

# Alm. Brand A/S

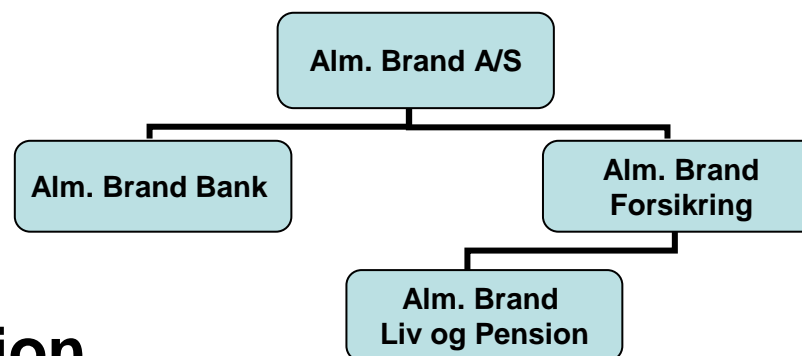
## H1 2010 – Conference call



# Alm. Brand

## Three business areas

- **Non-life insurance**
  - 4th largest in DK
  - 400,000 customers\*
    - 200,000 plusKUNDER\*
- **Banking**
  - 65,000 customers\*
  - Supports non-life
- **Life insurance and pension**
  - 80,000 customers\*
  - Supports non-life
- **DobbeltKUNDER**
  - 27,000\*



“We take care of our customers”

\* No. of households/units

# Alm. Brand

## Highlights Q2 2010

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- **Profit of DKK 275 million before losses and provisions**
- **Profit of DKK 108 million after losses and provisions**
- **Strong operating performance by all three business areas**
  - **Non-recurring income and positive run-off**
- **Combined ratio: 84.6**
- **Expense ratio: 18.1**
- **Losses and writedowns in the bank in line with expectations**
  - **DKK 167 million**



# Alm. Brand

## Highlights H1 2010

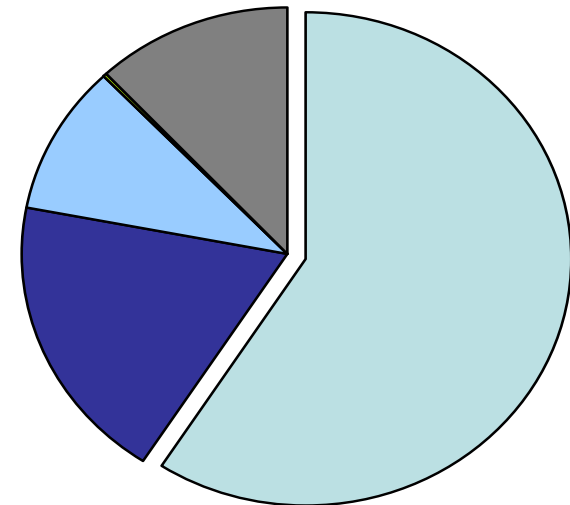
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- **Profit of DKK 152 million before losses and writedowns**
- **Loss of DKK 134 million after losses and writedowns**
  - **Extraordinary winter-related claims of DKK 300 million**
  - **Writedowns of DKK 286 million in the bank**
  - **Unsatisfactory but better than expected**
- **Sustained improvement of operating performance in banking and pension activities**
- **Continued decline in expenses**
- **Highly satisfactory investment return**
- **Profit forecast upgraded by DKK 180 million for the full year**



