

## Alm. Brand A/S – Interim report for H1 2019

**Alm. Brand generated a pre-tax profit of DKK 370 million in H1 2019, which was highly satisfactory and better than expected. On this basis, the full-year guidance is raised by DKK 50 million to a profit of DKK 625-725 million.**

- *Alm. Brand once again delivers guidance outperformance, allowing us to raise our full-year profit guidance to DKK 625-725 million. I'm extremely pleased with our performance, said CEO of Alm. Brand A/S Søren Boe Mortensen. He continued:*
- *The upgrade is based on a stronger-than-expected performance of Non-life Insurance. Both Life Insurance and Banking performed in line with expectations.*
- *We're experiencing significantly stronger activity, especially in the bank, which saw an increase in the number of group-wide customers and new lending. However, due to our customers' increasing propensity to save up and convert bank loans into mortgage loans, lending did not increase at the same rate. On the other hand, Financial Markets is experiencing a high level of activity with new customers and strong investment appetite, explained Søren Boe Mortensen, adding:*
- *We're very pleased to note that many of the bank's new customers are referrals from the group's other business areas. This shows that our ambitious strategy of aiming to assist customers with all of their financial needs is beginning to show results, he emphasised.*

### Q2 performance

- Non-life Insurance delivered a satisfactory pre-tax profit of DKK 122 million in Q2 2019, which was better than expected.

The combined ratio was 89.9, being favourably affected by run-off gains and a lower level of expenses for both minor and major claims. These were to some extent offset by increased building insurance claims expenses and a significantly lower discount rate.

Premiums increased by 1.6% relative to Q2 2018. The commercial customer segment grew by 2.6%, while growth in the private customer segment was 0.6%, which was less than anticipated. Customer retention remained high in both segments.

The investment result was a loss of DKK 13 million, which was attributable to the hedging of technical provisions producing an overall negative return as a result of the lower VA premium in the second quarter of 2019.

- Life Insurance generated a satisfactory pre-tax profit of DKK 21 million, which was in line with expectations.

Pension contributions amounted to DKK 392 million, which was satisfactory. Total portfolio premiums increased by 6.5% year on year.

The bonus rate was 13.7 at 30 June 2019. This was satisfactory in light of the substantial interest rate decline that translated into an extraordinary decline in the VA premium. The bonus rate remained at a satisfactory level, ensuring that Alm. Brand Pension may continue to offer competitive rates on policyholders' savings.

- Banking generated a profit of DKK 15 million. The performance was favourably affected by a high

level of activity and new customers in Financial Markets, profit from Leasing, impairment writedown reversals and an extraordinary capital gain. However, very low interest rates, tough competition and higher costs related to compliance with regulatory requirements detracted from performance. While the overall profit was in line with expectations, the profit composition was not satisfactory.

The bank generally experienced an increase in the level of activity in the second quarter. Accordingly, the number of Pluskunder grew by 7% in the first six months of the year and by 3% in the second quarter alone, and the customer inflow and the level of activity in Financial Markets were also very satisfactory.

As a result of continued customer inflows, new lending also increased. However, this trend was partly offset by a generally higher propensity to save up, quicker debt repayment and a surge in the conversion of bank loans into mortgage loans.

The portfolio of Totalkredit loans increased by DKK 0.5 billion in Q2 2019, driven by remortgaging and new lending.

### **Outlook**

- The full-year guidance is lifted by a total of DKK 50 million to a pre-tax profit of DKK 625-725 million.
- The guidance for Non-life Insurance is lifted by DKK 50 million to a profit of about DKK 600 million, while the guidance for Life Insurance and Banking is unchanged. The upgrade is primarily driven by realised run-off gains. The outlook for the year does not include run-off gains or losses for the rest of 2019.

### **Webcast and conference call**

Alm. Brand will host a webcast and conference call on 20 August 2019 at 10.00 a.m.

<https://almbrand.eventcdn.net/201908H1>

Financial analysts are invited to participate by phone: Danish analysts: +45 70 3544 5583, US analysts: +1 855 269 2604, other international analysts: +44 (0) 203 194 0544.

### **Contact**

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