

# Alm. Brand A/S

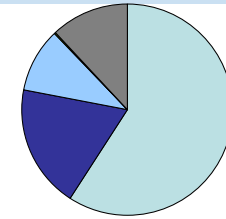
## Q3 2009 – Carnegie – December 2009

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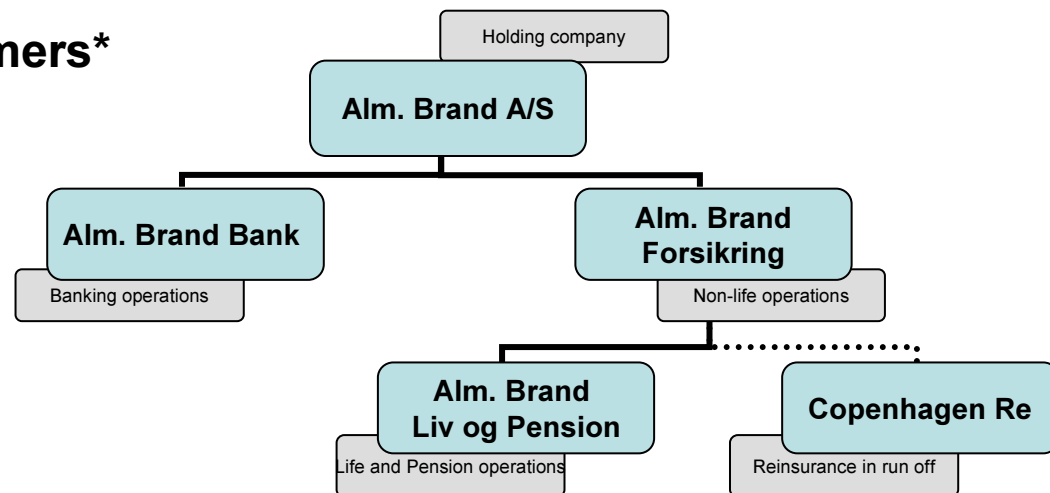


# Alm. Brand

## 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”**
  - 25,000\*
  - Growth: 19%



“We take care of our customers”

\* Number of households/units

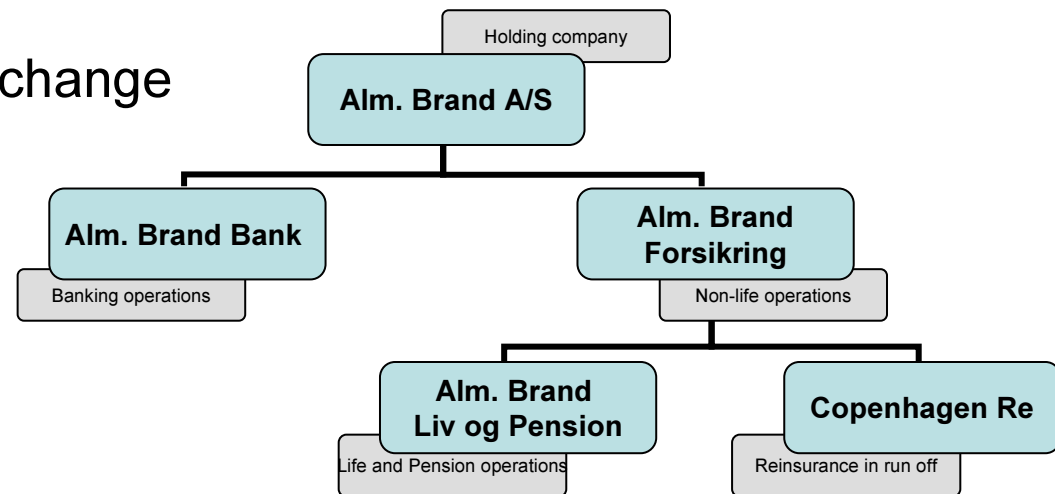


# Alm. Brand A/S

## 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

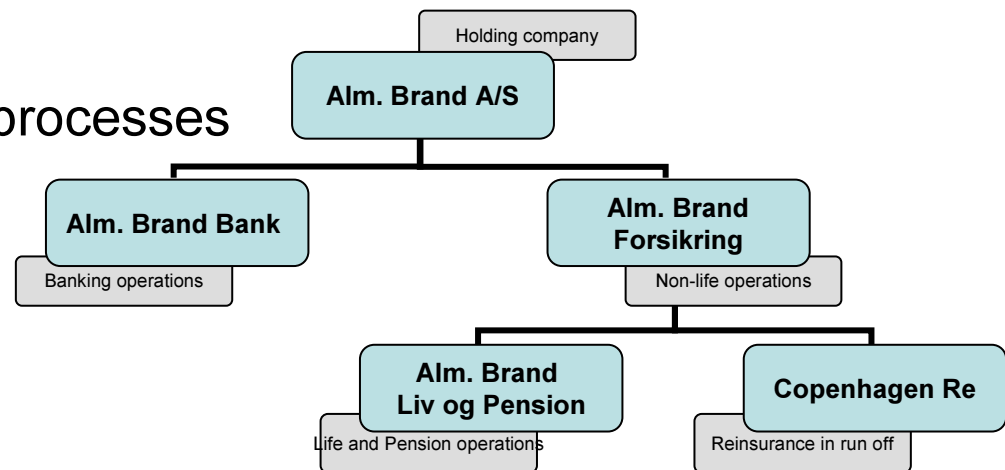
- Non-life operations from G/S to A/S
- New focus
- New strategy towards 2006
- Reinsurance in run off
  - Isolated risk

# Alm. Brand A/S

## The group (2)

### 2002 - 2004

- The turn around
- New processes and systems
  - New non-life system
  - IT – More for less
  - Customer and handling processes
  - Streamlining
  - => Decreasing cost ratio
  - Risk - Cost optimization
    - Loss of market share
- Service og counselling
- Accessibility