# Alm. Brand – Non-life insurance Highlights H1 2010

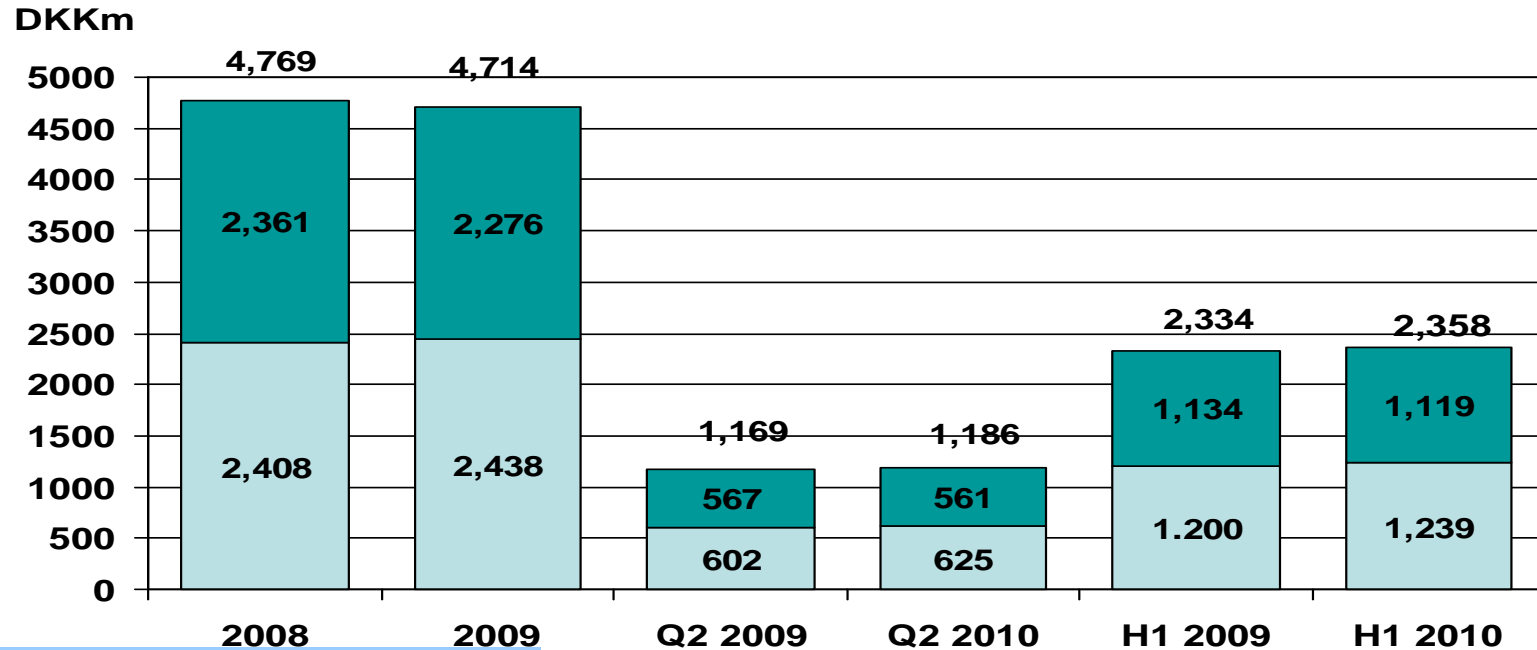
- **Performance**
  - Q2: DKK 186 million profit
  - H1: DKK 64 million loss
- **Combined ratio**
  - Q2: 84.6
  - H1: 104.9
- **Expense ratio**
  - Q2: 18.1%
  - H1: 18.9%



