

Alm. Brand A/S

Annual Report 2010 – US Roadshow



Alm. Brand's strategic agenda



- Non-life insurance group, supported by life insurance, pension and banking activities

Banking

Focus on low risk and profitability

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

Non-life insurance

Consolidation followed by profitable growth

- Reduction of the expense ratio
- Reduction of risk and amendment of terms
- Premium increases relative to risk

Life insurance and pension

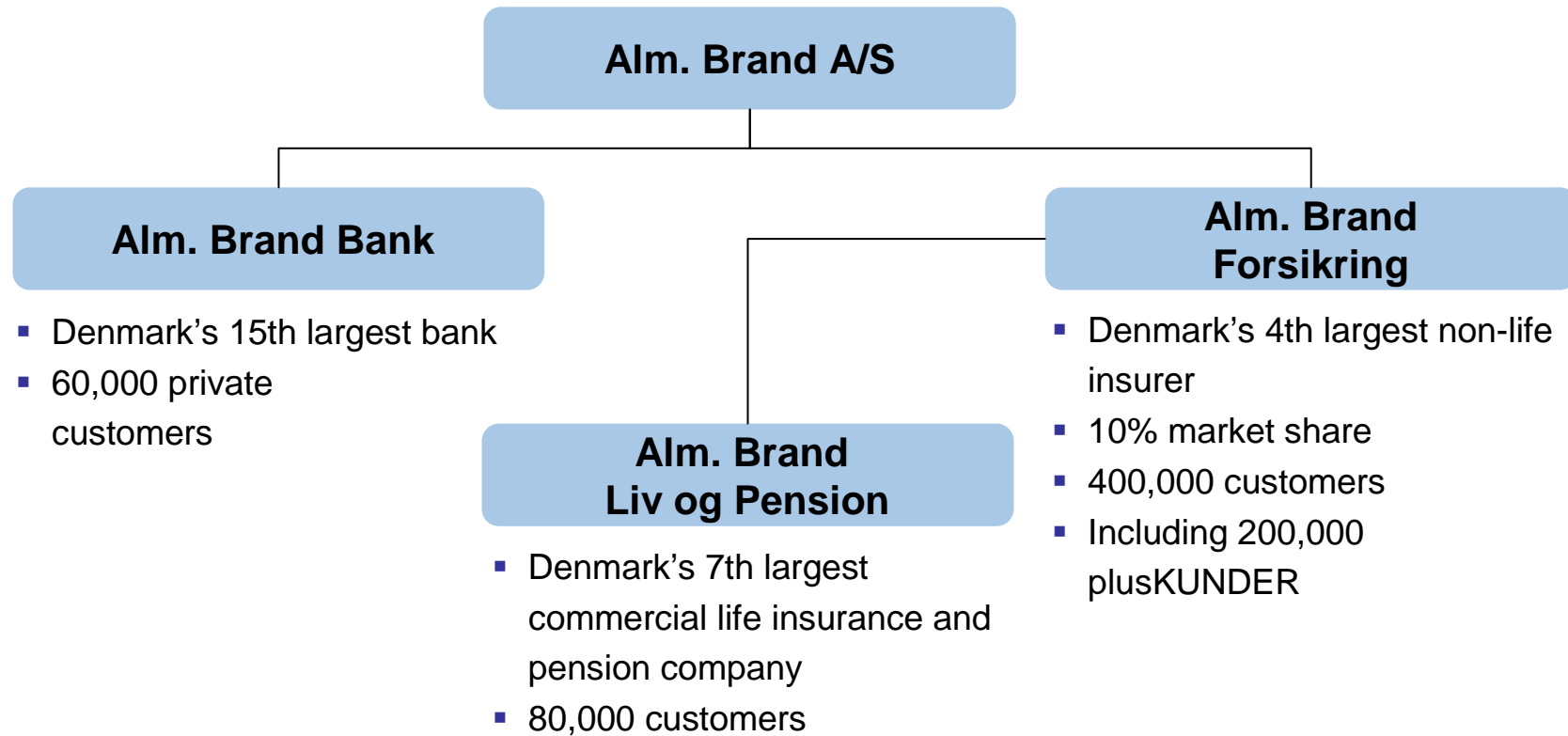
Business as usual

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



Alm. Brand

The three business areas



Note: Number of customers is based on number of households



Alm. Brand Distribution



- 5 regional centres – insurance and pension
- 270 agents
- 15 sales centres – insurance \triangle
- 11 branches – banking and pension \bullet
- www.almbrand.dk

Alm. Brand

Highlights 2010

- **Result is DKK 72 million better than expected**
 - **Profit of DKK 372 million before losses and writedowns**
 - **Loss of DKK 536 million after losses and writedowns**
 - **Favourable development in non-life insurance**
 - Positive development in underlying business
 - Declining costs
 - **Life insurance and Pension: very satisfying result**
 - **Losses and writedowns in bank as expected**
 - **Profit guidance for 2011 DKK 375 million before losses and writedowns**
 - A small profit also after losses and writedowns
 - Guidance includes an expense of DKK 25 million to the Danish Depositors' Gurantee Scheme related to the bankruptcy of Amagerbanken

Alm. Brand Non-life insurance Highlights

■ Results

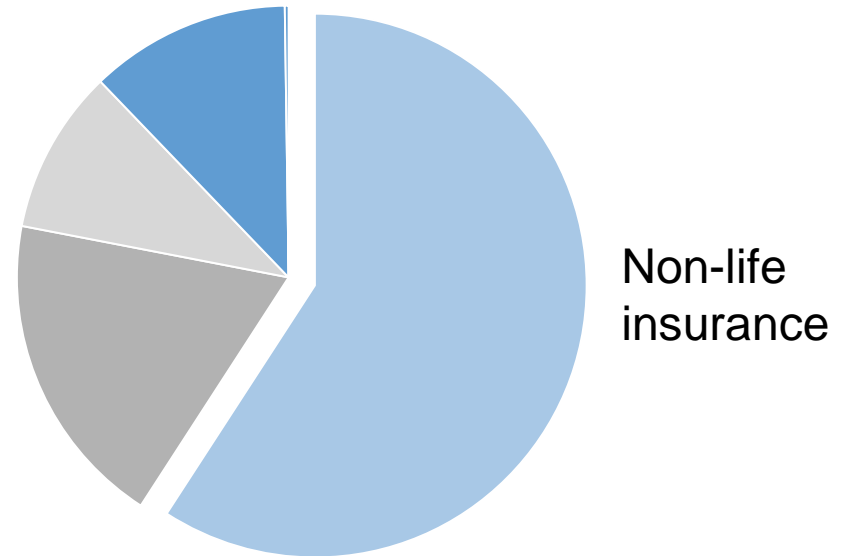
- Q4: DKK 166 million profit
- 2010: DKK 207 million profit

