ALM. BRAND

Webcast – Q3 results

16 November 2011

The Alm. Brand Group

Non-life insurance

- Denmark's 4th largest
- Market share of 10%
- 450,000 customers
  - incl. 200,000 plusKUNDER
  - incl. 25,000 *dobbelt*KUNDER
- 100,000 commercial and agricultural customers

Focus on improved profitability followed by profitable growth

- Reduction of expense ratio
- Reduction of risk and amendment of terms
- Premium increases

Banking

- Denmark's 10th largest
- 60,000 private customers
  - More than 40% also customers of life or non-life insurance lines
- 11 bank branches spread across Denmark

Focus on low risk and profitability

- Focus on private customer segment
- Asset Management
- Markets
- Winding-up of non-strategic business areas

Life insurance

- Denmark's 7th largest commercial life and pension insurance company
- 80,000 customers
  - Approx. 40% also customers of banking or non-life insurance lines

Business as usual

- Low-risk investment policy
- Focus on costs and risk
- Supporting non-life insurance business

Highlights for Q3 2011

- Profit of DKK 36 million before losses and writedowns
- Loss of DKK 95 million after losses and writedowns
- **Non-life insurance:**
  - Strong CR of 93.0 YTD and 95.7 in Q3
  - In spite of severe cloudburst
  - All-time low expense ratio
- **Banking:**
  - Losses and writedowns are high but in line with expectations
  - Negative impact on result from tightening of interest margin and negative value adjustments of primarily shares
- **Life insurance:**
  - Growth of 13% YTD, good expense and risk result
  - Good investment result in spite of financial turmoil ie. no transfer and surrender charge was introduced. Collective bonus potential of 3.1%
- **Outlook for 2011**
  - Up by DKK 50 million to DKK 325 million before losses and writedowns. Combined ratio improved to 93

Non-life insurance
- Financial highlights in brief

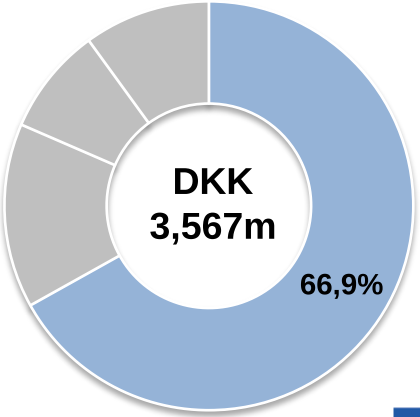
Results

- Heavily impacted by the July cloudburst
- Premiums up by 2.3% Q/Q and on level YTD
- Expenses continue to decrease

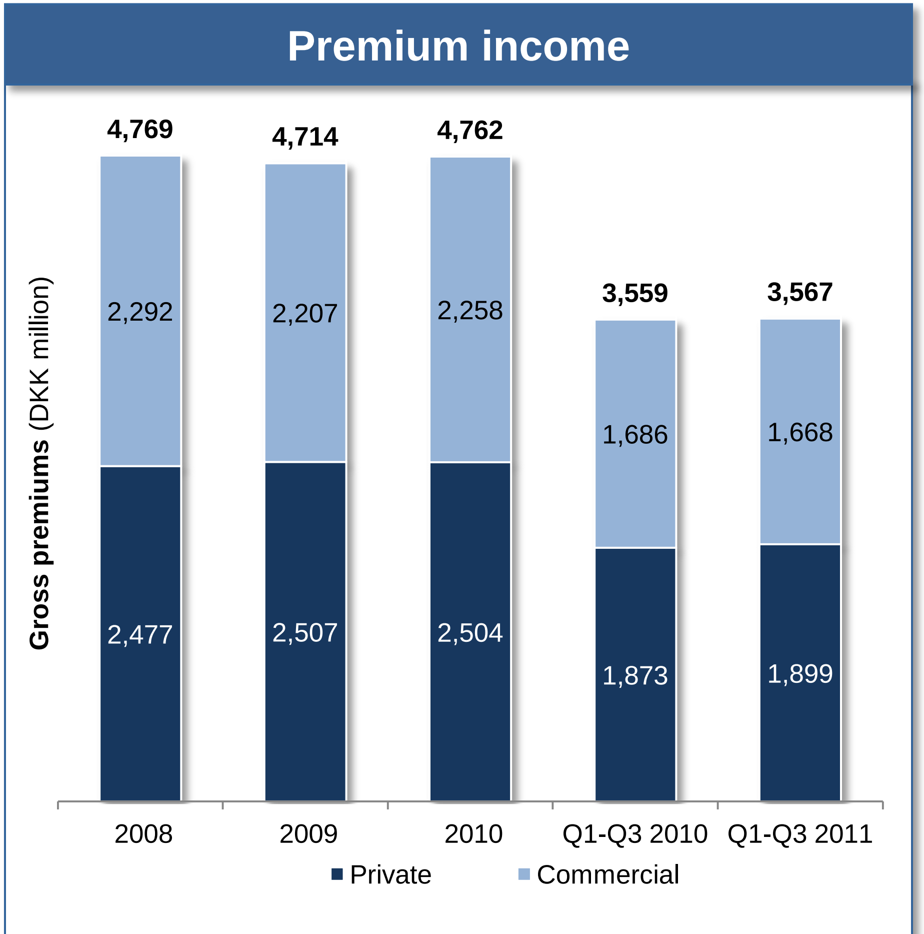
Combined ratio

- CR: 95.7 in Q3 and 93.0 YTD
- CR impacted by
  - + Low expense ratio
  - + Underlying business
  - + Major claims
  - ÷ Weather-related costs due to cloudburst

Key figures (DKKm)	Q3		Q1-Q3	
	2011	2010	2011	2010
Gross premiums	1,229	1,201	3,567	3,559
Investment income	8	6	35	25
Claims incurred	-1,293	-904	-2,904	-2,839
Expenses	-180	-207	-561	-652
Reinsurance	297	4	147	-87
Underwriting profit	**61**	**100**	**284**	**6**
Investments return after technical interest	-22	4	-1	33
Profit before tax	**39**	**105**	**283**	**41**
Combined ratio	95.7	92.2	93.0	100.6
Underlying combined ratio	77.0	81.9	81.2	86.0