Non-life  
insurance

# Alm. Brand – Non-life insurance

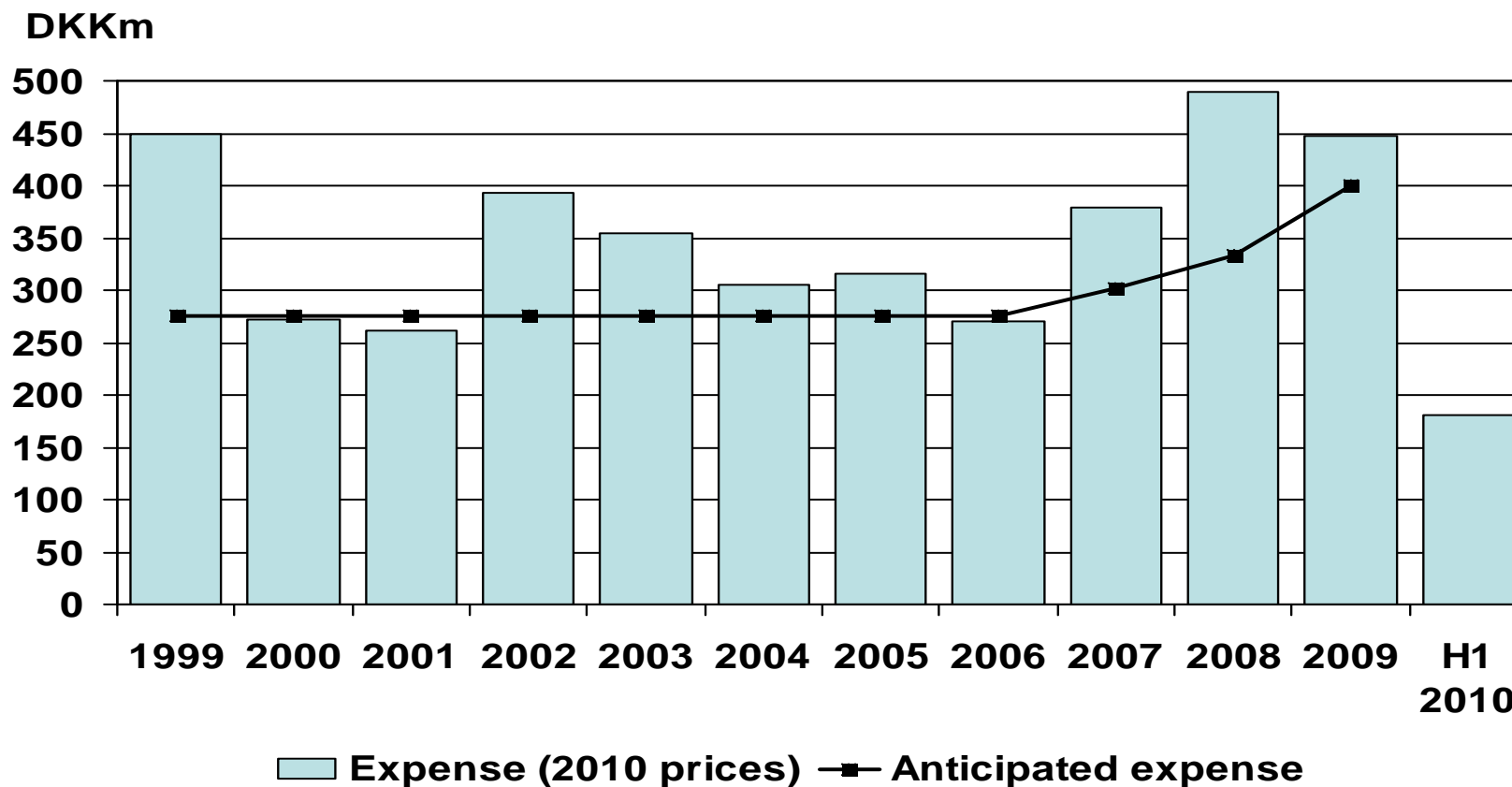
## Gross premiums



- Premium growth of 1%
  - Q2: 1.5%
- Premium increases
  - Building and household comprehensive: >9%
  - Commercial: 12%
  - Some parts still not converted