■ Combined ratio

- Q4: 91.3
- 2010: 98.2

■ Expense ratio

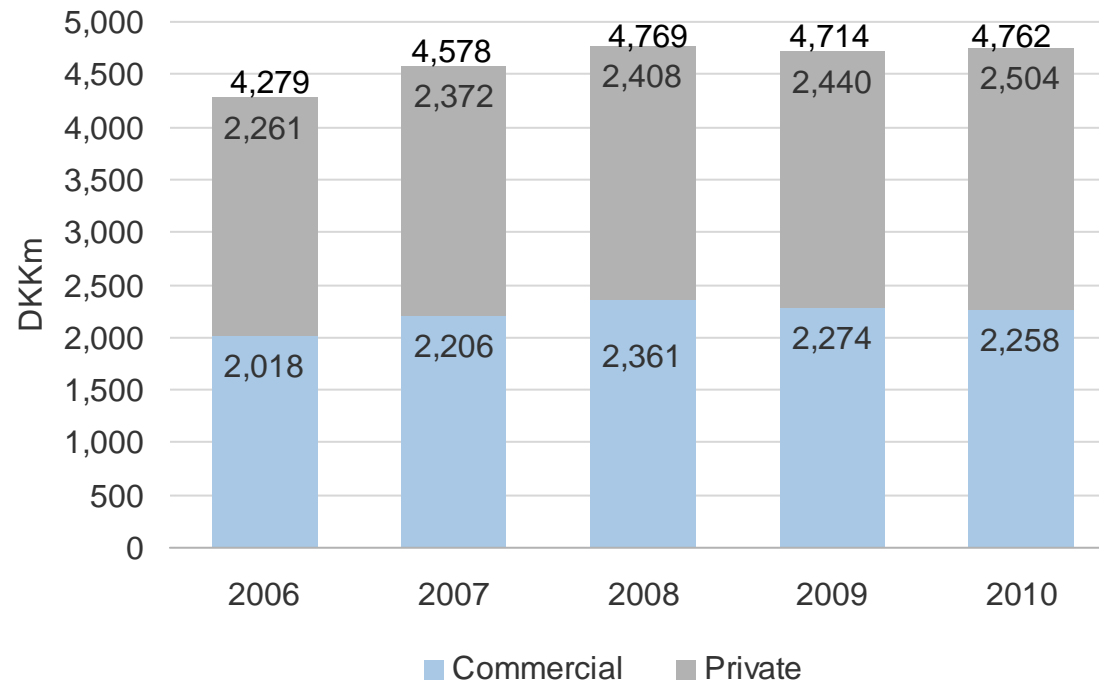
- Q4: 15.5%
- 2010: 17.6%



Alm. Brand Non-life insurance Highlights

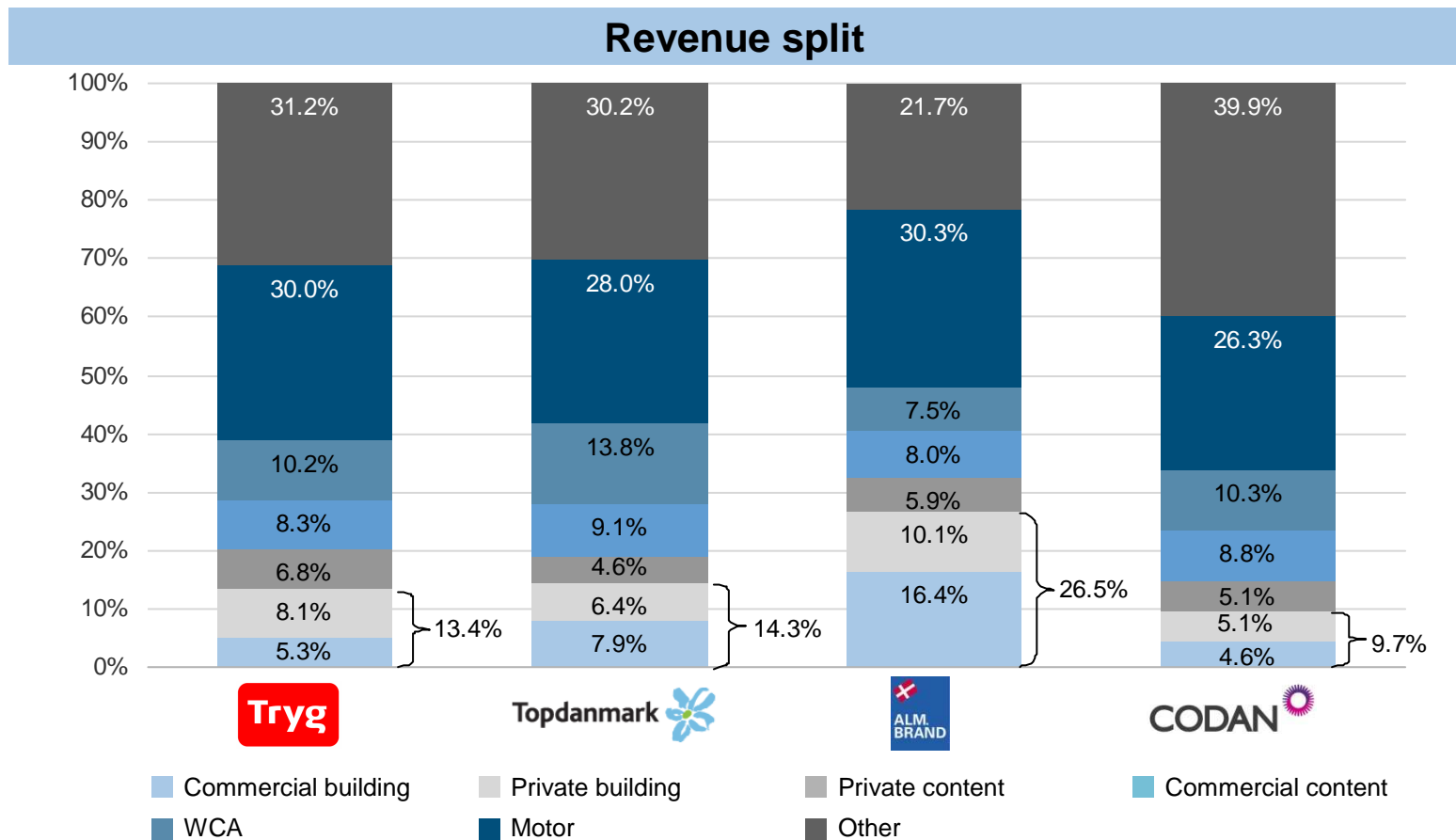
- **Improvement of underlying business**
- **Many weather related claims**
- **Growth in premiums**
- **Staff reduction and restructuring**
 - Cost reductions
- **Outlook for 2011: DKK 300 million**
 - Combined Ratio: 95