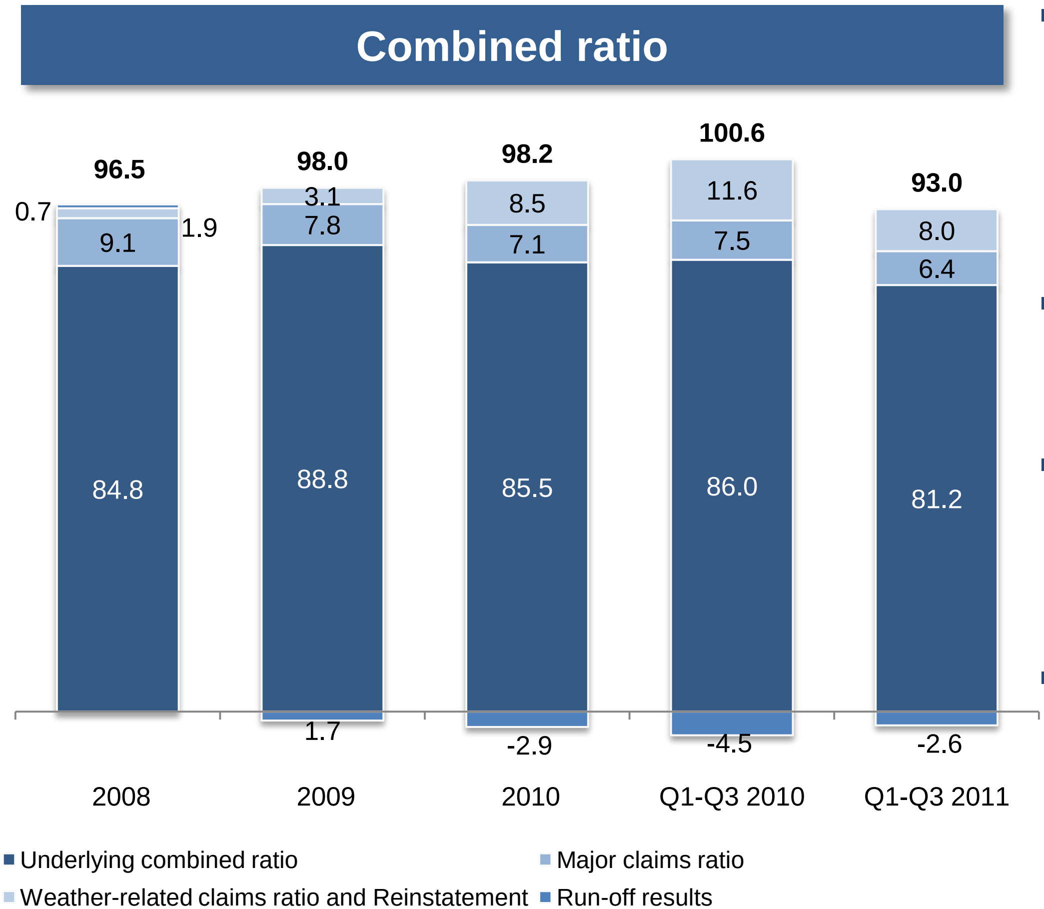


Trend in premium income



- Premiums stable in spite of lower economic activity due to price increases
  - Private premiums up by 1.4%
  - Commercial premiums down by 1.1% due to lower economic activity
- One-off income of DKK 25 million in Q3 from adjustment of method for calculating provisions for disability insurance

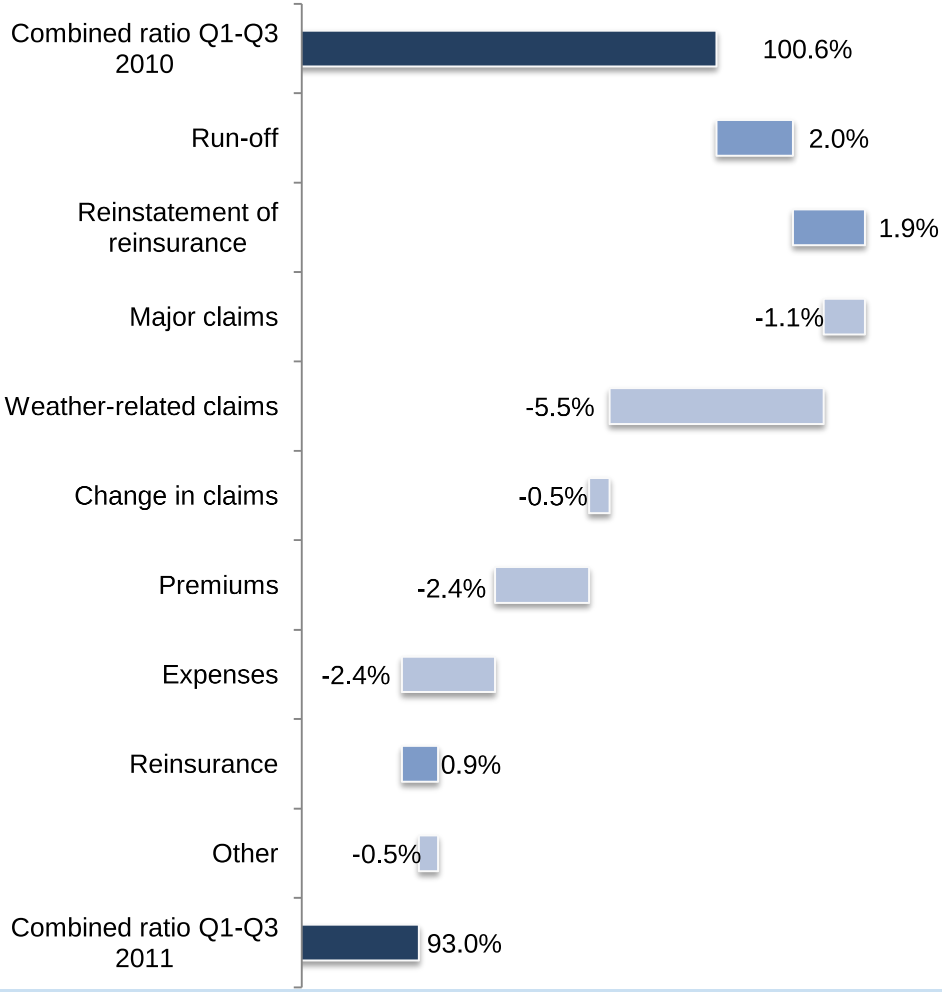
Effect on financial results



- Underlying CR improved due to:
  - ✓ Lower expense ratio
  - ✓ Premium increases
  - ✓ Lower claims frequency
- Major claims down due to preventive measures - and chance
- Weather-related expenses impacted by cloudburst but in line with guidance from H1 report
- Expense ratio: 15.7% YTD and 14.7% in Q3, and exceeding the unchanged target of 16-17%