■ Private ■ Commercial

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

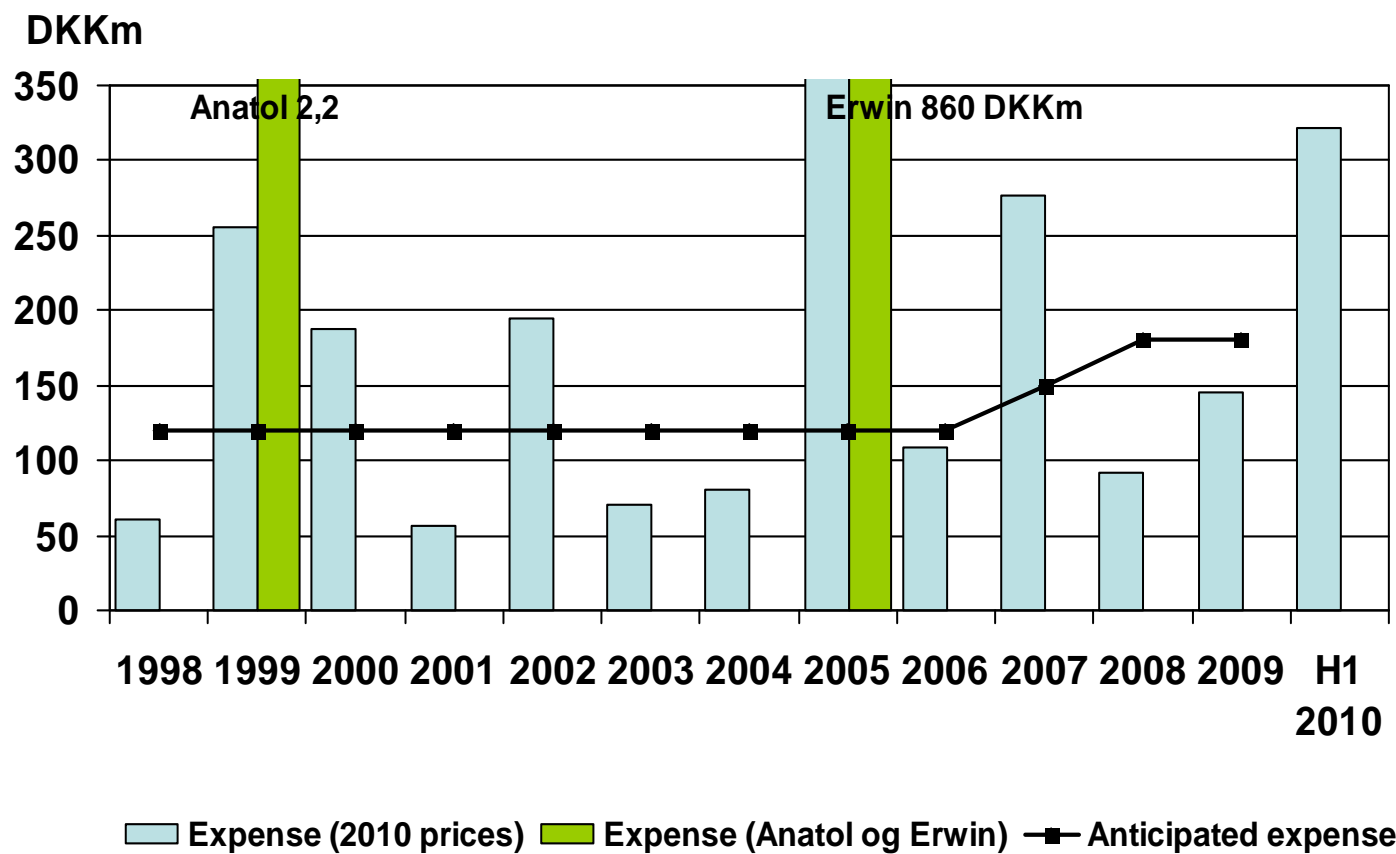


\* Claims above DKK 1 million

● Slight decline in major claims

# Alm. Brand – Non-life insurance

## Weather-related claims

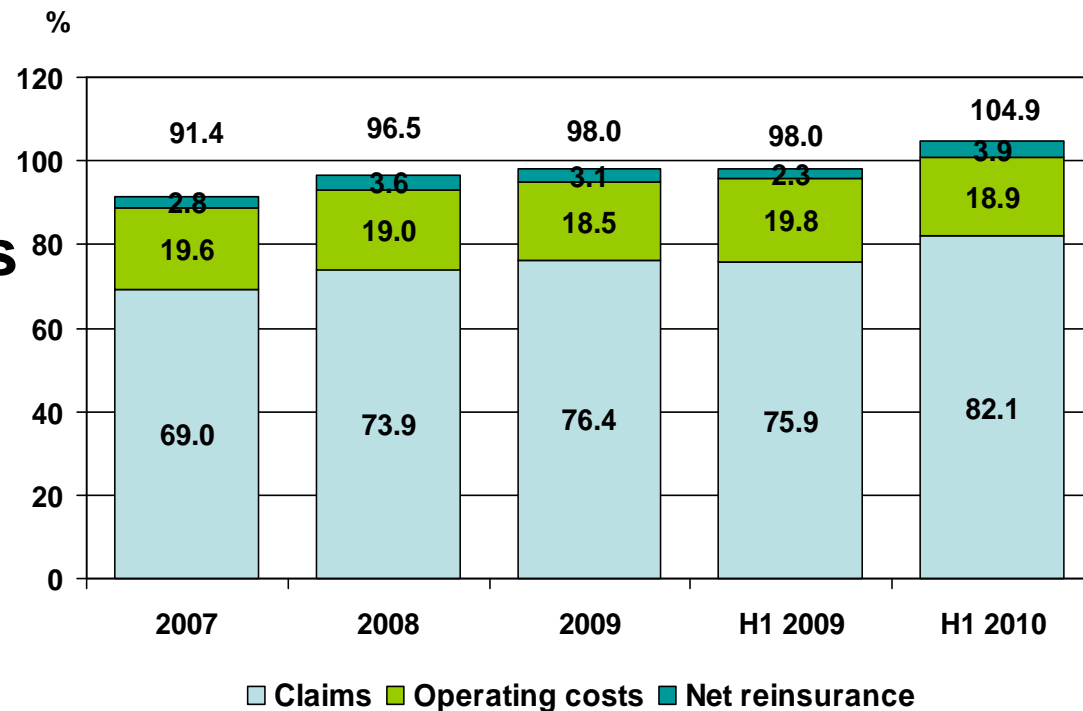


- Winter-related claims
- Few claims in Q2

# Alm. Brand – Non-life insurance

## Impact on performance

- + Lower costs
- + Lower amount of major claims
- + Stabilisation of normal claims
- + Premium increases
- + Positive run-off
- + Lower-than-expected winter-related claims
- - Extraordinary winter-related claims
- - Interest rate: 0.7% higher claims ratio



# Alm. Brand – Non-life insurance

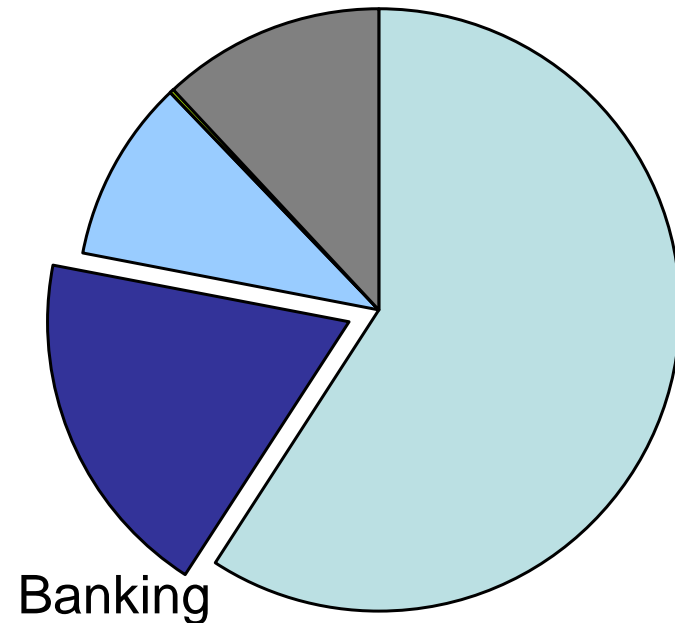
## Combined ratio

	2008	2009	H1 2009	H2 2009	H1 2010
Combined ratio ex weather-related and major claims	84.3	87.4	85.1	90.1	87.6
Major claims	9.6	9.2	11.3	6.8	7.7
Weather-related claims	1.9	3.1	1.3	4.8	13.7
Run-off result*	0.7	-1.7	0.3	-3.7	-4.1
Combined ratio	96.5	98.0	98.0	98.0	104.9

