
 - **8.5%**
- **Low costs**
- **=> Collective bonus potential: DKK 225m**

Return on investments (OE)	6.3%
Return on investments (customers)	<u>8.5%</u>
Bonds etc.	6.7%
Equities	33.2%
Properties	4.8%
Total equity exposure about 10%	
Rate of interest (customers) p.a.	3.0%

Alm. Brand - Life and Pension

Composition of the result (excl. health and personal accident)

DKKm	2005	2006	2007	2008	2009
Profit/loss on expenses	23	11	-2	9	4
Profit/loss on investment	654	-320	-366	-360	486
Change in benefit guarantee etc	-353	497	347	-79	-176
Change in collective bonus potential	-220	-160	62	413	-225
Risk result	44	36	46	48	45
Profit/loss on reinsurance	-4	17	17	12	5
Profit before tax	144	81	104	43	139
Tax	139	-15	-35	-17	-26
Profit after tax	283	66	69	26	113

Alm. Brand - Life and Pension

Key ratios (excl. health and personal accident)

DKKm	2005	2006	2007	2008	2009
Gross premiums	747	736	750	747	710
Profit before tax	144	81	104	43	139
Profit after tax	283	66	69	26	113
Provisions for insurance contracts	11.416	11.294	11.049	10.801	11.263
Shareholders' equity	1.278	1.114	903	1.079	1.192
Shareholders' equity before tax p.a.	13%	7%	12%	4%	12%
Collective bonus potential	317	474	413	0	225
Bonus rate	3,1%	4,7%	4,0%	0,0%	2,1%

Alm. Brand - Life and Pension

Return on equity before tax

DKKm	2005	2006	2007	2008	2009
Return on investment allocated to equity	23	24	31	43	58
Profit/loss on portfolio without bonus entitlement	-13	2	1	0	-24
Risk premium	40	44	55	53	54
Share of profit/loss on expenses and risk	14	11	17	28	22
Estimated return on equity	64	81	104	124	110
Carried back from/Carried forward to shadow account	80	0	0	-81	29
Profit before tax	144	81	104	43	139
Balance shadow account	0	0	0	81	56

Alm. Brand A/S

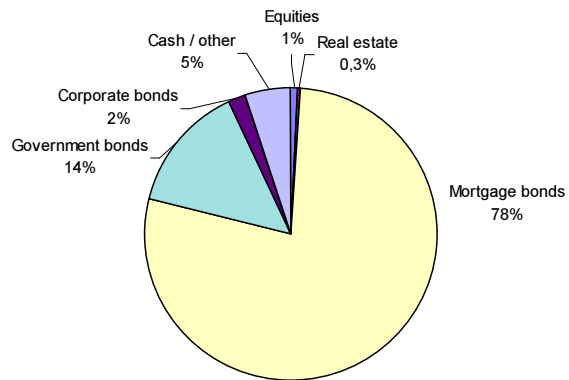
Capital requirements

- Insurance (non-life and life)
 - Well capitalized
 - Non-life: 190% of regulatory requirements
 - Life : 230% of regulatory requirements
 - Have estimated capital requirements under QIS V
 - Still above regulatory demands
 - Do not expect these very strict requirements to be final
- Bank
 - Well capitalized
 - 200% of regulatory requirements
 - Still a lot of uncertainty about the new Basel II rules

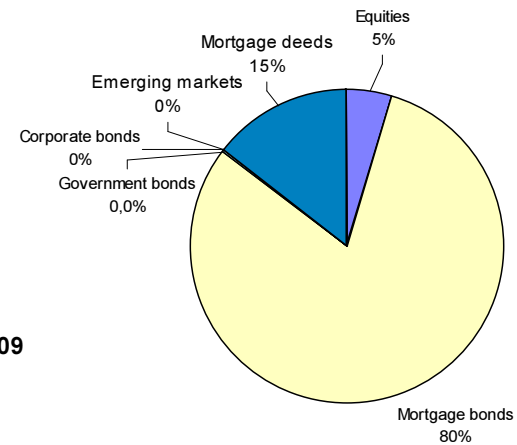
Alm. Brand

Investment assets

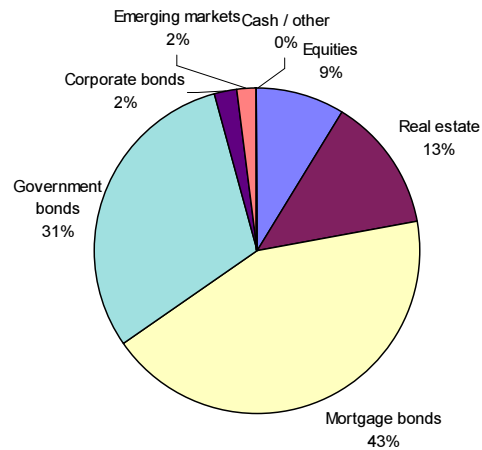
Non-life, asset allocation 31 december 2009



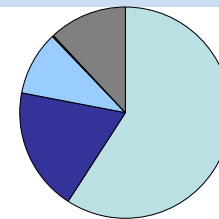
Bank, asset allocation 31 december 2009



Life, asset allocation 31 december 2009



Alm. Brand Highlights



- Very unsatisfactory performance
- Write-downs has slowed down
- Many claims – but stabilized at the end of the year

- Premium increases
- New management and strategy in bank will change focus and costs

Disclaimer

“The statements made in this presentation are based on current expectations, estimates and projections made by management. All statements about future financial performance are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the statements. All statements about future financial performance made in this presentation are solely based on information known at the time of the preparation of the last published financial report, and the company assumes no obligation to update these statements, whether as a result of new information, future events, or otherwise.”

Alm. Brand A/S

Annual Report 2009 – USA