Alm. Brand Non-life insurance Gross premiums

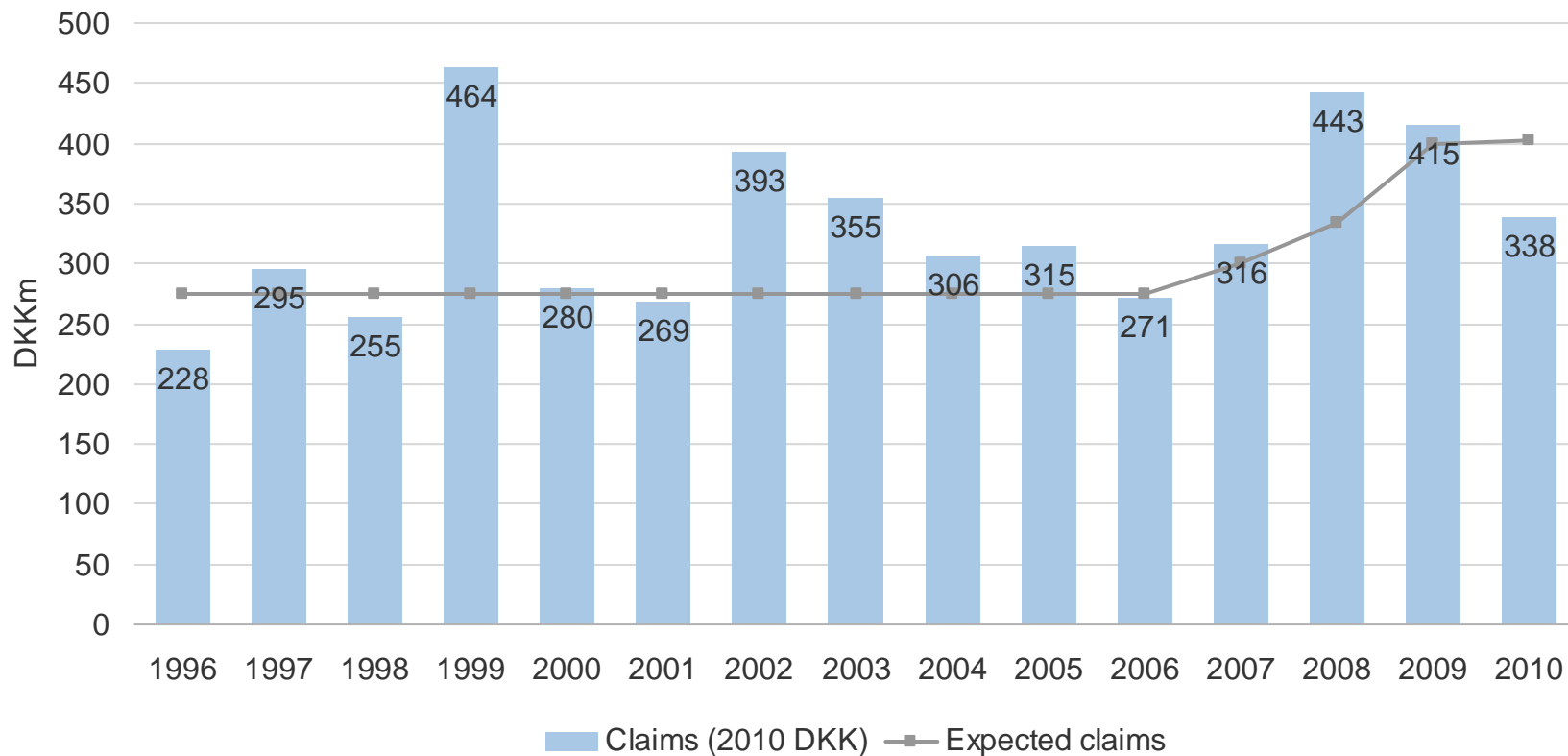


- **Premium growth of 1%**
 - Growth in market share
- **Premium increases**
 - Average of 6.5% on building and content
 - Reduced risk

Alm. Brand Non-life insurance revenue split and loss ratios



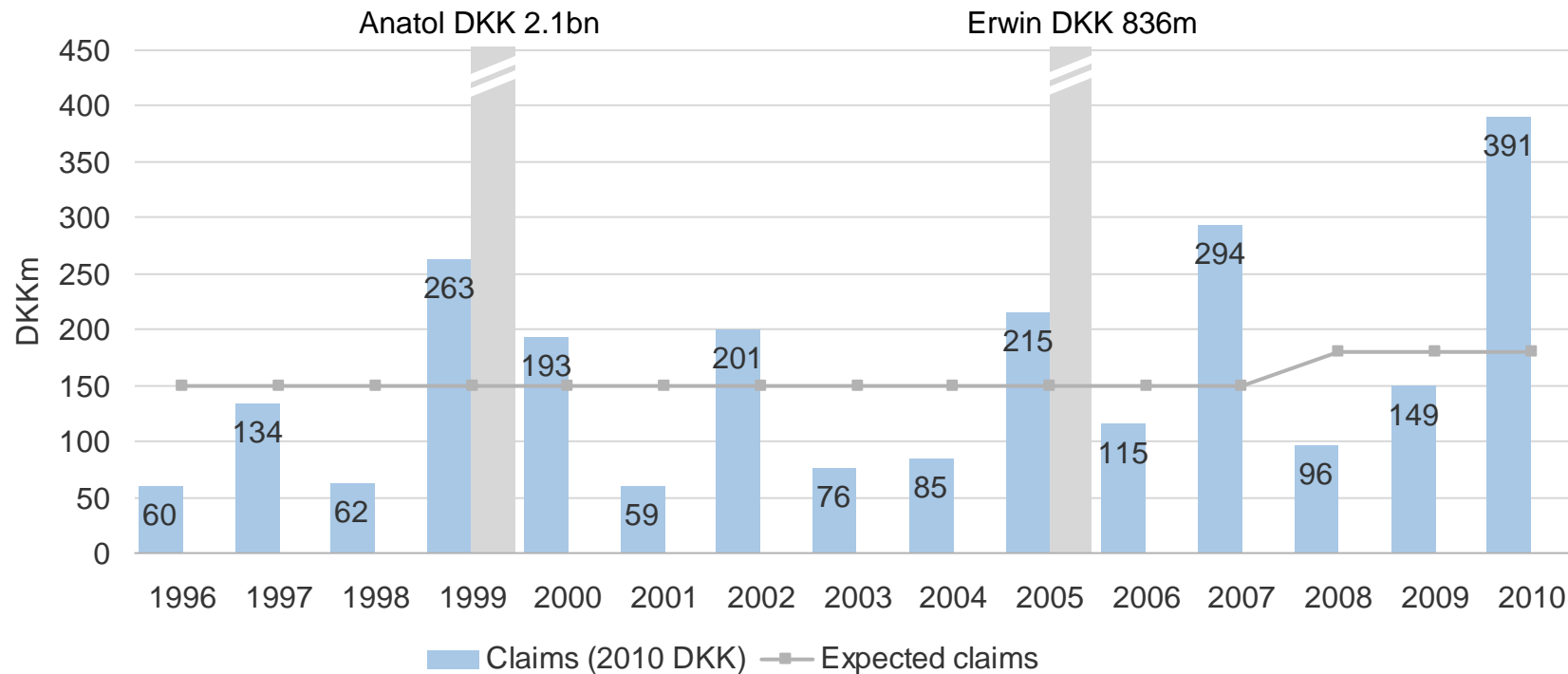
Alm. Brand Non-life insurance Expenses for major claims*