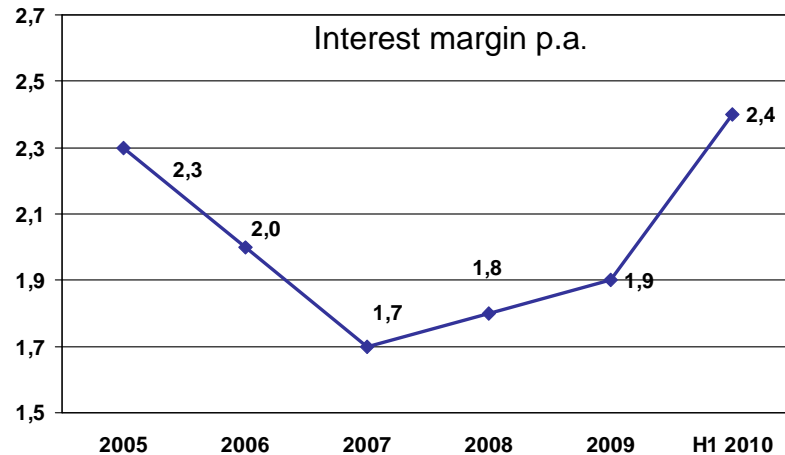
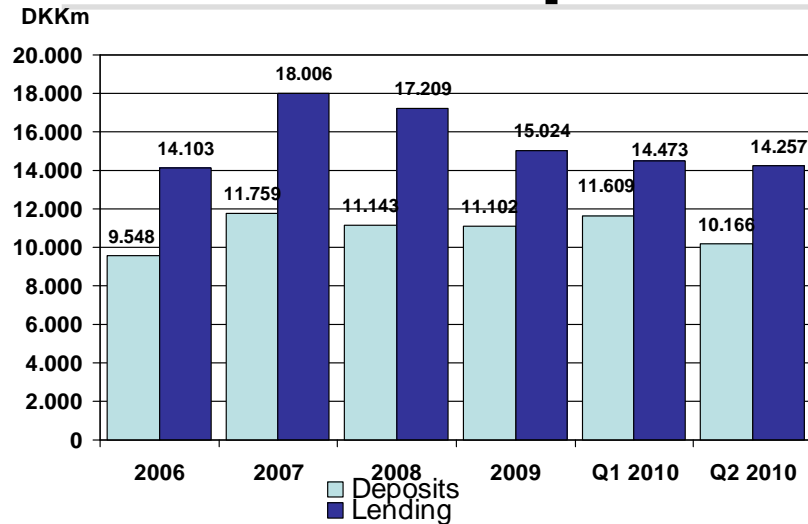
\* A negative run-off result equals a run-off gain

# Alm. Brand – Banking Highlights H1 2010

- **Performance: DKK 172 million loss**
- **Losses and writedowns of DKK 286 million**
  - Profit of DKK 114 million before losses and writedowns
- **Interest margin rose to 2.4%**
- **Improved operating performance**
- **Continued decline in expenses**
- **Better than expected**
  