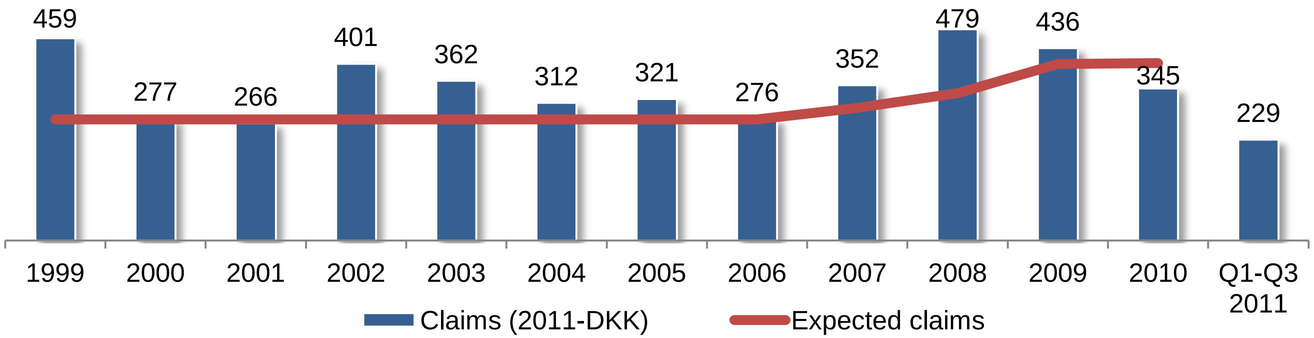
Underlying combined ratio

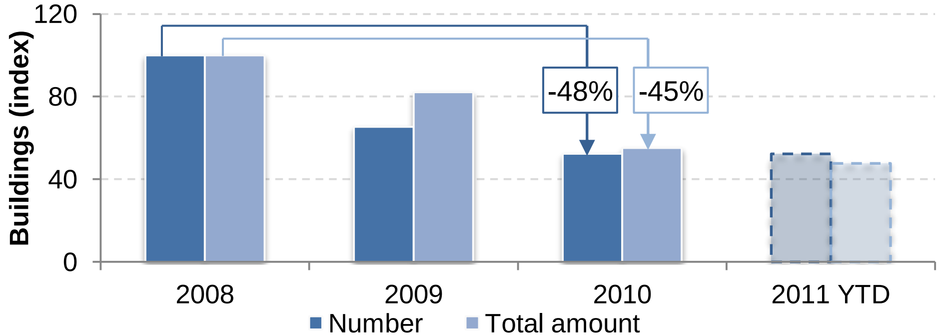
- Development from Q1-Q3 2010 to Q1-Q3 2011

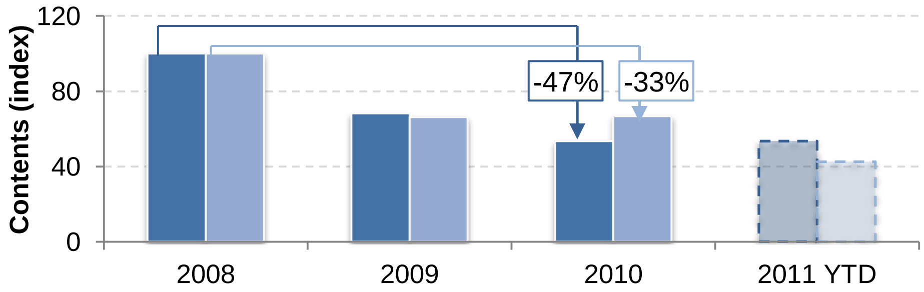


- Lower run-off result due to significant positive run-off results in 2010 (primarily motor)
- Catastrophe programme reinstated
  - DKK 66 million
- Continued positive development in major claims
- Lower weather-related claims despite of cloudburst
  - Reinsurance cover and the snow load claims in 2010
- Lower claims frequency as a result of higher deductibles
- Premiums increased
- Increased reinsurance cover
  - Higher reinsurance expenses

Positive trend in major claims





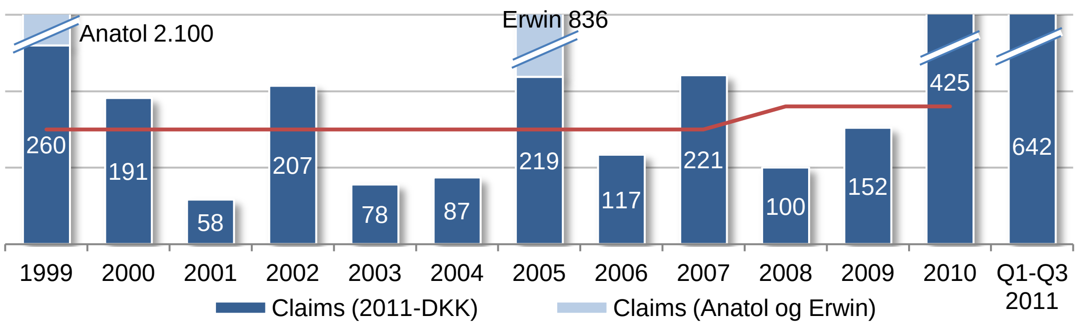


- Reduction due to preventive measures
  - Risk reduction team
  - Check of electrical installations
  - As usual - also a matter of chance
- Frequency of mayor claims has dropped significantly since 2008

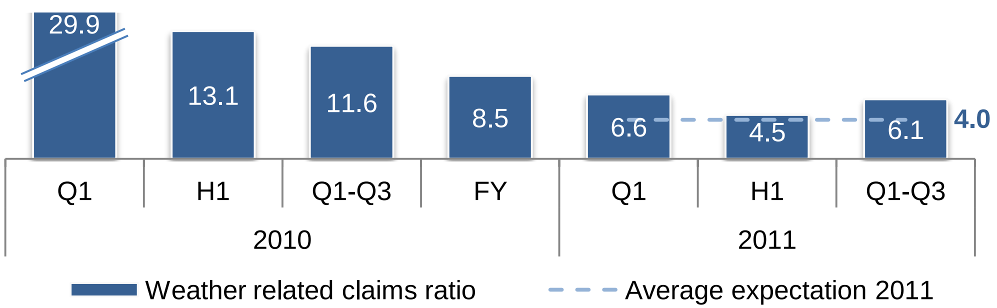
Note: Major claims are defined as claims in excess of DKK 1 million