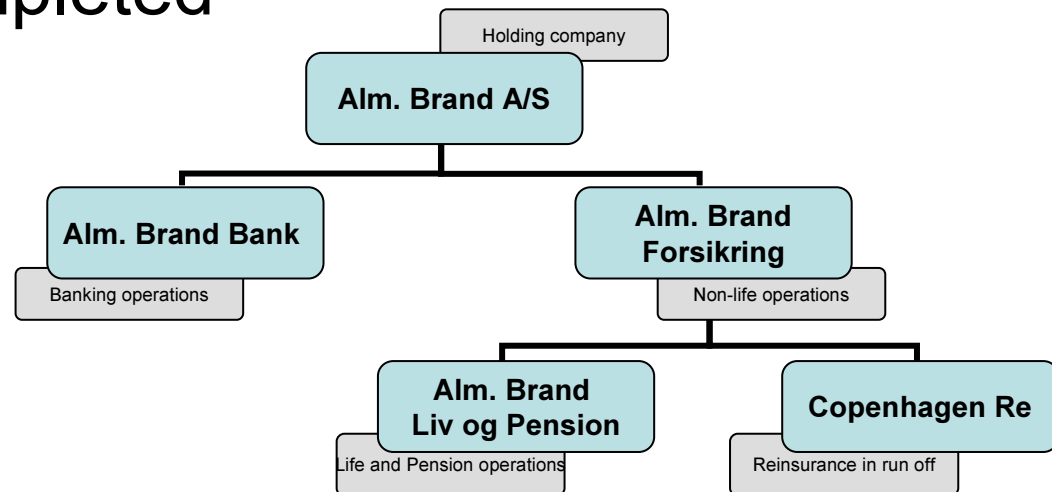


# Alm. Brand A/S

## The group (3)

**2005**

- Turn around completed
  - Before time
- Excellent results
- High satisfaction
  - Customers
  - Employees
- "The best Nordic portfolio"



**=> New growth strategy towards 2010**

# Alm. Brand A/S

## The group (4)

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- **Fit for Fight**
- **2010 to 2012**
- **A new focus to a changed world**

- **Return on Equity : PM+ 10%**
- **Increased earnings per customer**
- **Customer Loyalty**
- **Employee Engagement**
- **Effektivitvity : Up by 5% pa.**

# Alm. Brand Business Case

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- **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

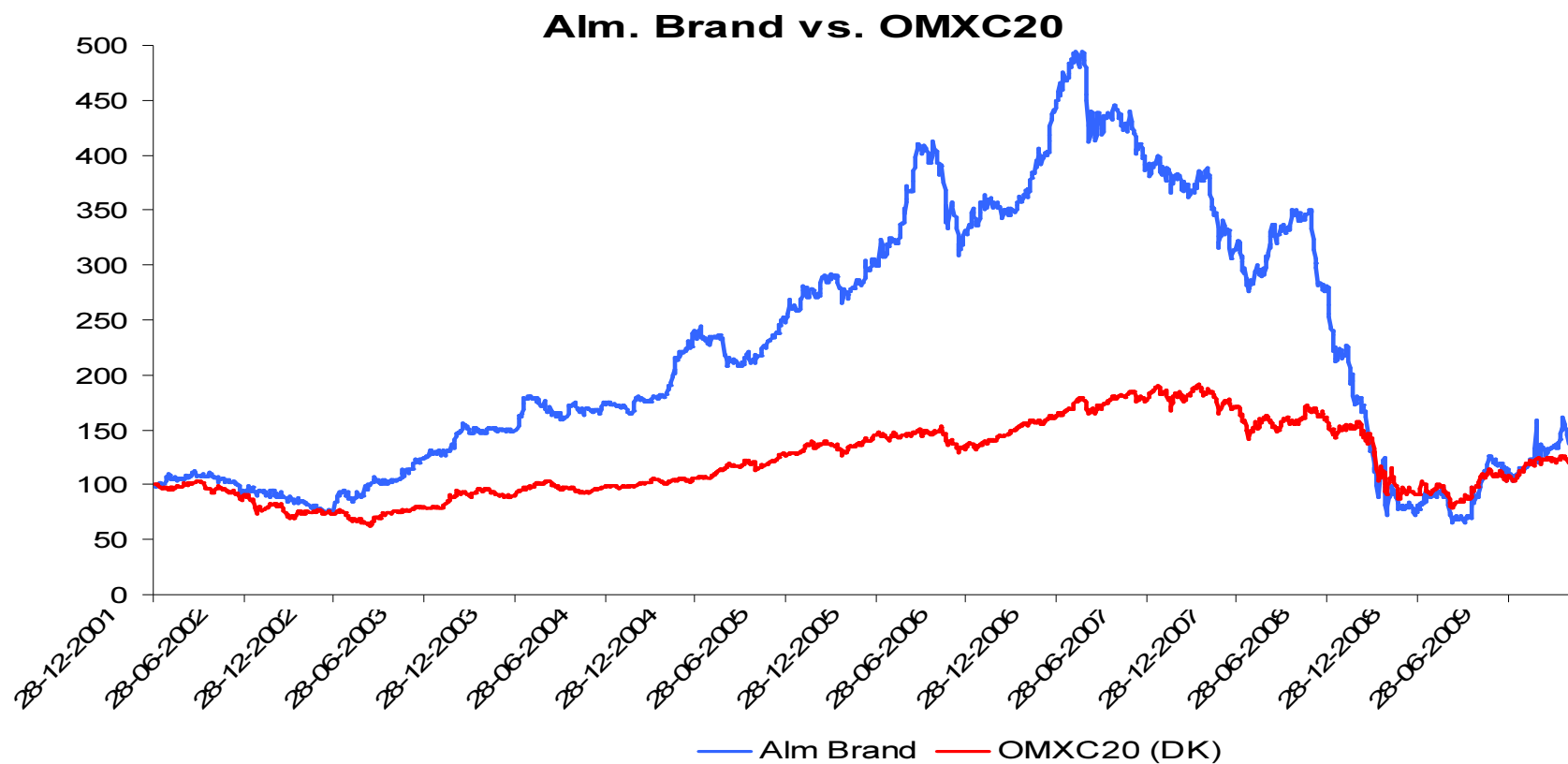


- Five regional offices
- Two central service centres (insurance)
- One central service centre (bank)
- 35 branches
- 300 insurance agents (private, commercial, agriculture)
- Sales and service via the internet or by telephone
- Partnerships
- Brokers