- **Solvency: 14.9%**
- **Tier 1 ratio: 12.3%**



# Alm. Brand – Banking Deposits and lending

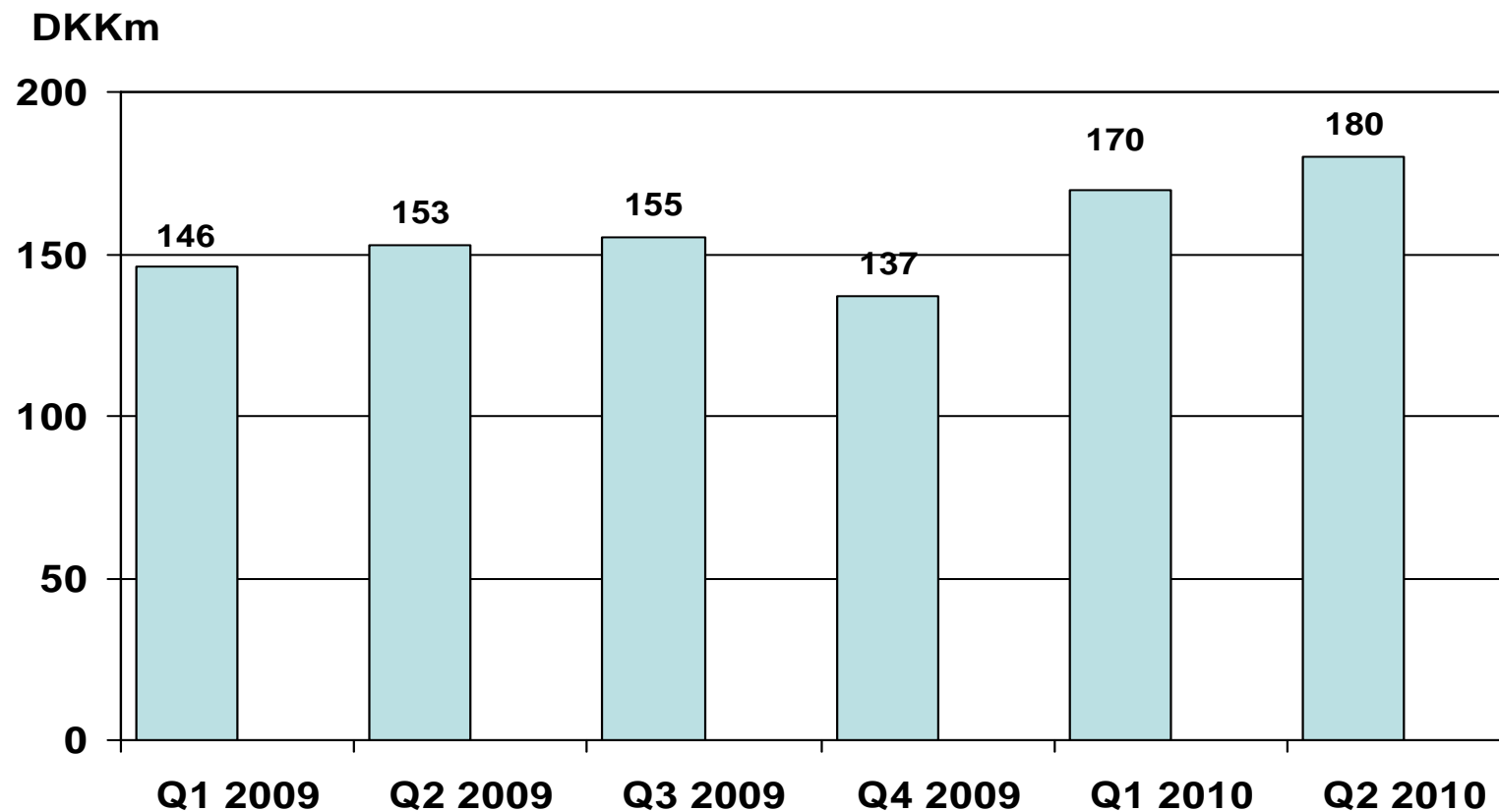


- Lending portfolio reduced by DKK 1.0 billion before writedowns
  - Accumuleted writedowns have grown by DKK 0.1 billion

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

# Alm. Brand Bank

## Net interest and fee income



# Alm. Brand – Banking

## Lending portfolio and credit losses

DKK <b>m</b>	Lending			Losses and writedowns				Impairment ratio
	31 Dec 2009	30 June 2010	Share of portfolio in %	H1 2009	Q1 2010	Q2 2010	H1 2010	H1 2010
Retail lending	3,356	3,298	22.8%	14	18	-18	0	0.0%
Car finance	994	798	6.2%	17	5	0	5	0.6%
Agriculture	1,125	1,202	7.8%	63	6	9	15	1.3%
Other commercial lending	1,023	1,102	6.4%	23	6	21	27	2.5%
Loans to subsidiaries	1,345	770	6.1%	0	0	0	0	0.0%
Securities financing	3,756	2,896	22.7%	204	73	120	193	5.8%
Investment properties	1,791	1,685	12.5%	382	-42	-43	-85	-4.9%
Residential mortgage deeds	856	1,489	8.2%	24	32	35	67	5.7%
Commercial mortgage deeds	263	451	3.5%	36	17	29	46	12.9%
Property development projects	515	565	3.9%	296	4	11	15	2.8%
The Private Contingency Association	-	-	-	4	0	3	3	-
<b>Total</b>	<b>15,024</b>	<b>14,256</b>	<b>100.0%</b>	<b>1,063</b>	<b>119</b>	<b>167</b>	<b>286</b>	<b>2.0%</b>