- Decent development in major claims
- Preventive measures

Note: Claims above DKK 1 million

Alm. Brand Non-life insurance Weather-related claims

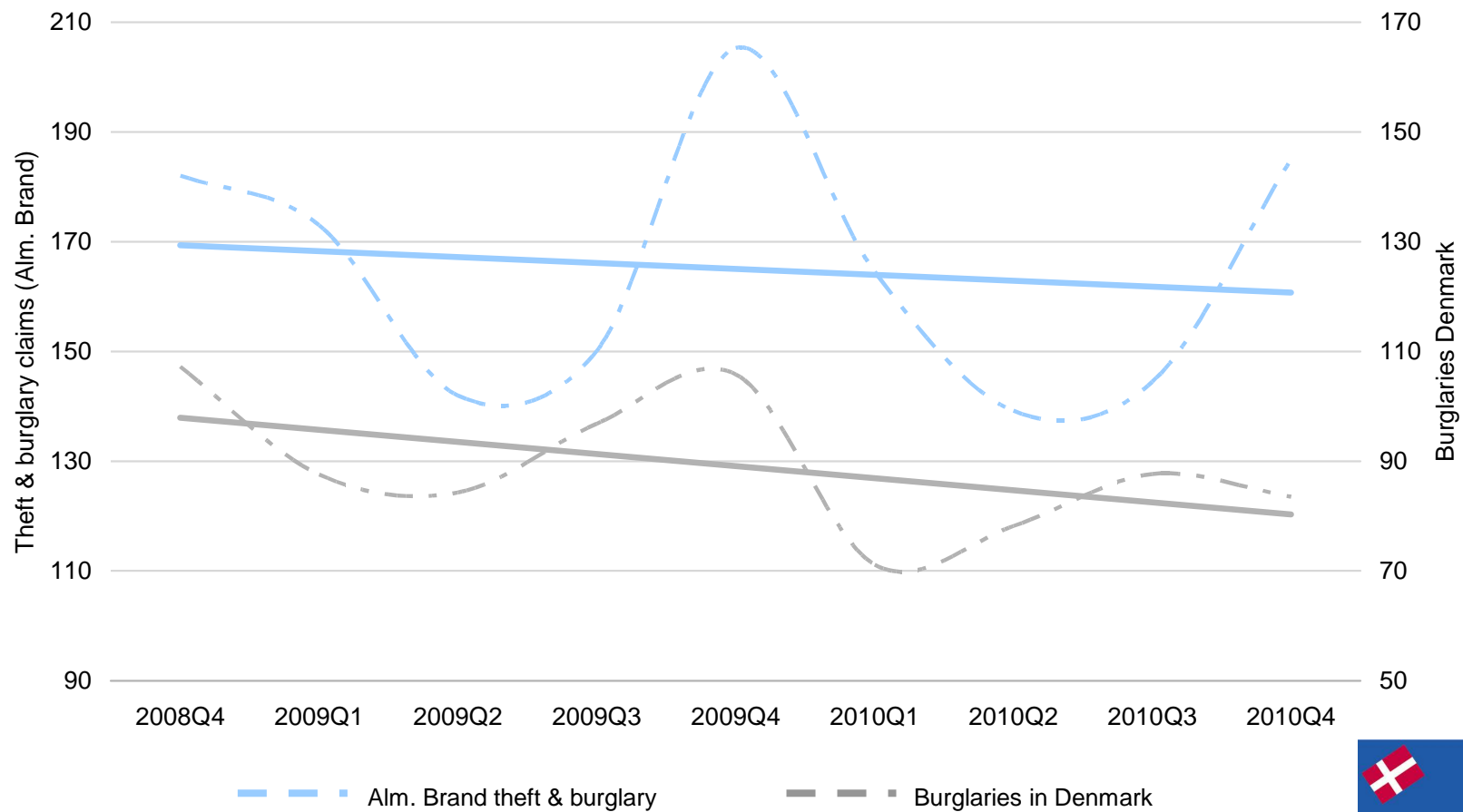


- Winter claims
- Cloudburst
- Increased reinsurance cover
- Preventive measures



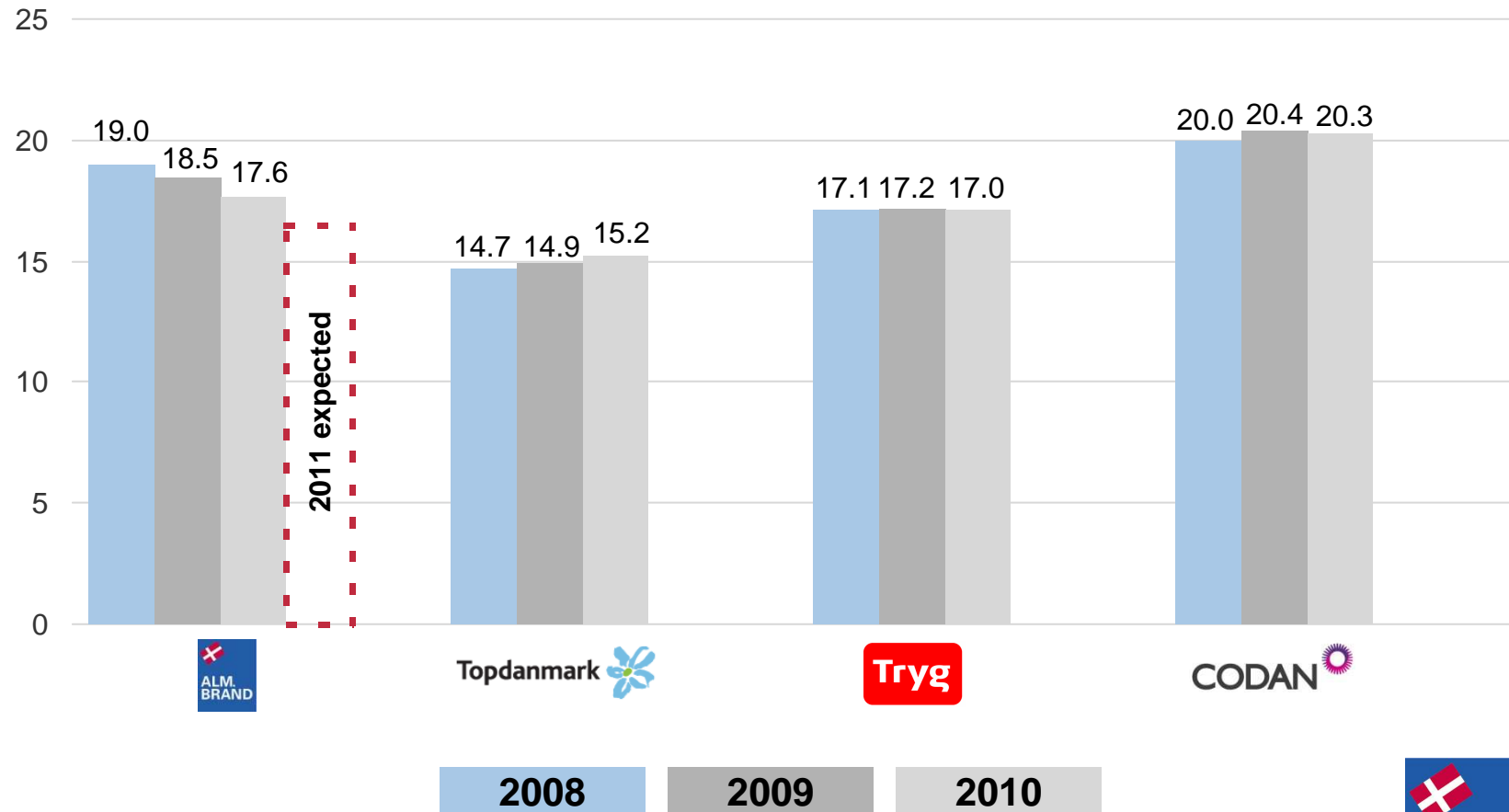
Alm. Brand Non-life insurance

Correlation between burglaries in Denmark and theft & burglary claims



Alm. Brand Non-life insurance

Cost ratio - major Danish non-life companies

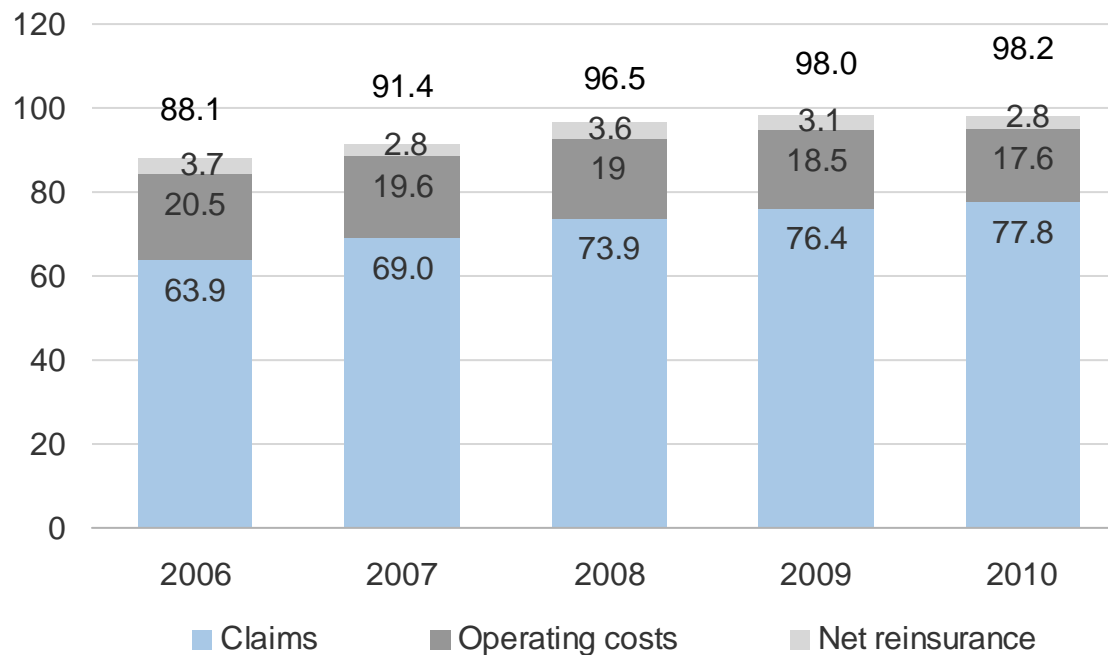


Note: Cost ratio is on group level. 2010 for Topdanmark is Q1-Q3 and Codan is H1

Alm. Brand Non-life insurance