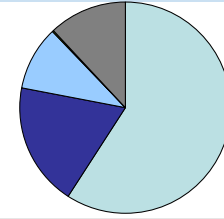
# Alm. Brand Ownership

- **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



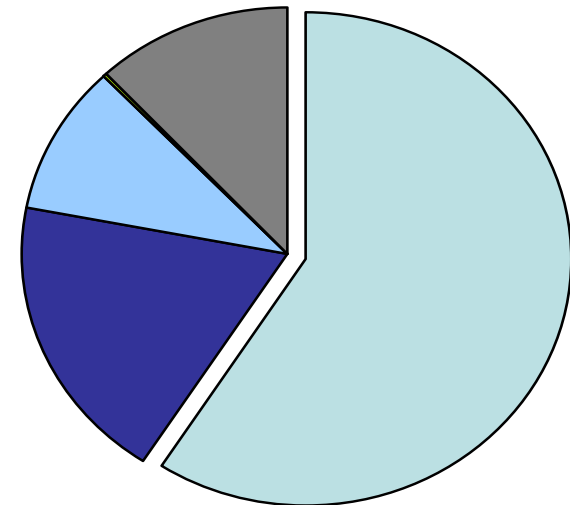
# Alm. Brand Highlights Q3 2009



- Highly unsatisfactory loss of DKK 220m
- Writedowns of DKK 337m in bank
- Very satisfactory investment performance
- Increasing premium level initiated
- New strategy in bank

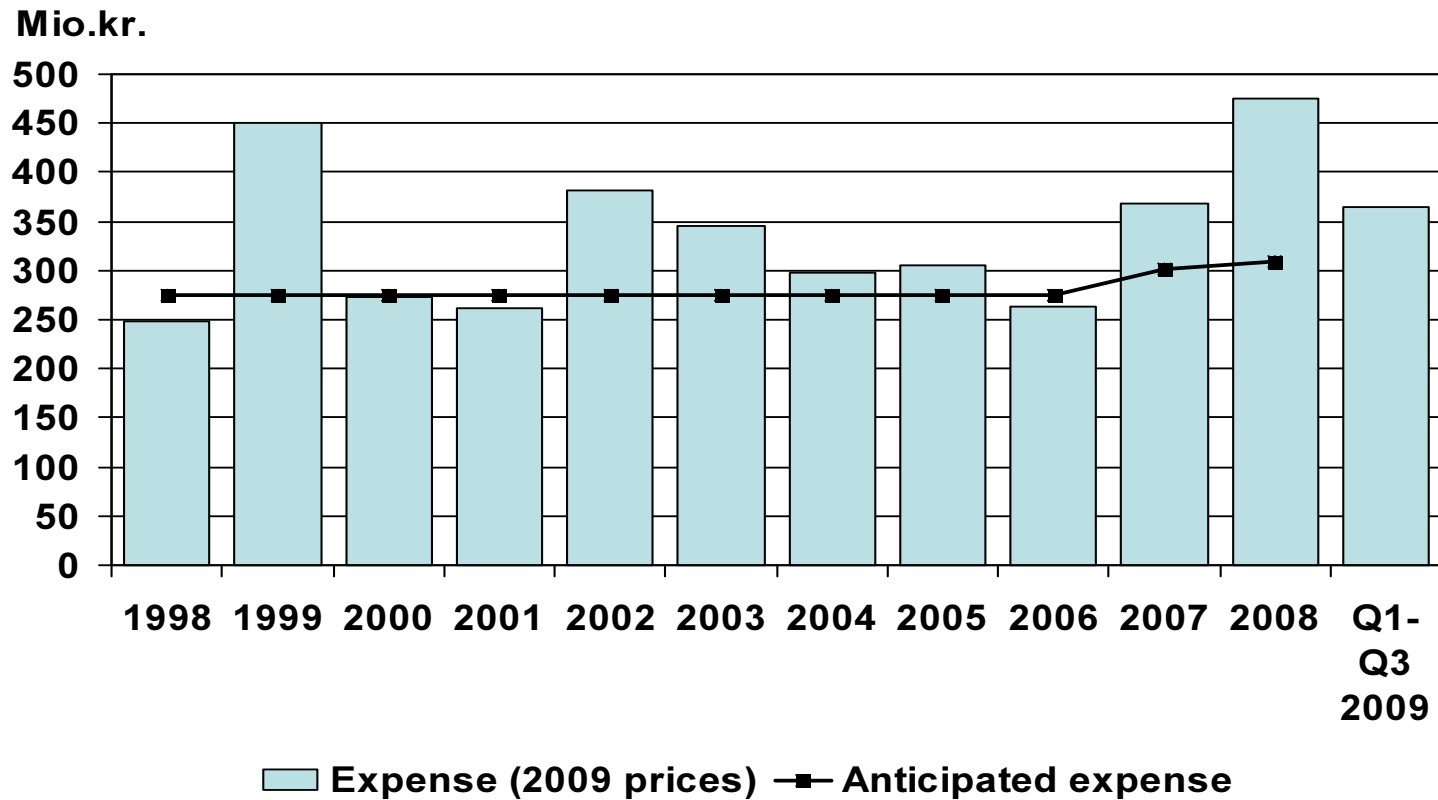
# Alm. Brand – Non-life Highlights Q3 2009

- **Result: DKK 42m profit**
  - Q1-Q3: DKK 231m
- **Total premiums: DKK 1.2bn**
  - Q1-Q3: DKK 3.5bn
- **CR: 99.1 (goal 93)**
  - Q1-Q3: 98.4
- **Expense ratio: 17.8%**
  - Q1-Q3: 19.2%
- **500,000 customers**