# Alm. Brand – Banking

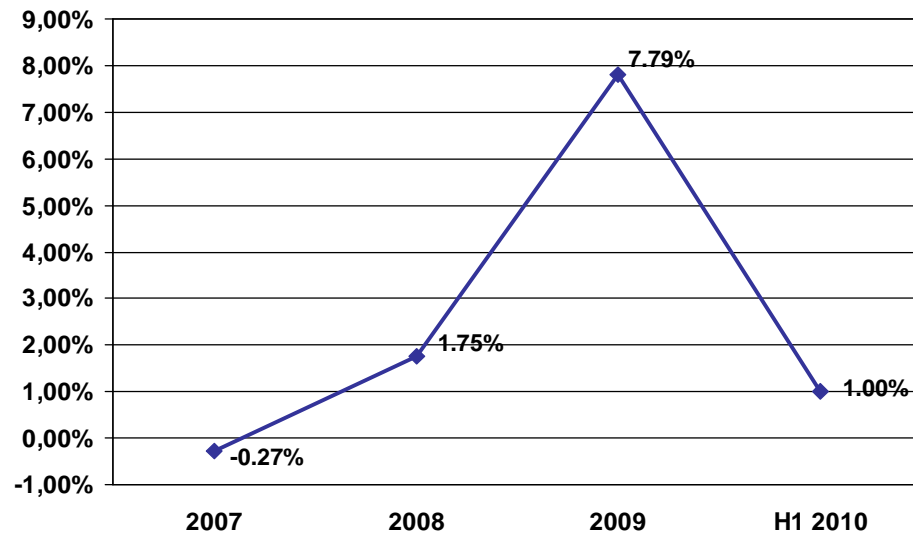
## Lending portfolio and credit losses

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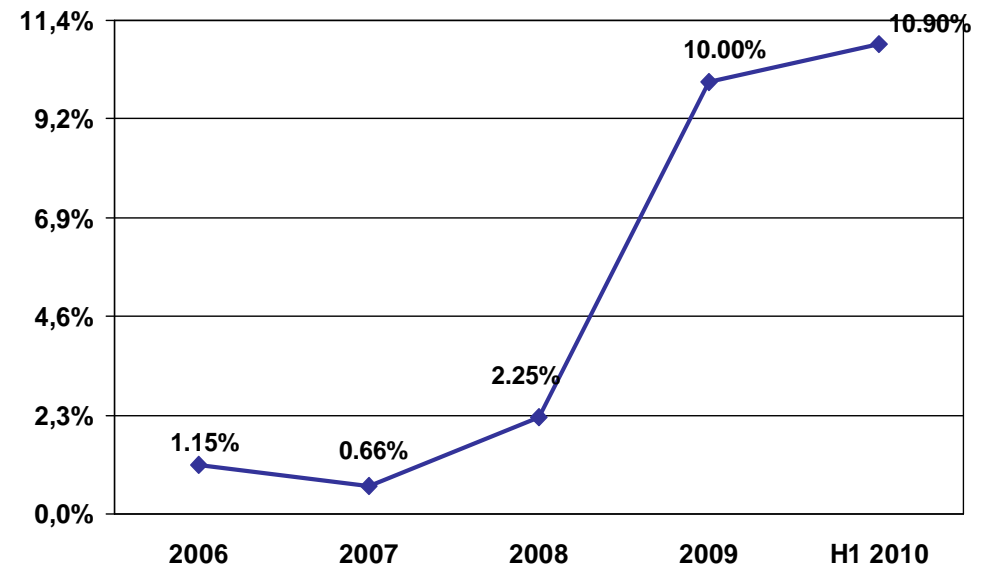
# Alm. Brand – Banking Writedowns

- Still particularly mortgage deeds
- Sustained decline

### Writedowns

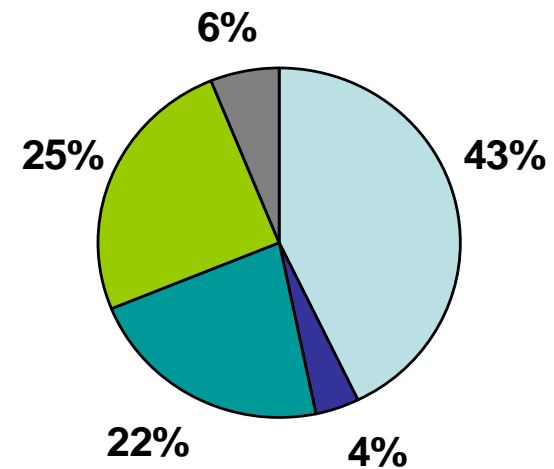
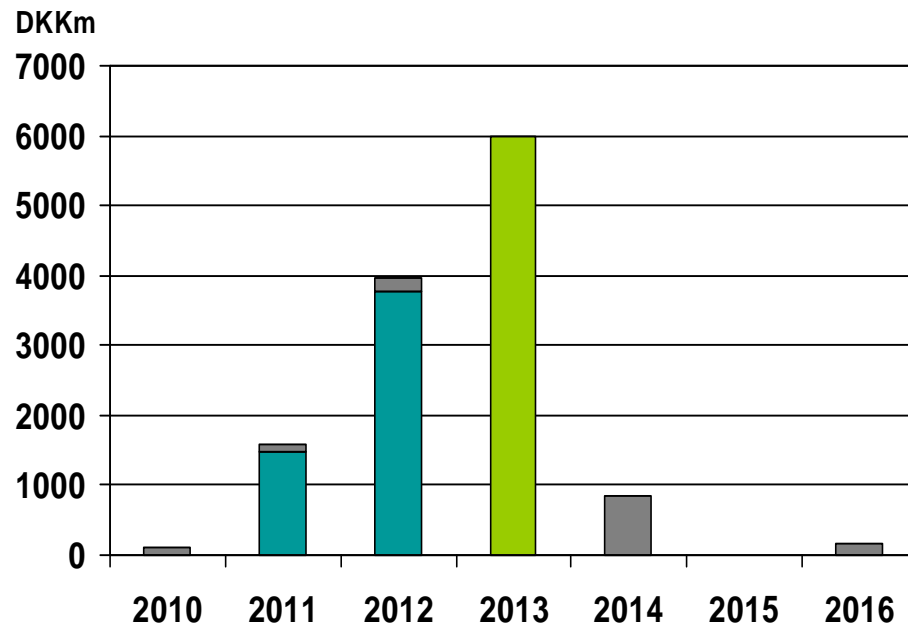