Impact on results

Combined Ratio



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

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

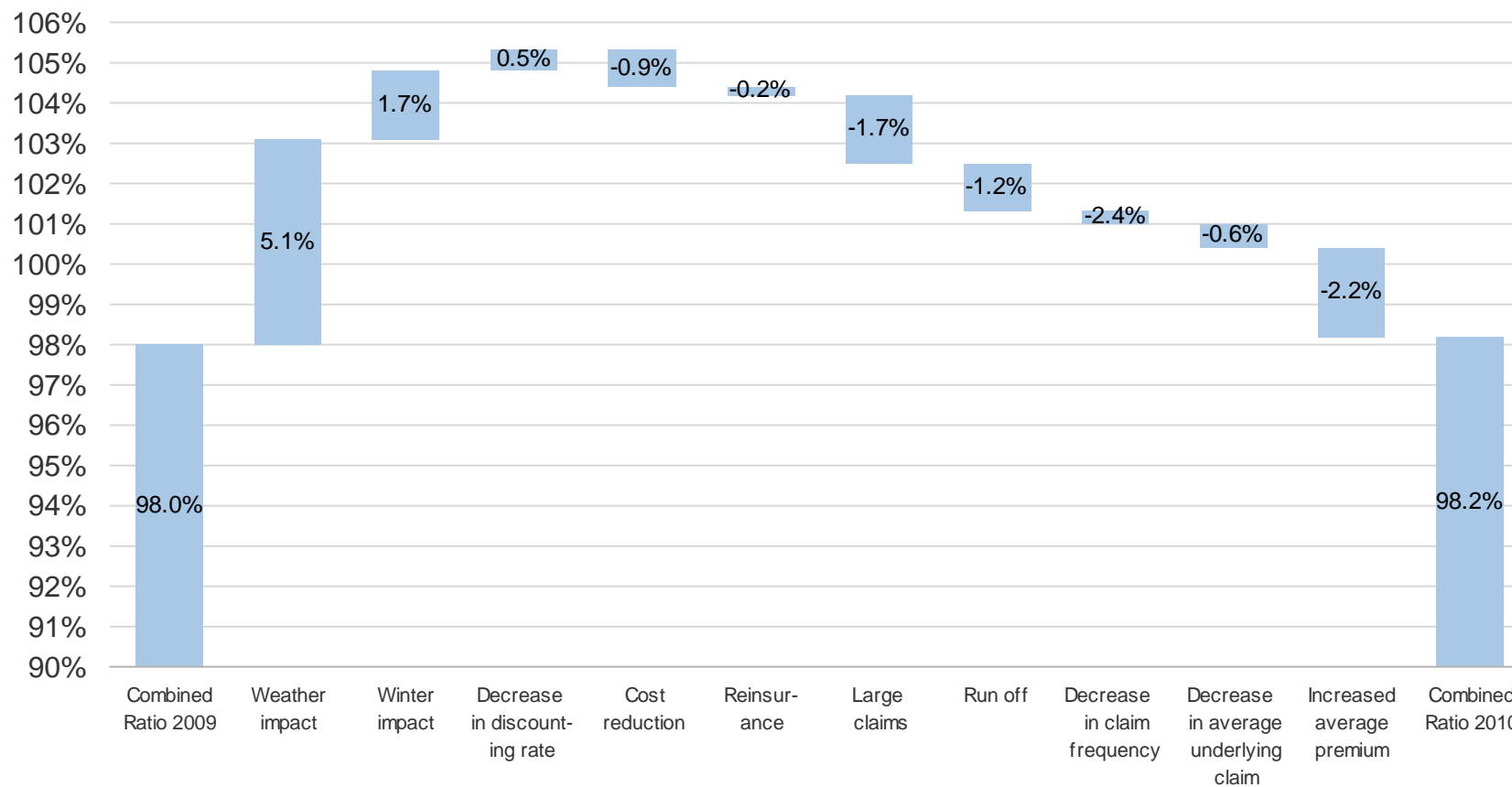
Alm. Brand Non-life insurance

Combined ratio

	2006	2007	2008	2009	2010
Combined ratio ex weather-related and major claims	81.4	82.1	84.8	88.7	85.5
Major claims	5.6	6.9	9.1	7.9	7.1
Weather-related claims	2.2	4.3	1.9	3.1	8.5
Run-off result*	-1.1	-1.9	0.7	-1.7	-2.9
Combined ratio	88.1	91,4	96,5	98,0	98.2

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

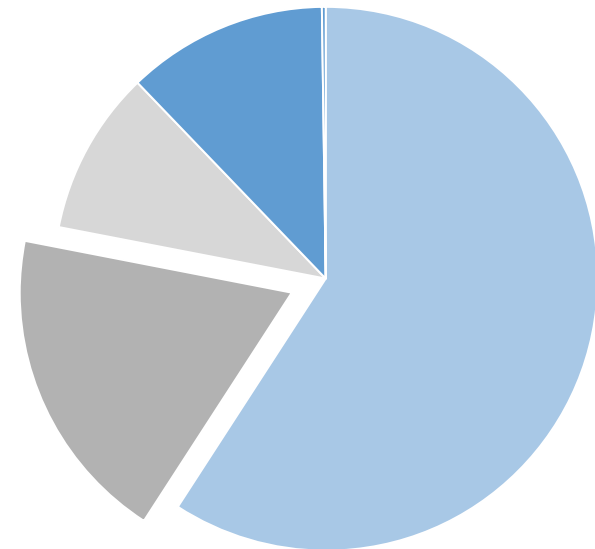
Alm. Brand Non-life insurance Combined ratio 2010