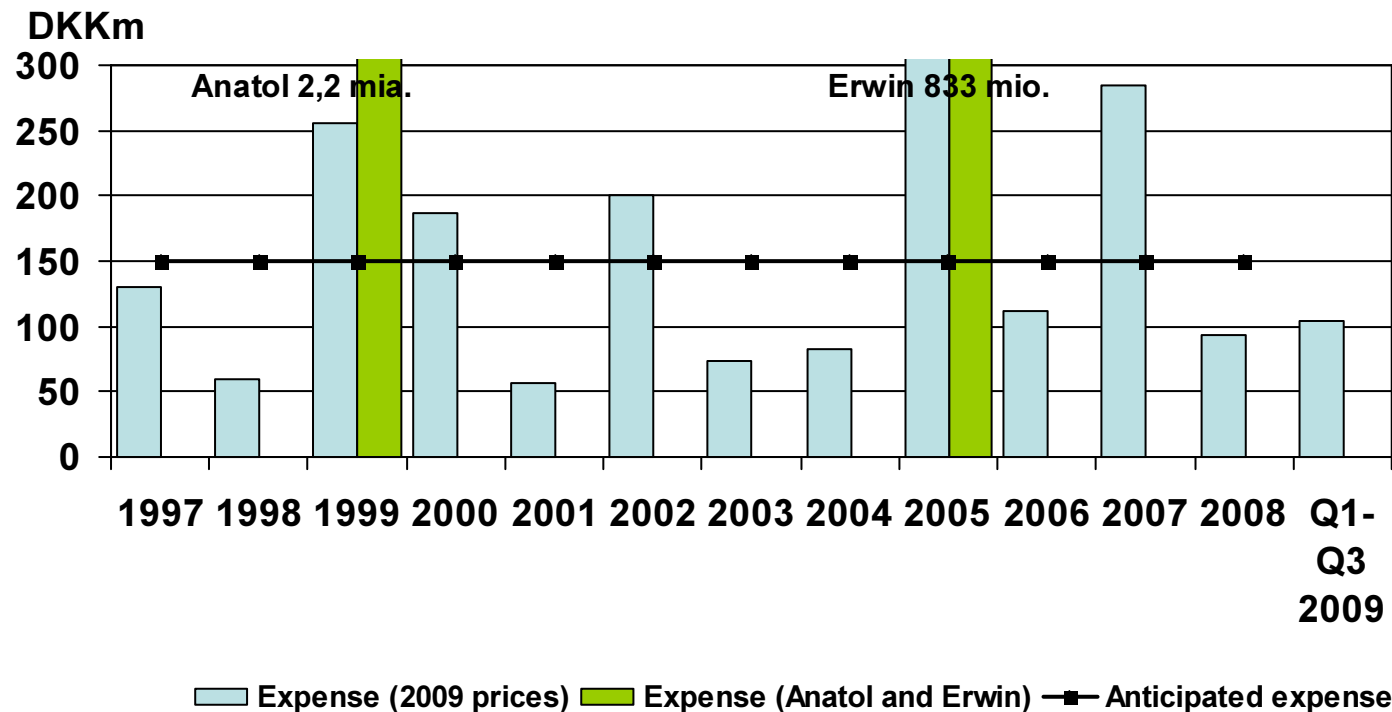
Non-life  
insurance

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



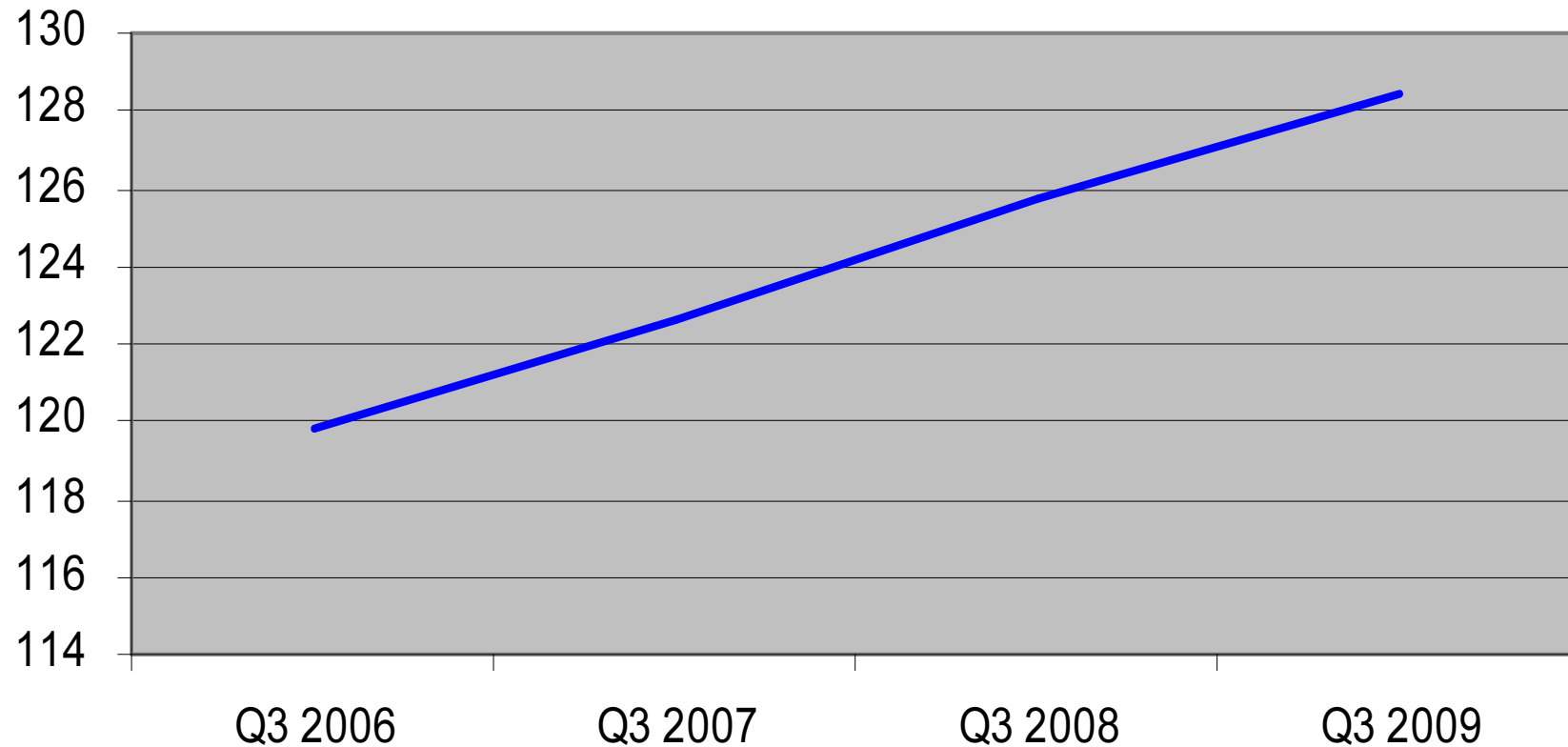
- New tariffs and terms
- Claims-limiting activities