### Accumulated writedown ratio



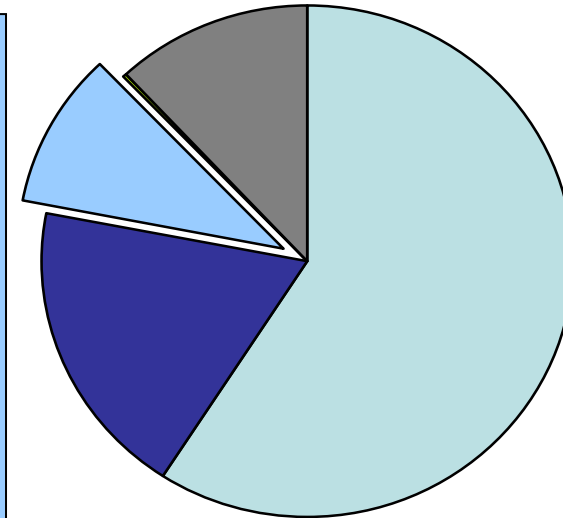
# Alm. Brand – Banking Funding situation

Repayment structure for interbank funding,  
issued bonds and subordinated debt



# Alm. Brand – Life insurance and pension Highlights H1 2010

- **Performance: DKK 129 million profit**
- **Collective bonus potential: DKK 343 million**
  - Increase of DKK 118 million
- **Premiums**
  - Growth incl. banking: 8.4%
- **Strong investment return**
  - 6.5% (p.a. 13%)
  - On customer funds



Life  
insurance  
and  
pension

# Alm. Brand – Life insurance and pension

## Return on equity before tax

DKKm	2008	2009	Q2 2009	Q2 2010	H1 2009	H1 2010
Return on investment allocated to equity	43	58	12	11	39	24
Result of portfolio without bonus entitlement	0	-24	-2	6	-2	10
Risk premium	53	54	14	13	27	27
Share of expense and risk results	28	22	4	11	12	12
Calculated return on equity	124	110	28	41	76	73
Reversed from/transferred to shadow account	-81	29	-18	20	-39	56
Profit before tax	43	139	10	61	37	129
Shadow account balance	81	56	63	-20	39	0



# Alm. Brand – Life insurance and pension Investments H1 2010

**Return on investments (OE) 2.0%**

**Return on investments (customers) 6.5%**

**Bonds etc. 8.8%**

**Equities -1.7%**

**Properties 2.4%**

**Total equity exposure about 10%**

**Interest (customers) p.a. 3.0%**

# Alm. Brand Outlook 2010

- Upgraded forecast
  - Non-life insurance from DKK 100 million loss to DKK 20 million loss
  - Banking (before losses and writedowns) from DKK 60 million profit to DKK 140 million profit
  - Life insurance and pension from DKK 120 million profit to DKK 140 million profit
  - Other business activities unchanged at DKK 60 million loss
- **Alm. Brand A/S profit of DKK 200 million (before losses and writedowns)**
  - **Upgrade of DKK 180 million**
  - **Including cloudbursts in weeks 32-33**

# Alm. Brand

## Outlook until 2012

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- **Losses and writedowns in the bank**
  - DKK 1 billion (distributed over 2.5 years)
- **Consolidated performance after losses and writedowns**
  - 2010: Significant loss
  - 2011: Small profit
  - 2012: Significantly enhanced profit
- **Due to**
  - Normalisation of writedowns
  - Limitation of claims
  - Premium increases
  - Higher interest income
  - Lower expenses

# Alm. Brand

## Capital until 2012

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

### Capital injection

- + Commitment of DKK 900 million from fmba**
- + Considering a rights issue**



# Alm. Brand Highlights

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- **Better than expected**
- **Not yet satisfactory**
- **Severe winter-related claims in Q1 proved less expensive**
- **Run-off gains**
- **Writedowns in line with expectations**
- **Other claims stabilised**
- **Improved operating performance**
- **Premium increases**
- **Low interest rates**
  - **Strong investment return**
  - **Affects combined ratio**

# Alm. Brand

## Focus 2010

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- **Premium increases within commercial and agricultural customer segments**
- **Expenses**
- **Limitation of claims**
  
- **Minimising losses and writedown**
  - **Private mortgage deeds from writedown customer to profit customer**

# Alm. Brand A/S

## H1 2010 – Conference call