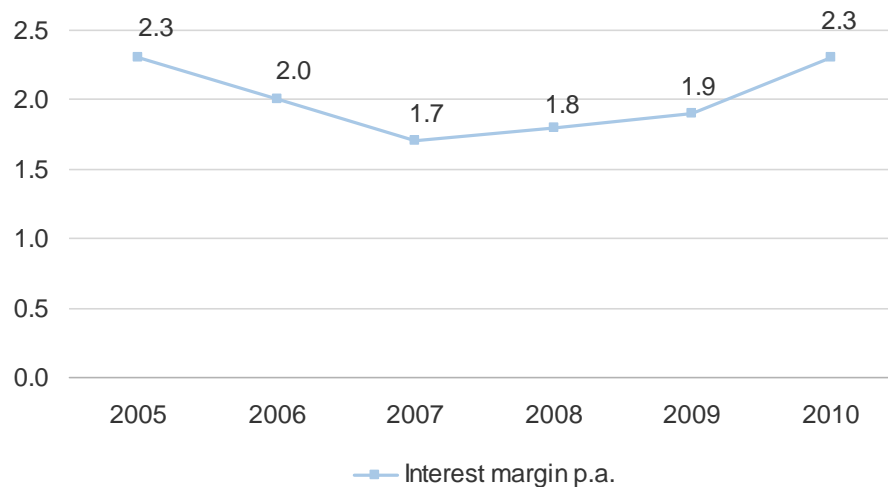
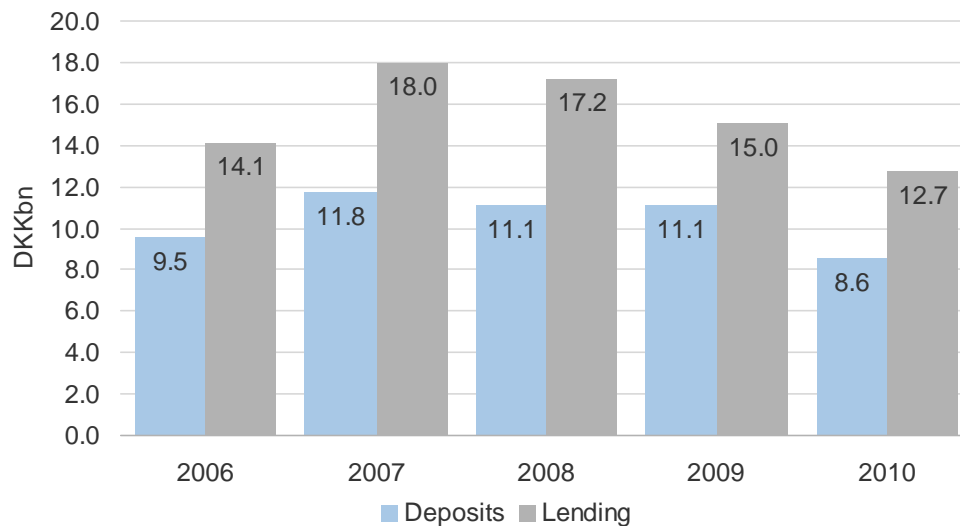
Alm. Brand Banking Highlights

- **Q4 result: DKK 52 million loss**
 - Adversely affected by value adjustments
 - Bonds and fixed-income instruments due to interest rate increases
 - One unlisted share
 - Total: DKK 71 million loss
 - After losses and writedowns: DKK 209 million loss
- **2010: DKK 39 million profit**
 - After losses and writedowns: DKK 869 million loss
- **Losses and writedowns**
 - As expected
 - Q4: DKK 157 million
 - 2010: DKK 908 million

Banking



Alm. Brand Banking Deposits and lending

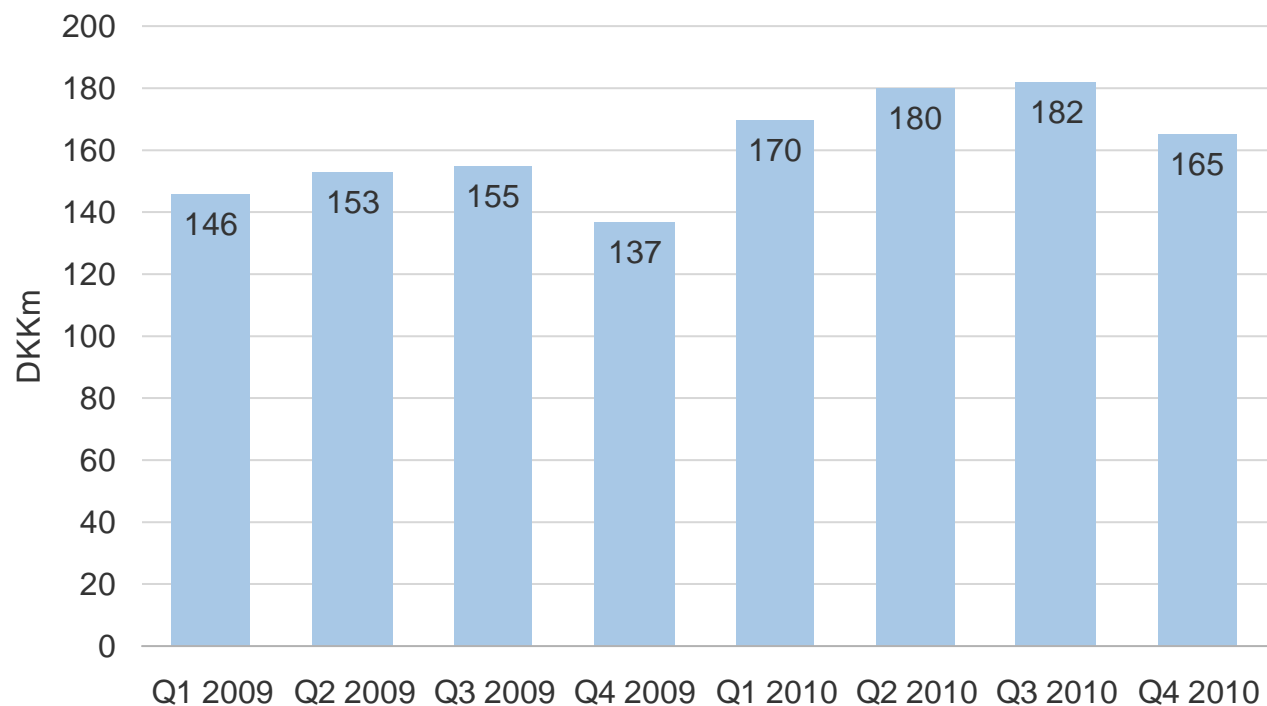


- **Lending portfolio reduced** by approx. DKK 1.4 billion before losses and writedowns

- **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

DKKkm	Loans			Impairment writedowns					Prorata	
	31.12.2009	31.12.2010	Portfolio share in pct.	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Total 2010	Imp.	pct *)
Segments										
Retail lending	3,356	3,261	25.6%	18	-18	3	26	29		0.9%
Car financing	994	623	4.9%	5	0	3	3	11		1.3%
Agriculture	1,125	1,153	9.0%	6	9	14	45	74		6.5%
Other commercial lending *)	1,245	1,029	8.1%	6	21	-2	4	29		2.5%
Security financing	3,756	2,412	18.9%	73	120	182	5	380		12.3%
Investment properties	1,791	1,604	12.6%	-42	-43	112	4	31		1.8%
Residential mortgage deeds **)	1,889	1,619	12.7%	32	35	-27	32	72		4.1%
Commercial mortgage deeds **)	338	571	4.5%	17	29	117	5	168		37.0%
Property development projects	515	466	3.7%	4	11	42	11	68		13.9%
The Private Contingency Association	-	0	0.0%	0	3	21	22	46		-
Total excluding reverse transactions	15,009	12,738	100.0%	119	167	465	157	908		6.5%
Reverse transactions	15	0	0.0%	-	-	-	-	-		-
Total	15,024	12,738	100.0%	119	167	465	157	908		6.5%