# Alm. Brand – Non-life Weather claims



- Several lighting claims
- Tendency towards heavier weather – especially rain => Increase in premiums

# Alm. Brand – Non-life Claims frequency \*)

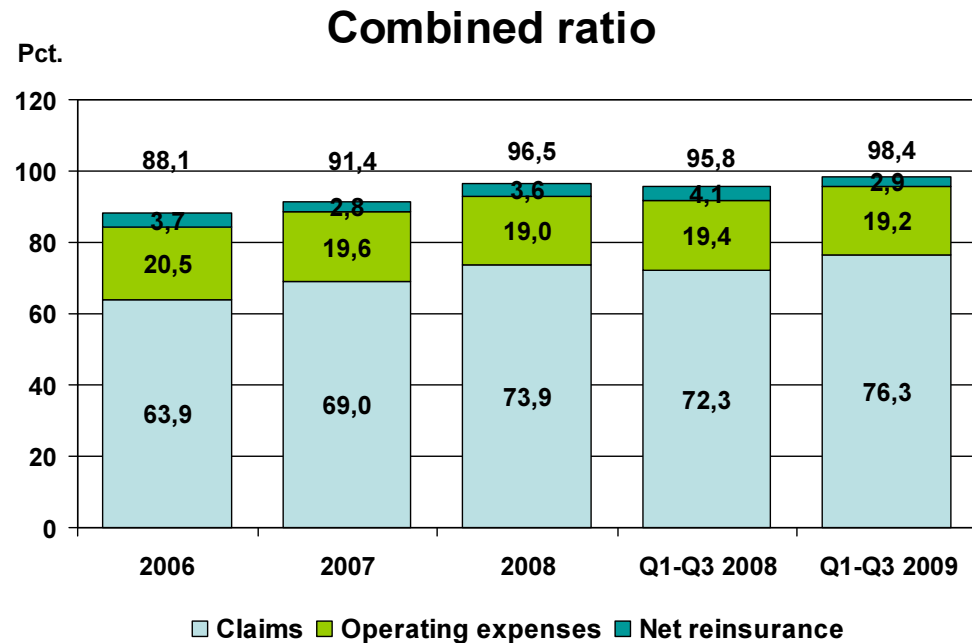


\* Excluding major and weather claims

# Alm. Brand – Non-life

## Impact on performance

- Good investment return
- Lower costs
- Higher claims ratio
- Expensive major claims
- Burglaries are very expensive
- ⇒ Increase in premiums
- ⇒ New claims-limiting activities
- Discounting effect: 1.0% higher claims ratio
  - Q1-Q3: 1.5%
- Weaker growth because of economic recession



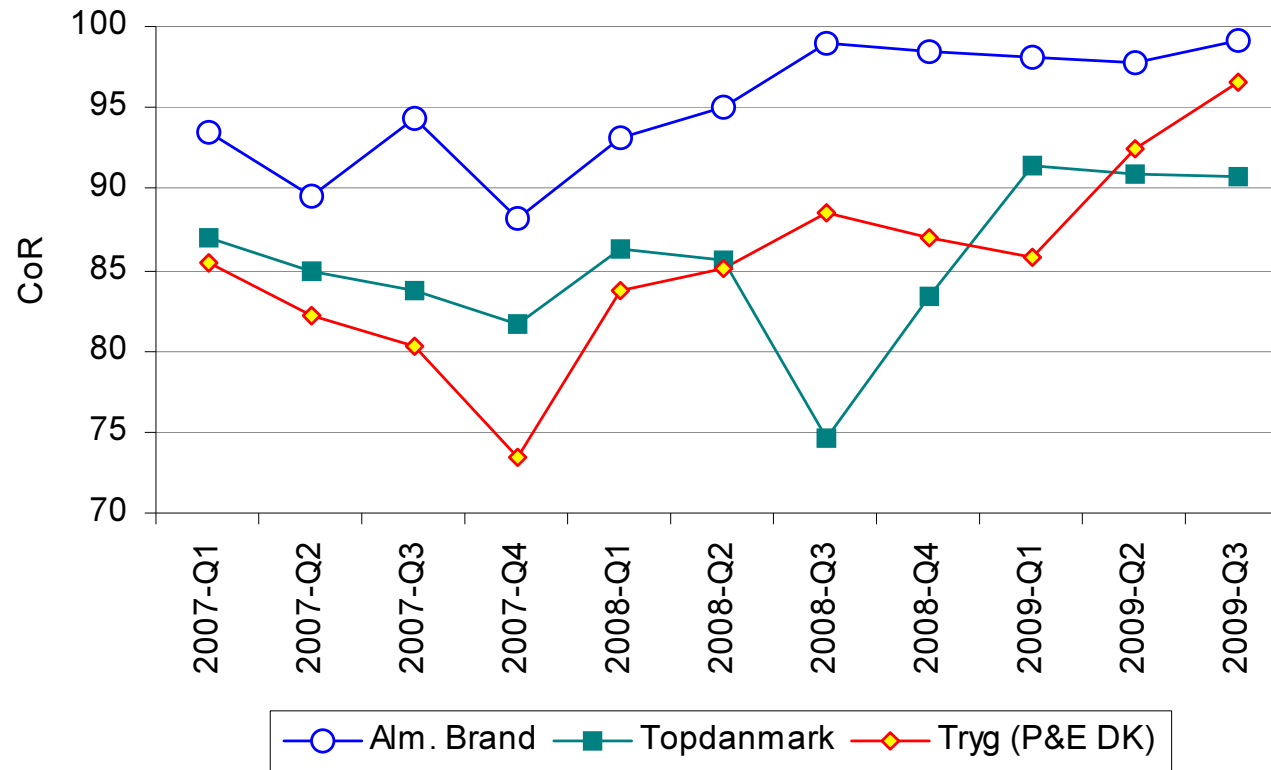
# Alm. Brand – Non-life Combined ratio

	2006	2007	2008	Q1-Q3 2008	Q1-Q3 2009
Combined ratio ex. weather claims and major claims	81.4	81.6	84.3	84,0	86,5
Major claims	5.6	7.4	9.6	8,0	10,4
Weather claims	2.2	4.3	1.9	2,7	3,0
Run-off result*	-1.1	-1.9	0.7	1,1	-1,5
Combined ratio	88.1	91.4	96.5	95,8	98,4