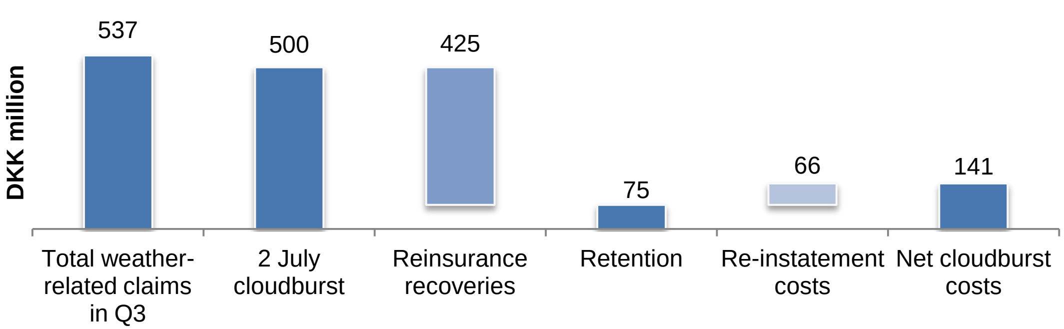
Weather-related claims

- 85% of July cloudburst claims covered by reinsurance



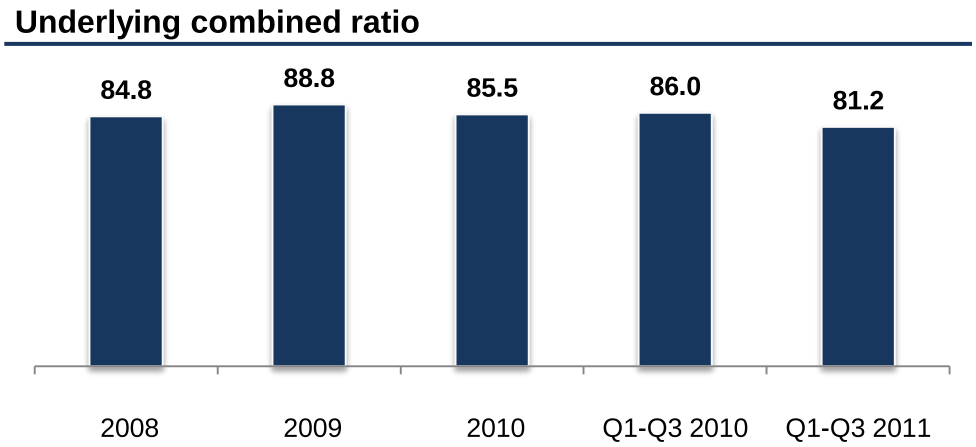
Note: Figures are before reinsurance recoveries

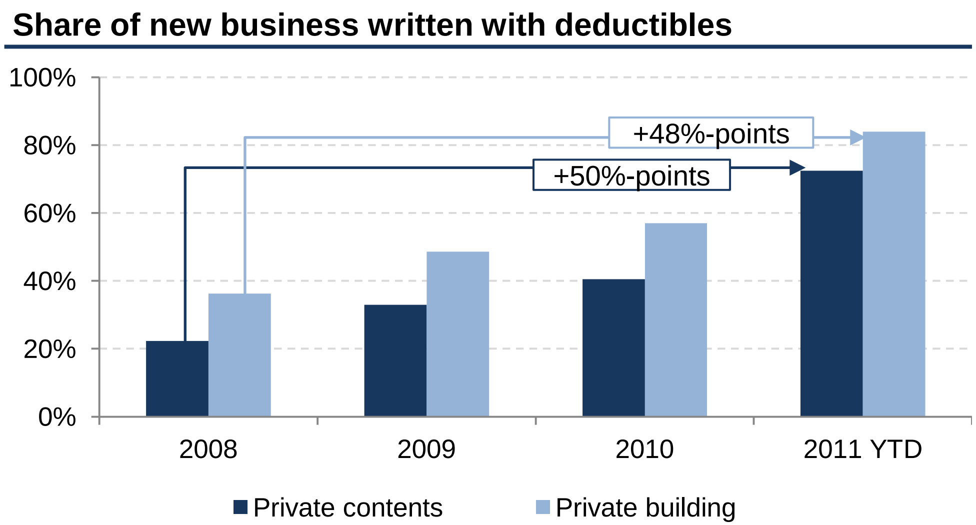




- Both in 2010 and 2011 weather-related claims were higher than normally expected
- Total weather-related claims in Q3 DKK 537 million
- Hereof DKK 500 million from July cloudburst
  - Reinsurance covered DKK 425 million
  - Programme reinstated at the cost of DKK 66 million
  - Total costs for cloudburst : DKK 141 million

Positive trend in underlying business

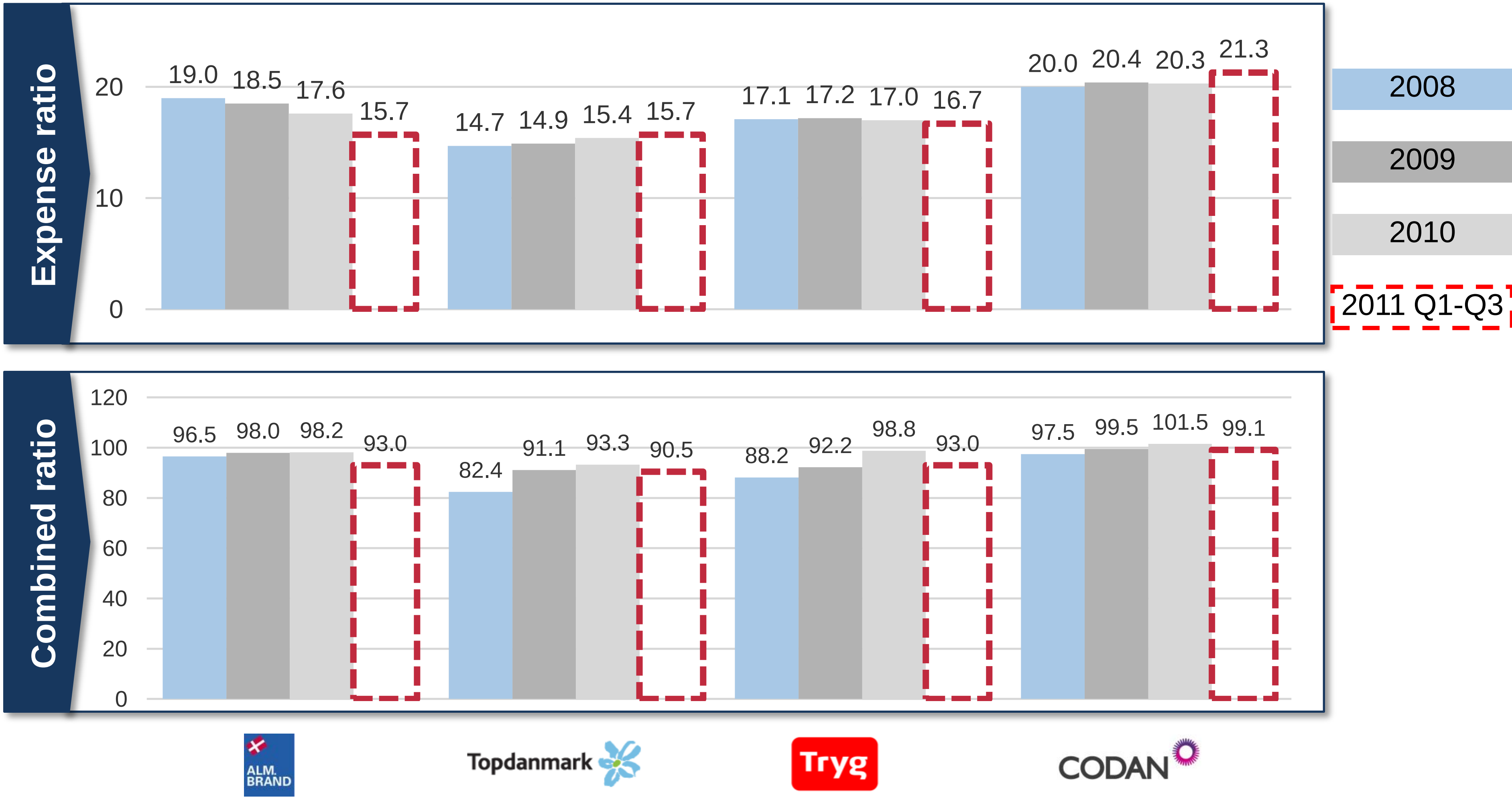




- Underlying CR on positive trend since 2009
  - Increasing premiums
  - New terms and conditions
  - Increasing deductibles
  - Procurement
- From 2008 to 2011, the share of new insurances with deductibles increased by approximately 50%-points