*) Including minority interest's share of the bank's loans and advances to the subsidiary Alm. Brand Formue

***) Loans and advances at 31 December 2009 are inclusive of minority interest's share of the bank's loans and advances to the subsidiary Alm. Brand Pantebrev

Alm. Brand Banking

New bank & winding-up bank

Current lending portfolio: **DKK 12.7 bn**

Continuing portfolio: **DKK 3.6 bn**

Private lending: **DKK 3.3 bn**

Investment credits: **DKK 0.2 bn**

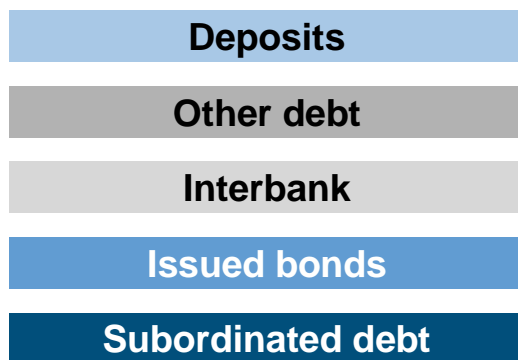
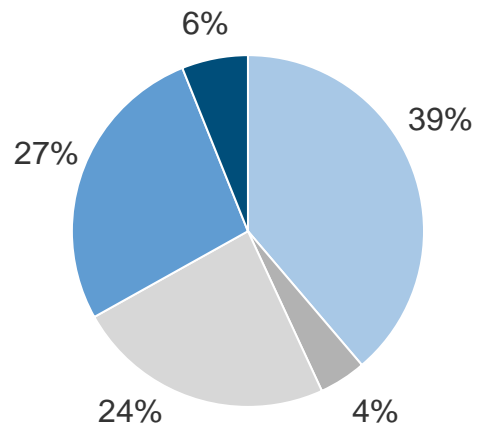
Leasing: **DKK 0.1 bn**

Winding-up portfolio: **DKK 9.1 bn**

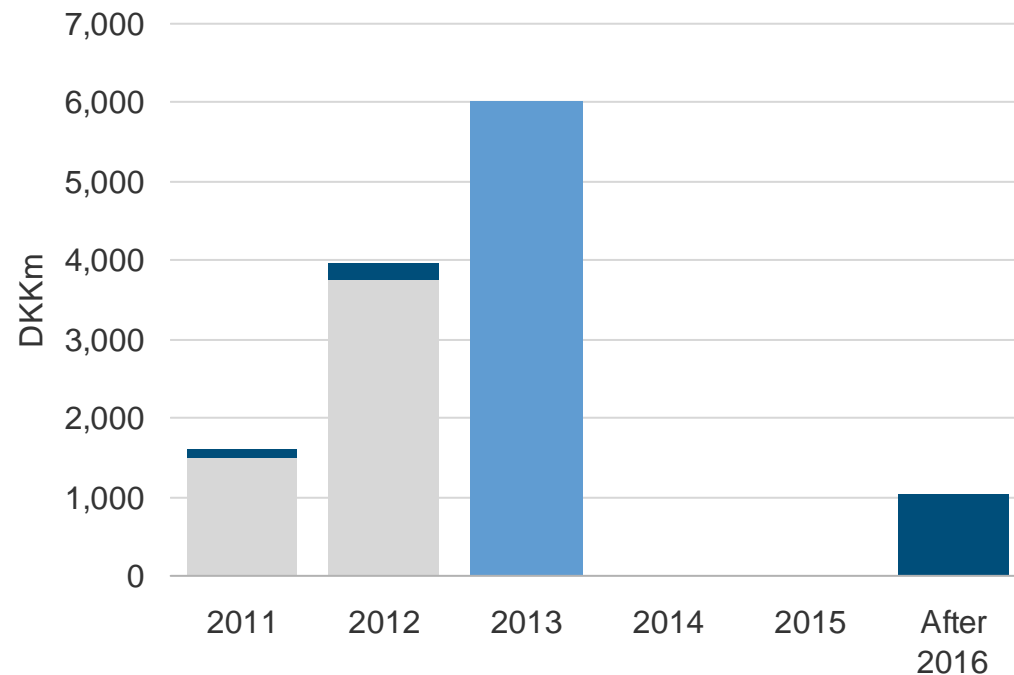
New strategy for the bank

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

Alm. Brand Banking Funding



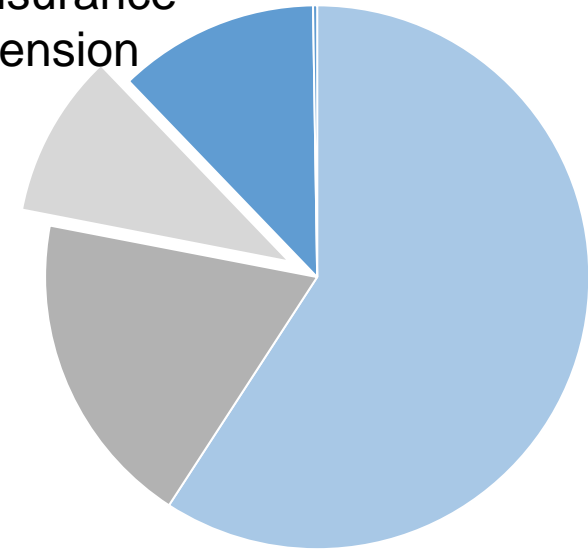
Repayment structure for interbank funding, issued bonds and subordinated debt



Alm. Brand Life insurance and pension Highlights

- **Results 2010: DKK 181 million profit**
 - DKK 11 million better than expected
- **Collective bonus potential: DKK 517 million**
 - Bonus rate: 5.1%
- **Growth**
 - Guaranteed product: 1%
 - Market risk product: 12%
- **Strong investment return**
 - 8.1%
- **Forecast for 2011: DKK 70 million**

Life insurance and pension



Alm. Brand Life insurance and pension Result

DKKm	2006	2007	2008	2009	2010
Return on investment allocated to equity	24	31	43	58	30
Result of portfolios without bonus entitlement	2	1	0	-24	13
Risk premium	44	55	53	54	54
Share of expense and risk result	11	17	28	22	27
Calculated return on equity	81	104	124	110	124
Reversed from/transferred to shadow account	0	0	-81	29	57
Result before tax	81	104	43	139	181
Shadow account balance	0	0	81	56	0

Alm. Brand Life insurance and pension Investments 2010

Return on investments (OE)	3.2%
Return on investments (customers)	<u>8.1%</u>
Bonds etc.	7.9%
Equities	13.1%
Properties	5.8%
Total equity exposure approx.	12.0%
Interest (customers) p.a.	3.5%

Alm. Brand Life insurance and pension Portfolio

	Average guarantee	Duration Year	Share of portfolio
Low guarantees	1.78%	26.32	38.7%
Medium guarantees	3.03%	7.81	15.8%
High guarantees	4.02%	10.11	45.5%