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



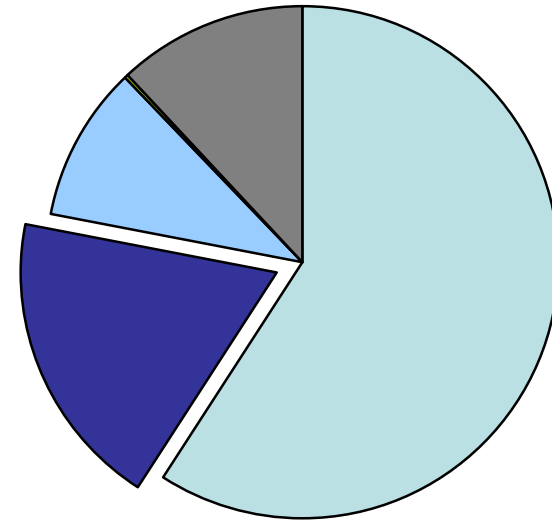
# Alm. Brand – Non-life CR – to be improved



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

# Alm. Brand – Banking Highlights Q3 2009

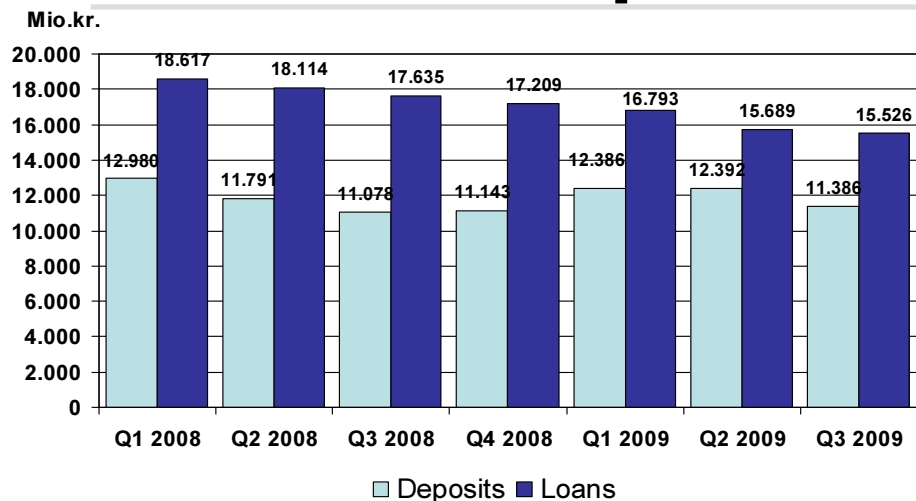
- **Result: DKK 312m loss**
  - Before writedowns: DKK 25m profit
- **Result Q1-Q3: DKK 1,309m loss**
  - Before writedowns DKK 91m profit
- **Interest margin: 2.1%**
- **Net interest up by 10%**
- **65,000 customers**
- **25,000 “Double-customers”**
- **Solvency: 16.5 %**
- **Core Capital: 11.0 %**



Banking

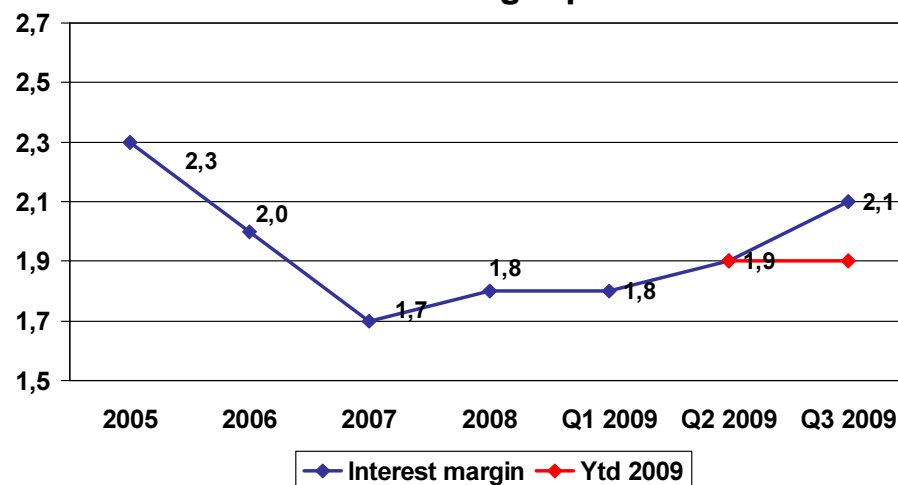
# Alm. Brand – Banking

## Deposits and loans



- Reduced loans and advances
- New strategy

### Interest margin p.a.



- Fixed interest deposits
- Certain loans track Danmarks Nationalbank
- Deposits in Nationalbanken at low interest

# Alm. Brand - Banking

## Loan portfolio and credit losses

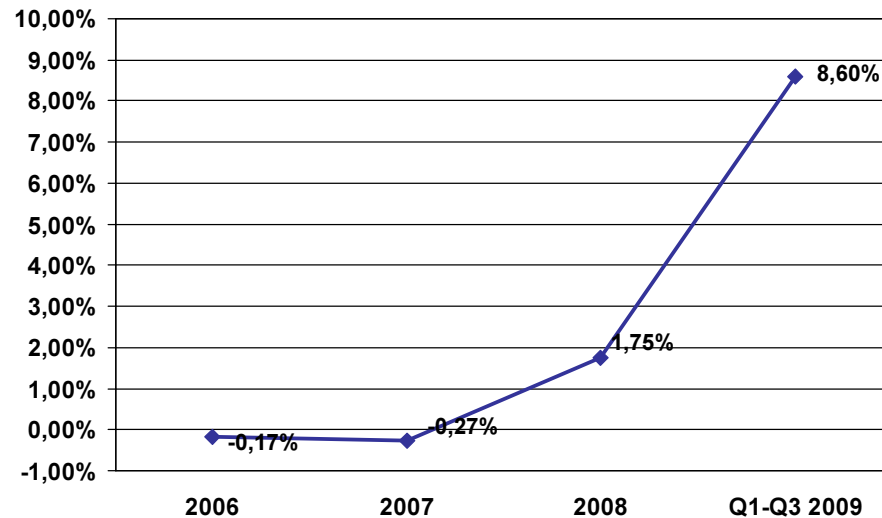
	Lending 30 September 2009 DKKm	Losses and writedowns DKKm Q3	Losses and writedowns DKKm YTD	Loss rate % Q3	Loss rate % YTD
Retail lending	3,310	0	14	0.0%	0.4%
Car finance	1,078	5	22	0.4%	1.9%
Agriculture	1,156	0	63	0.0%	5.6%
Other commercial lending	1,364	14	37	1.1%	2.8%
Security financing	4,033	110	314	2.7%	7.3%
Lending to subsidiaries	1,281	0	0	0.0%	0.0%
Investment properties	1,738	0	382	0.0%	19.0%
Residential mortgage deeds	920	30	54	3.2%	5.5%
Commercial mortgage deeds	293	74	110	22.1%	36.5%
Property development projects	353	71	367	19.1%	76.3%
Private Contingency Association	-	33	37	-	-
<b>Total</b>	<b>15,526</b>	<b>337</b>	<b>1,400</b>	<b>2.2%</b>	<b>8.6%</b>