Alm. Brand among top performers

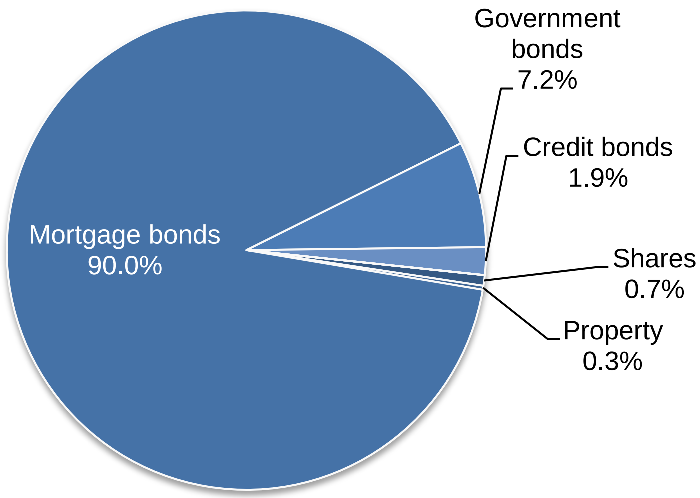
- Peer group comparison



Note: Combined and expense ratio is stated at group level. Figures for Codan is H1 2011

Investment return

- Limited impact from financial market turmoil



DKK million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010
Interest and dividends etc.	65	72	197	214
Capital gains/losses	-43	-27	-49	-46
Expenses	-4	-5	-14	-15
Interest on technical provisions	-40	-36	-135	-120
Profit on investment business after allocation of technical interest	**-22**	**4**	**-1**	**33**
Technical provisions	7,717	7,399	7,717	7,399

- Cautious investment strategy focused on asset-liability balancing
- Primarily bonds or other low-risk assets
- Mortgage and government bonds cover more than 95%
- Interest rates fell during Q3
  - Positive impact on investment portfolio
  - Offset by higher technical provisions

Alm. Brand Bank
- Financial highlights

Results:

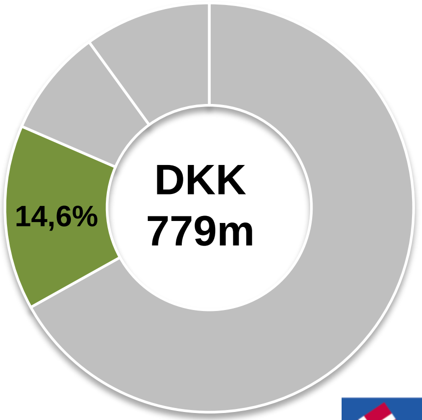
- Q3: Loss of DKK 25 million before losses and writedowns
- Q1-Q3: Loss of DKK 147 million before losses and writedowns
- Negative impact by lower interest margins and negative value adjustments
- Top line continues to decline due to reduced loan portfolio

Key figures (DKKm)	Q3		Q1-Q3	
	2011	2010	2011	2010
Interest receivables	222	250	669	703
Net interest and fee income	119	182	395	532
Value adjustments*	-38	-48	-164	-14
Losses and writedowns*	131	465	357	751
Profit/loss before tax	**-156**	**-488**	**-504**	**-660**
Profit/loss before tax and excl. losses and writedowns	**-25**	**-23**	**-147**	**91**
Interest margin	1,7%	2,4%	1,7%	2,4%

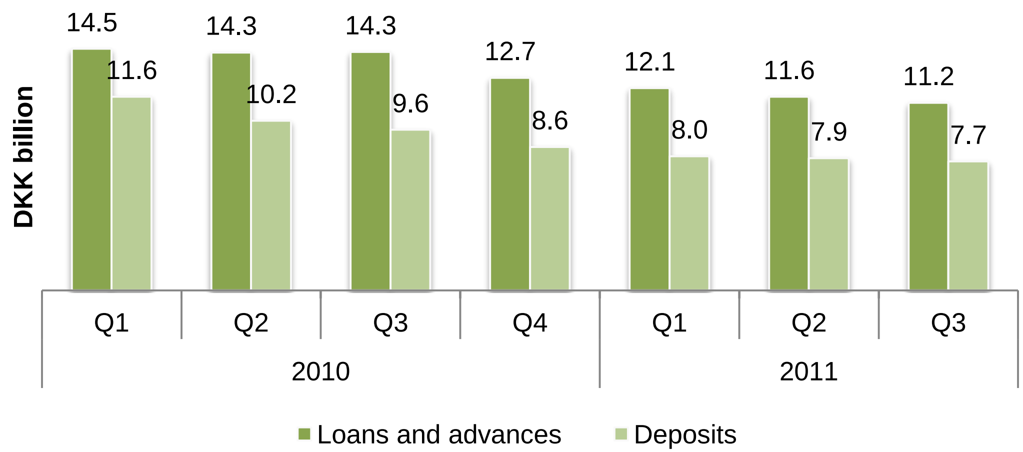
*Credit -related value adjustments are recognised under losses and writedowns

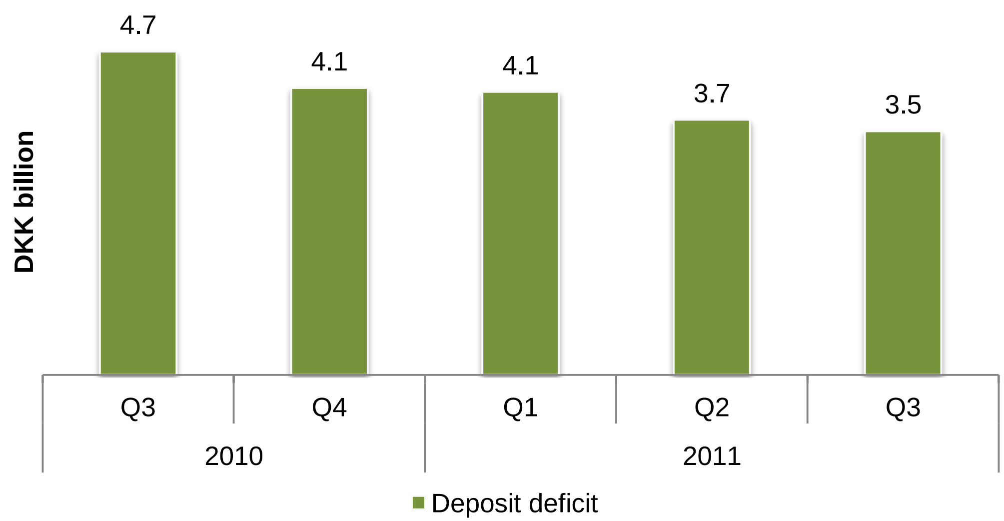
Losses and writedowns:

- Losses and writedowns remain high but in line with expectations
  - Especially on mortgage deeds



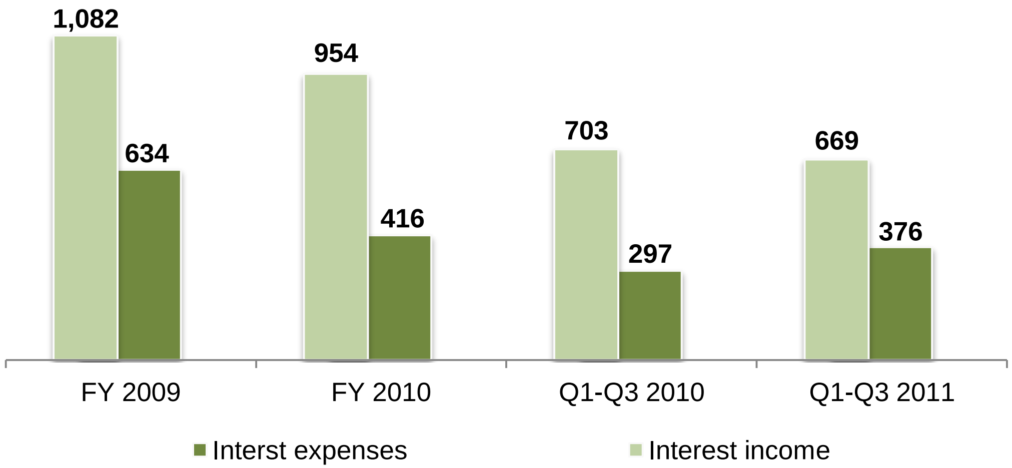
Deposits and lending

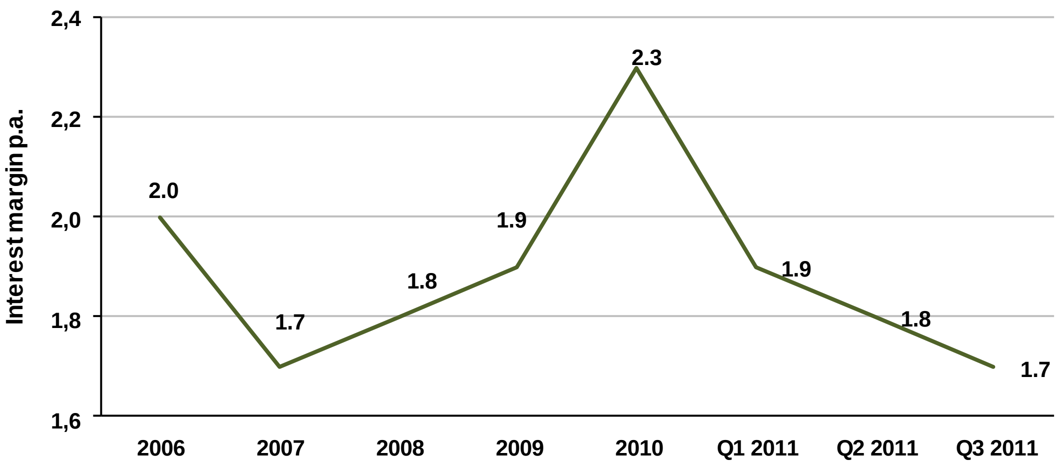




- Reduction of run-off portfolio continues as planned
- Lower deposits
  - No campaigns due to ample liquidity
- Deposit deficit has declined

Net interest





- Interest income down by 4.8% due to
  - Reduced loan portfolio
- Interest expenses up by 26.6% due to
  - Higher funding costs