- Short duration on high guarantee

Alm. Brand Liv og Pension

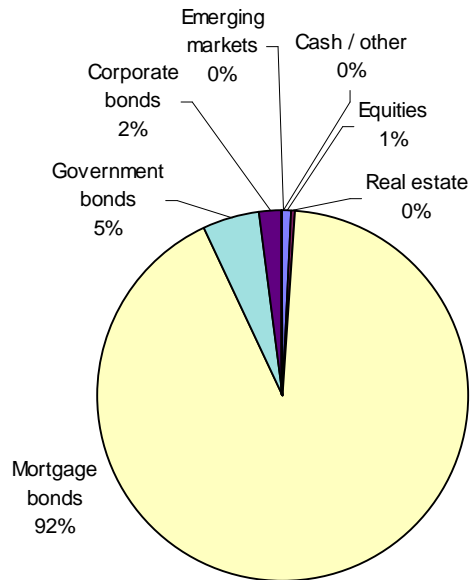
Points of interest

- **New FSA life expectancy curve**
 - Very little significance to Alm. Brand
- **New contributions rules**
 - Interest groups
 - 0,1 % of the liabilities
 - Insurance groups
 - 100 % of the result
 - Cost group
 - 100 % of the result
 - => unchanged level of profit
- **Portfolio division implemented**
 - Interest
 - 3 groups defined by the individual customers underlying guarantee
 - Each group has its own investment strategy
 - Insurance
 - 4 groups defined by the type of insurance risk
 - Cost
 - 1 group

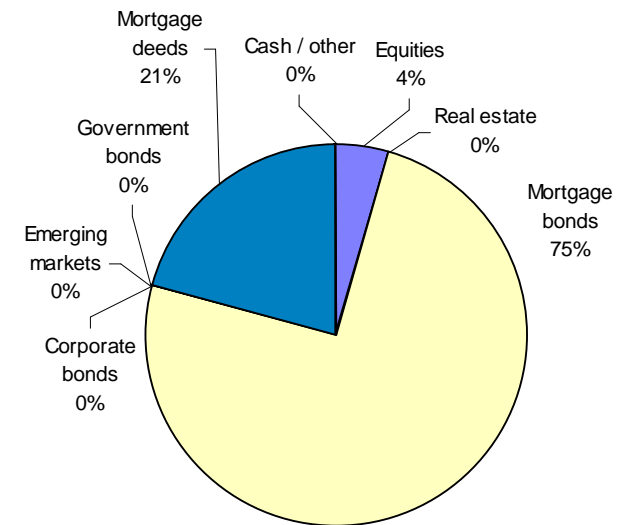
Alm. Brand

Investment assets

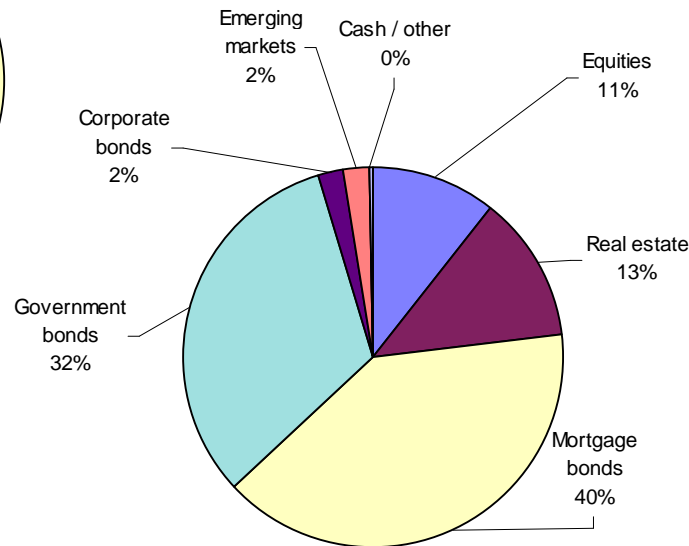
**Non-life, asset allocation
31 december 2010**



**Bank, asset allocation
31 december 2010**

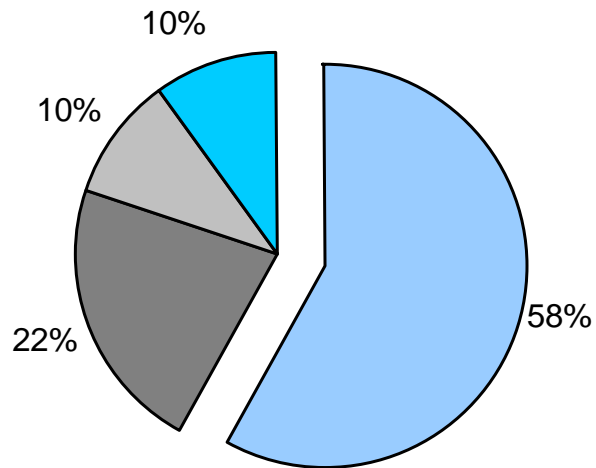


**Life, asset allocation
31 december 2010**



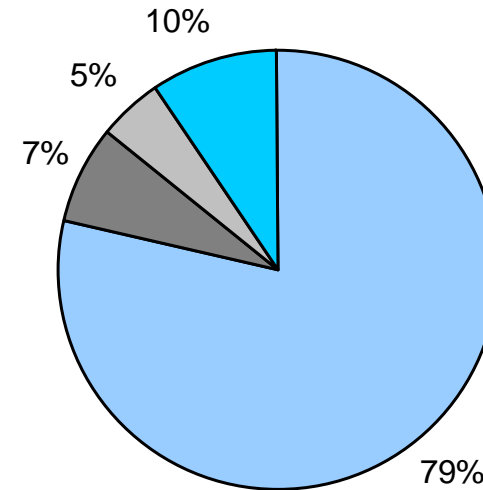
Alm. Brand Ownership

By investor



- Alm. Brand af 1792 fmba
- Banks etc
- Private investors
- Other

By area (excl. Alm. Brand af 1792 fmba)



- Denmark
- USA
- Other Nordic
- Other



Alm. Brand

The group's internal capital target

DKKm	Capital target 31 Dec. 2010
Non-life insurance (45% of cross premium income)	2,143
Life insurance (9% of life insurance provisions)	984
Alm. Brand Bank (17.9% of risk-weighted assets)*)	2,568
Alm. Brand Bank subsidiaries	342
Diversification effect	-300
Capital target, total	5,737

*) Calculated as the individual solvency need at 31 December 2010 plus 3 percentage points.

Alm. Brand A/S

Capital model

DKKm	Capital base 31 Dec. 2010
Consolidated capital and reserves	4,758
Intangible assets	-82
Tax assets	-660
Supplementary capital	1,803
Consolidated capital base, total	5,819
Statutory capital requirement for the group end 2010	3,748
Excess relative to statutory capital requirements	2,071
Exces relative to internal capital target	82

Alm. Brand Outlook 2011

- **Alm. Brand A/S: DKK 375 million profit**
 - Non-life insurance: DKK 300 million profit (Combined Ratio: 95)
 - Life and pension: DKK 70 million profit
 - Banking: DKK 45 million profit (before losses and writedowns) but including an expense of DKK 25 million to the Danish Depositors' Gurantee Scheme related to the bankruptcy of Amagerbanken
 - Other business activities: DKK 40 million loss
 - A small but positive result for the Group – also after losses and writedowns
- **Expected losses and writedowns until end 2012**
 - Level DKK 550 million

Alm. Brand Highlights

- **Non-life insurance developing favourably**
 - Claims on underlying business
 - Costs
- **Life insurance and pension very satisfying**
- **Bank writedowns develop as expected**

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