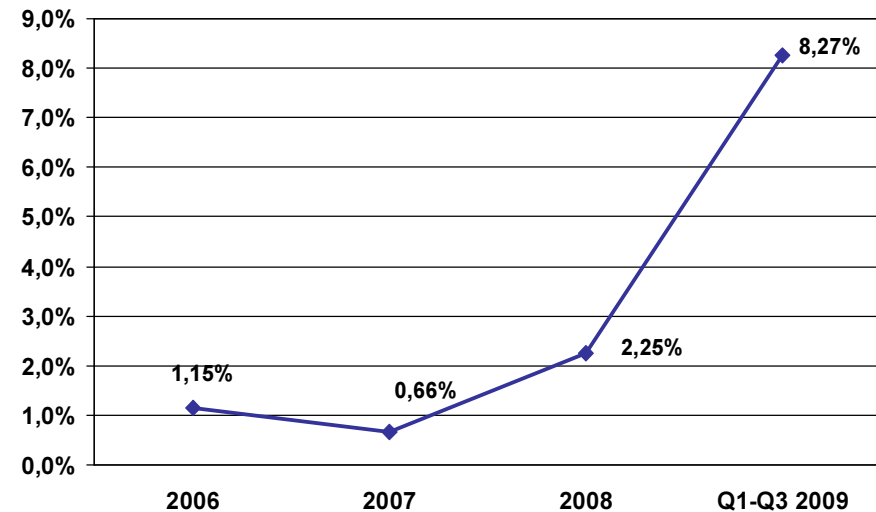
# Alm. Brand – Banking Writedowns

- Especially on corporate mortgage deeds and a single property development project
- Increasing contributions to Private Contingency Association

Writedowns p.a.



Accumulated writedown ratio



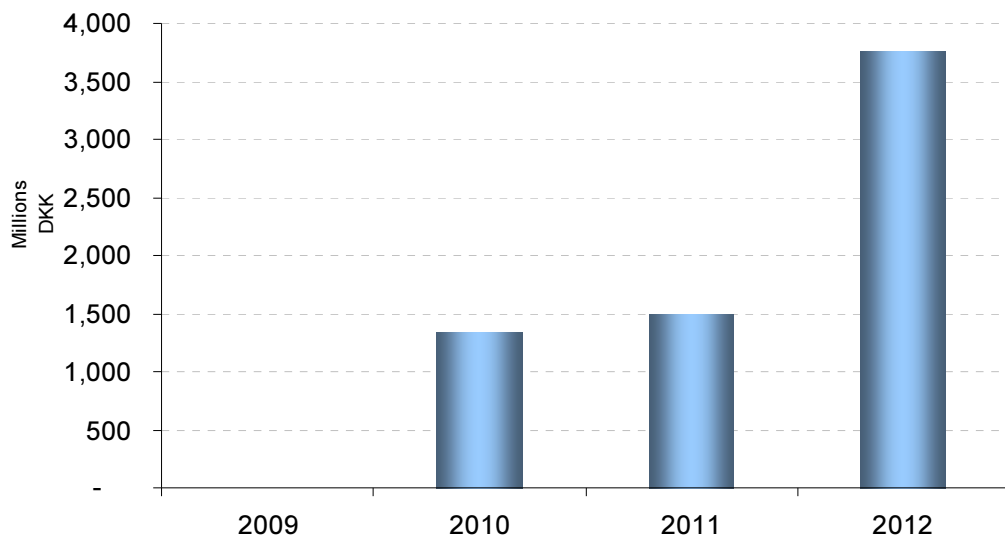
*Excluding credit-related value adjustments on mortgage*



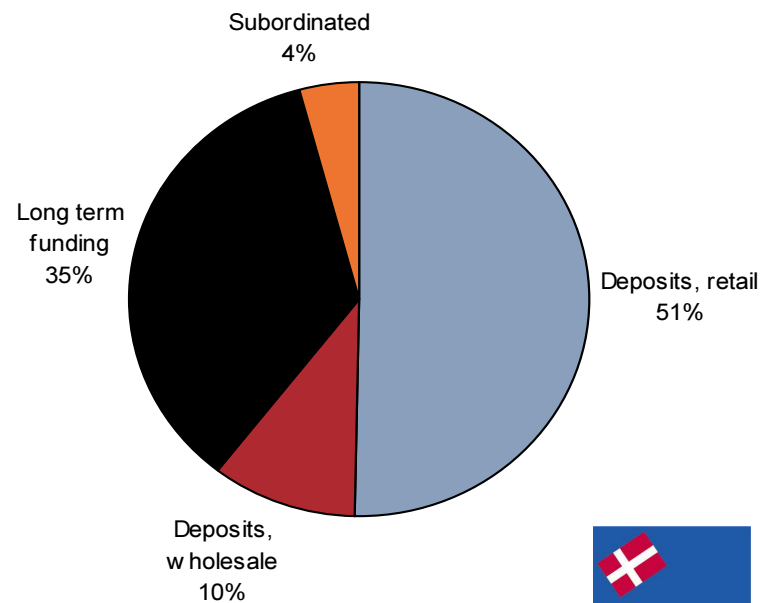
# Alm. Brand – Banking Funding situation