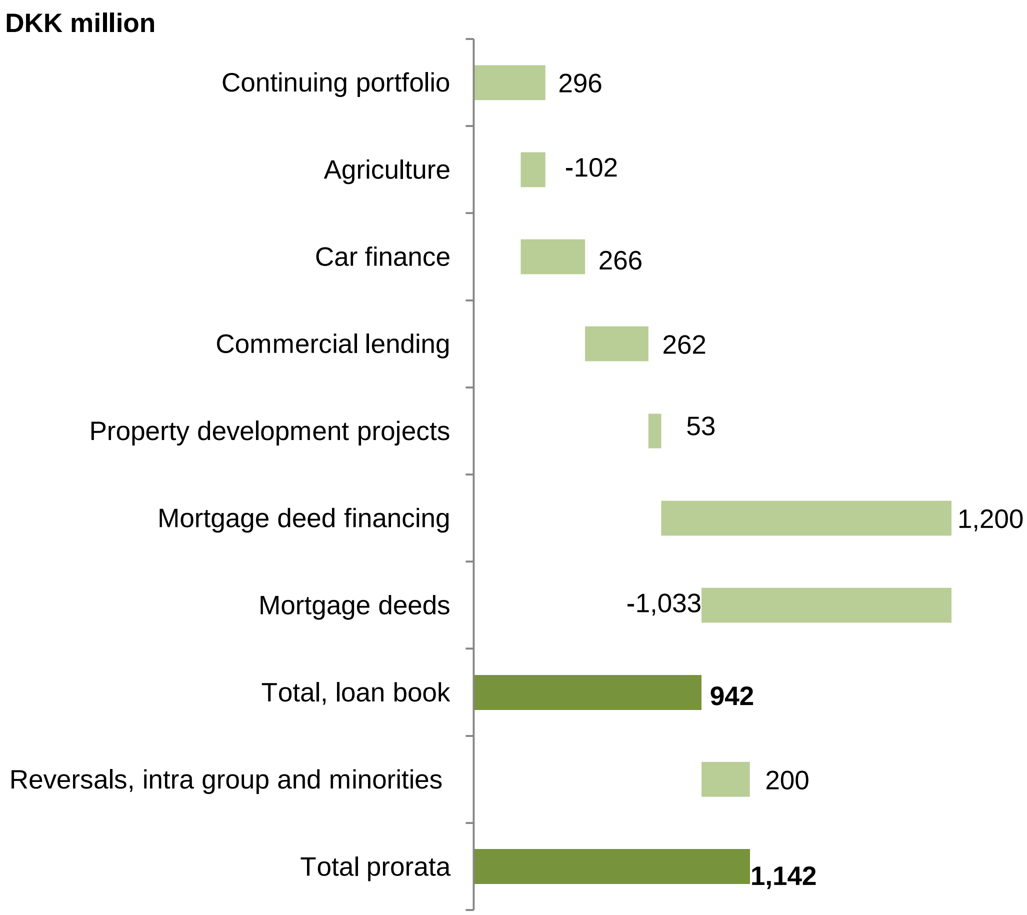
Loan portfolio and credit losses

DKK million	Loans			Losses and writedowns					
	31.12 2010	30.09 2011	Share of portfolio	FY 2010	Q1 2011	Q2 2011	Q3 2011	Q1-Q3 2011	Loss ratio*)
Continuing portfolio	**3,494**	**3,158**	**28.1%**	**29**	**25**	**11**	**4**	**40**	**1.2%**
Lending to private customers	3,318	3,013	26.8%	29	25	11	4	40	1.2%
Other lending **)	176	145	1.3%	0	0	0	0	0	0.0%
Winding-up portfolio	**8,783**	**7,821**	**69.6%**	**849**	**103**	**86**	**127**	**316**	**3.8%**
Agriculture	1,199	1,228	10.9%	74	35	11	27	73	6.0%
Car finance	736	466	4.1%	13	2	2	0	4	0.7%
Commercial lending	2,230	1,918	17.1%	57	14	-4	40	50	2.4%
Property development projects	492	429	3.8%	61	0	8	2	10	2.2%
Mortgage deed financing	1,936	626	5.6%	380	36	40	34	110	8.6%
Mortgage deeds	2,190	3,154	28.1%	264	16	29	24	69	2.6%
Bank packages etc.	0	0	-	46	1	0	0	1	-
Total - excl. reverse transactions	**12,277**	**10,979**	**97.7%**	**924**	**129**	**97**	**131**	**357**	**3.1%**
Reverse transactions including intercompany transactions	207	82	0.7%	0	0	0	0	0	-
Total group lending	**12,484**	**11,061**	**98.4%**	**924**	**129**	**97**	**131**	**357**	**3.0%**
Minority interests	254	179	1.6%	-16	0	0	0	0	-
Total prorata	**12,738**	**11,240**	**100.0%**	**908**	**129**	**97**	**131**	**357**	**3.0%**

*) Losses and writedowns as a percentage of the average portfolio in Q1-Q3 2011. The percentage is not comparable with the impairment ratio in the bank's financial highlights and key ratios.

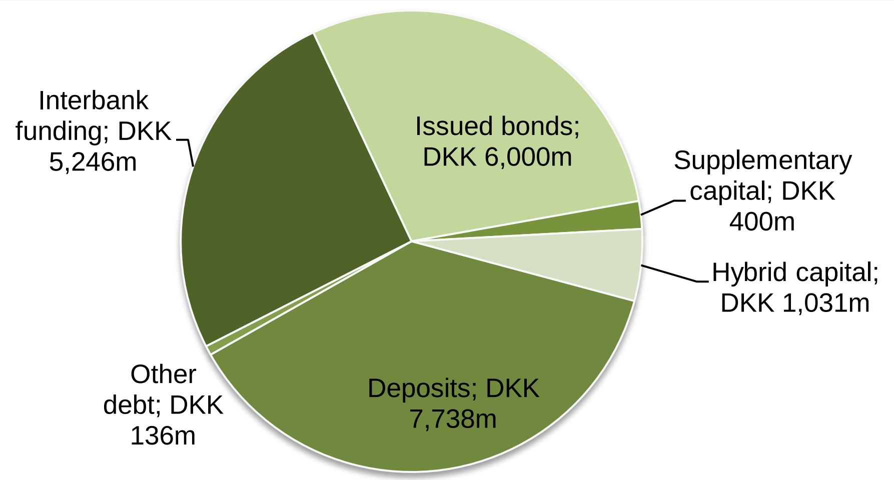
**) Fleet management (operating leases) is not included, as it is recognised as other property, plant and equipment and not as loans and advances

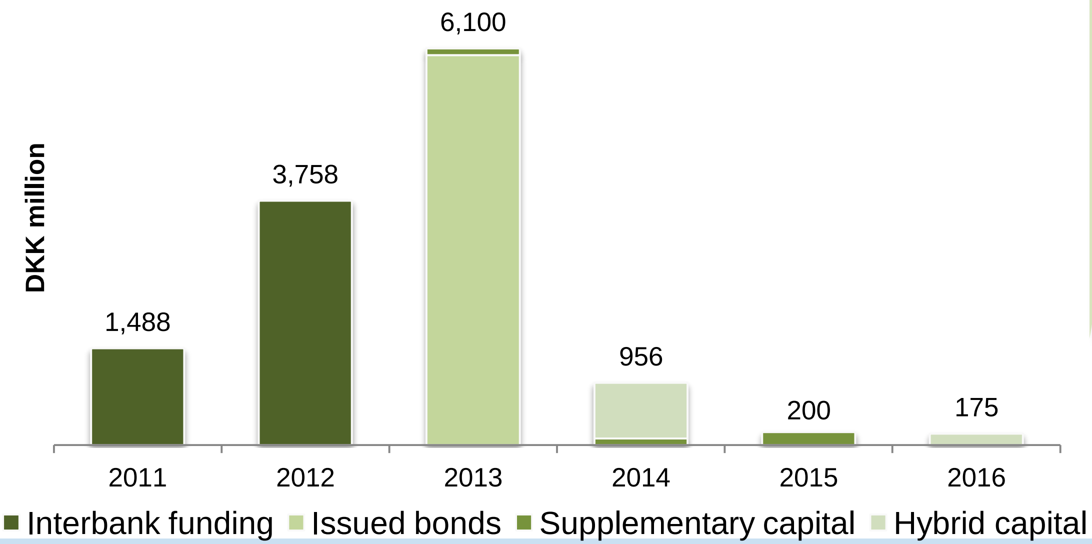
Loan book reductions 2011 YTD
- excl. losses and writedowns



- Loan book reduced by DKK 1.3 billion
  - Excl. losses and writedowns reduced by DKK 0.9 billion
- Additional funding to existing agriculture customers to facilitate necessary investments
- Reduction in property development projects attributable to completion of projects in Q1 2011
- Mortgage deed financing are placed under Mortgage deeds as the bank takes over collateral
- Mortgage deeds net of mortgage deed financing declined by DKK 167 million in the first three quarters of 2011

Funding

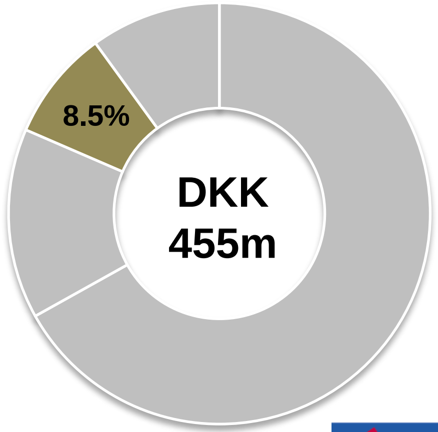




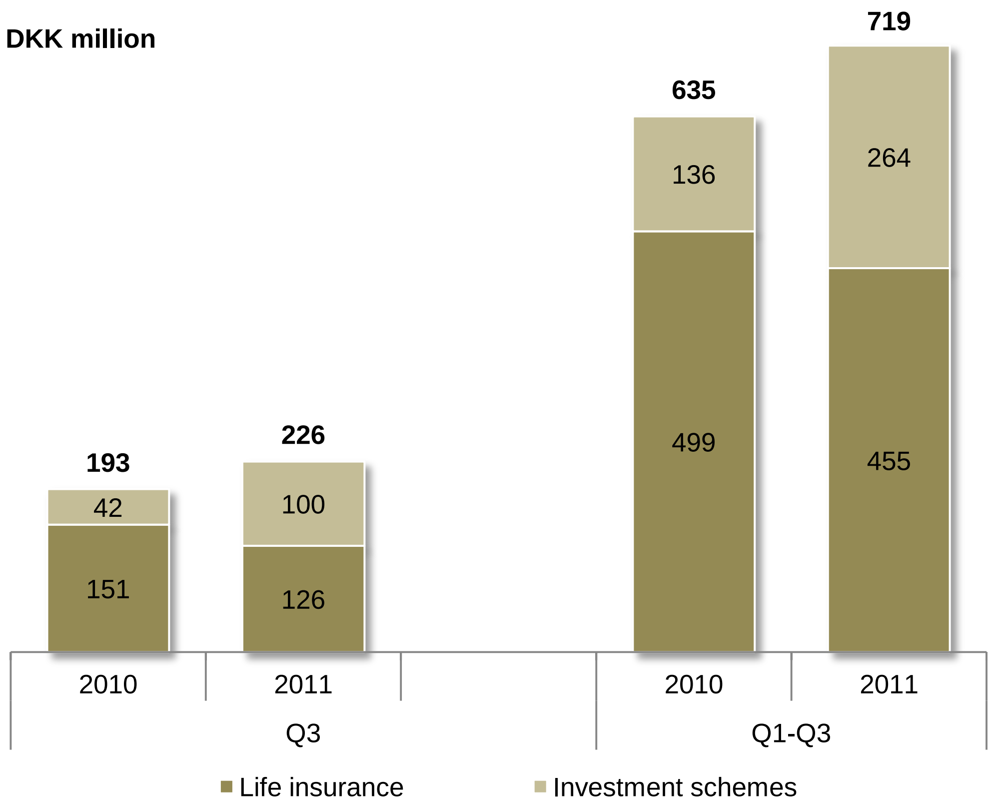
- Liquidity strategy towards 2013
  - Continued reduction of the winding-up portfolio
  - Increased deposits
- Plan B:
  - Funding through the Danish central bank by collateralising the loan portfolio

Life insurance
- Financial highlights and key ratios

- Profit before tax of DKK 100 million YTD and better than expected
- Good investment result in spite of turbulent financial markets
  - 5.6 % on customer funds (7.4 % p.a.)
- No introduction of transfer and surrender charge
- Collective bonus potential of 3.1 %
- Still very positive risk and expense results



Premium income



- Q1-Q3: Up by 13% to DKK 719 million
- Due to
  - A decline of 8.8% in Alm. Brand Liv og Pension
  - An increase of 94% in investment schemes in bank
- Expectations of growth in guarantee schemes

Note: Investment schemes are reported in the banking segments

Results

DKK million	2009	2010	Q3 2010	Q3 2011	Q1-Q3 2010	Q1-Q3 2011
Return on investment allocated to equity	**58**	**30**	**6**	**14**	**30**	**18**
Result of portfolios without bonus entitlement	**-24**	**13**	**4**	**2**	**14**	**21**
Risk premium	**54**	**54**	**14**	**3**	**41**	**8**
Incl. interest rate group 0	-	-	-	0	-	0
Incl. interest rate group 1	-	-	-	1	-	3
Incl. interest rate group 2	-	-	-	0	-	1
Incl. interest rate group 3	-	-	-	2	-	4
Share of expense and risk results	**22**	**27**	**6**	**24**	**18**	**61**
Calculated return on equity	**120**	**124**	**30**	**43**	**103**	**108**
Reversed from/transferred to shadow account	**29**	**57**	**0**	**-5**	**56**	**-8**
Profit before tax	**139**	**181**	**30**	**38**	**159**	**100**
Shadow account balance	**56**	**0**	**0**	**5**	**0**	**8**

Investment return

Life insurance company	Rate on policyholders' funds (p.a.)	Investment composition			Return for the period
Interest rate group		Equities	Bonds	Properties	
0.5% to 1.5% (new customers)	3.65%	17.7%	68.7%	13.6%	1.3%
1.5% to 2.5%	3.65%	17.5%	69.0%	13.4%	4.2%
2.5% to 3.5%	4.20%	5.4%	80.2%	14.4%	4.6%
3.5% to 4.5%	5.30%	5.5%	80.1%	14.5%	6.5%

Investment scheme	Diversification	Investment composition			Return for the period
Risk group: Term / Risk	(size)	Equities	Bonds	Cash	
+ 7 years / Medium	Low	59.0%	41.0%		-10.9%
	High	59.0%	41.0%		-9.9%
+ 7 years / High	Low	71.0%	29.0%		-13.2%
	High	71.0%	29.0%		-15.6%

Life insurance company: Equity		Investment composition			Return for the period
		Equities	Bonds	Properties	
Equity			100.0%		1.5%

Note: Investment schemes are reported in the banking segments. The shown schemes represent approx. 80% of the total investment schemes

Capital target

DKK million	Target 30 September 2011
Non-life insurance (45% of premiums)	**2,146**
Life insurance (9% of provisions for insurance contracts)	**1,010**
Alm. Brand Bank (20.2% of risk-weighted assets)*	**2,581**
Alm. Brand Bank subsidiaries	**240**
Diversification effects	**-300**
Total capital target	**5,677**

*Calculated as the individual solvency requirement as at 30 September 2011 plus 3 percentage points

Capital model

DKKm	Capital base 30 June 2011	Capital base 30 September 2011
Consolidated equity	4,683	**4,583**
Intangible assets	-65	**-56**
Tax assets	-678	**-699**
Supplementary capital	1,753	**1,753**
Total capital base for the group	5,693	**5,581**
Statutory capital requirement for the group, end of period	3,572	**3,707**
Excess relative to statutory capital requirement	2,121	**1.874**
Internal capital target	5,592	**5,677**

Outlook for the group for 2011

The group's full-year profit forecast is increased to DKK 325 million from previously DKK 275 million before tax and before losses and writedowns

Non-life insurance

- Outlook upgraded from a profit of DKK 380 million to a profit of DKK 410 million
- Improvement of the underlying business
- Lower costs
- Run-off gains
- Growth upgraded to 0%
- Expected combined ratio of 93 improved from previously 94

Banking

- Outlook is unchanged at a loss of DKK 155 million

Losses and writedowns:

- In the upcoming quarters, losses and writedowns are expected to be in line with the previous quarters

Life insurance

- Outlook upgraded by DKK 20 million to a profit of DKK 110 million for the full year 2011
- The upgrade is based on a better-than-expected performance in Q3

Alm. Brand
Highlights

- Very favourable trend in non-life insurance
- Continued decline in expenses
- Favourable performance of life insurance activities supported by good expense and risk results
- Writedowns and losses in the bank are high but in line with expectations
- Financial market turmoil and deteriorating Danish economy continue to affect the outlook

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.”

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