- Long cheap funding
- DKK 1,3bn paid back in September
- Relative growth in deposits
- Capital from Alm. Brand A/S of DKK 300m
- Alm. Brand converts DKK 250m of liable capital into share capital
- Received DKK 856m through the Second Bank Package

Repayment structure for loans issued by Alm. Brand Bank



Procurement of capital



# Alm. Brand – Banking

## New strategy (1)

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- **Discontinued activities**
  - **Investment properties**
  - **Mortgage deeds**
    - **Trading and investments**
  - **Loans to property development projects**
  - **Corporate finance**
  - **Leasing and loans through car dealers**

# Alm. Brand – Banking

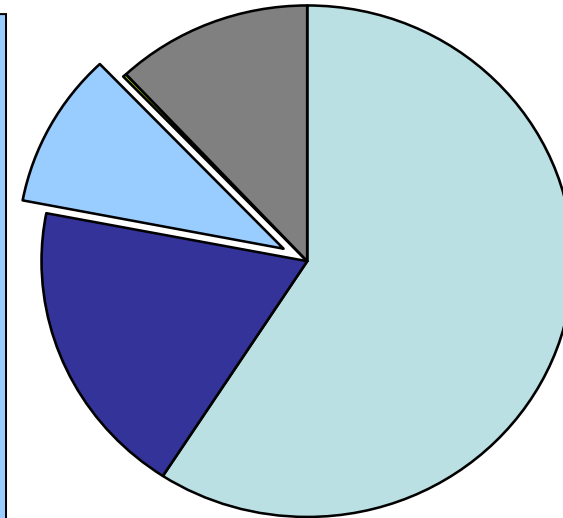
## New strategy (2)

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- **Continued activities**
  - **Private, SME and agriculture**
    - Deposits/loans
    - Investments
    - Leasing
    - Fleet
  - **Alm. Brand Markets**
    - Analysis
    - PM

# Alm. Brand – Life and Pension Highlights Q3 2009

- **Result: DKK 70m profit**
  - Q1-Q3: DKK 107m
- **Collective bonus potential: DKK 120m**
- **Shadow account balance: DKK 80**
- **Gross premiums: DKK 136m**
  - Growth: -7%
  - Q1-Q3: DKK 466m
- **Provisions: DKK 11.2bn**
- **80,000 customers**



Life &  
Pension

# Alm. Brand – Life and Pension Investments Q1-Q3 2009

- **Very satisfactory performance**
- **Very strong investment return**
  - **7.2%**
- **Low costs**
- **=> Collective bonus potential: DKK 120m**

Return on investments (OE)	4.4%
Return on investments (customers)	<u>7.2%</u>
Bonds etc.	6.1%
Equities	26.4%
Properties	3.7%
Total equity exposure about 10%	
Rate of interest (customers) p.a.	3.0%

# Copenhagen Re

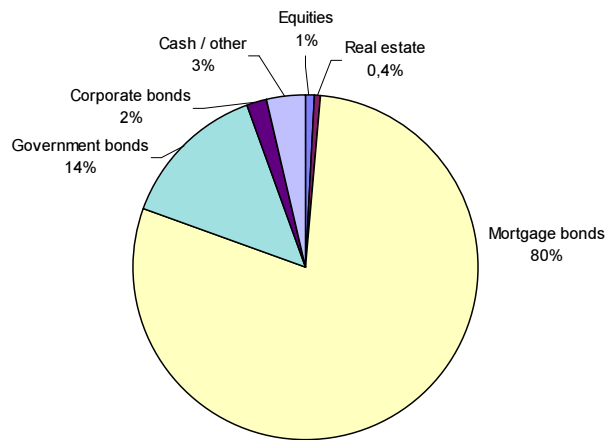
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- Sold on 29 May 2009
- Approved by financial supervisory authorities on 15 October 2009
- Actual sale completed
- Not affecting the expectations for the group as a whole

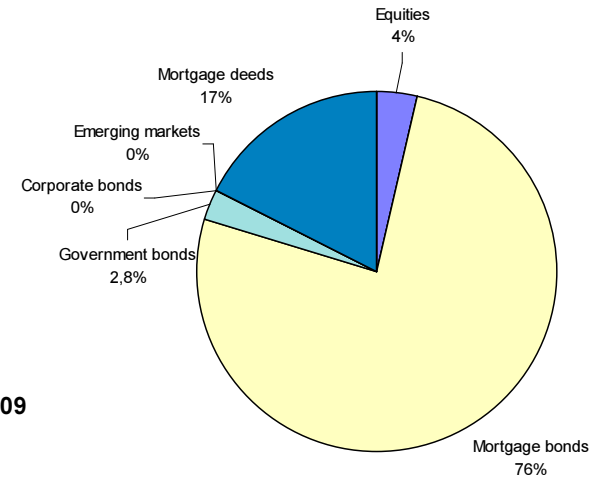
# Alm. Brand

## Investment assets

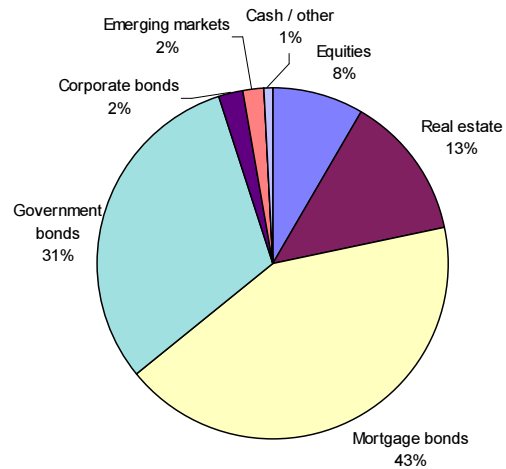
Non-life, asset allocation 30 september 2009



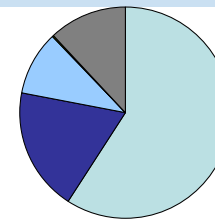
Bank, asset allocation 30 september 2009



Life, asset allocation 30 september 2009



# Alm. Brand Highlights



- Still unsatisfactory performance
- Writedowns has slowed down
- Many claims
  
- Premium increases
- New strategy for the bank will change scope and costs

# Disclaimer

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