

Alm. Brand A/S – Interim report for Q1 2019

Alm. Brand generated a highly satisfactory pre-tax profit of DKK 225 million in Q1 2019. The full-year guidance is lifted by DKK 75 million to a profit of about DKK 575-675 million.

“Alm. Brand’s strong profit of DKK 225 million was driven by a highly satisfactory performance of Non-life Insurance and Life Insurance and Banking’s performance in line with expectations. On this basis, we are upgrading our full-year guidance for 2019,” explained CEO of Alm. Brand A/S, Søren Boe Mortensen. He continued:

“At the same time, we are experiencing very strong customer onboarding numbers in both Life Insurance and Banking, whereas competition in Non-life Insurance has intensified even more. We are very pleased that the group’s strategy of being a full-service provider of financial services is now truly beginning to show results. More than half of the new customers transferring to the bank do so as a result of the collaboration with the group’s other business areas,” he emphasised.

- Non-life Insurance delivered a highly satisfactory pre-tax profit of DKK 195 million, which was better than expected.

The combined ratio was 84.4, which was highly satisfactory, being supported by run-off gains and a low level of expenses for weather-related claims and major claims.

Premiums increased by 1.6% relative to Q1 2018. The commercial customer segment grew by 2.5%, while growth in the private customer segment was 0.7%, which was less than anticipated, but slightly more than in Q1 2018. Customer retention remained high in both segments.

The investment result was a loss of DKK 10 million. The performance was supported by a DKK 24 million gain on equities, while the change to the method for calculating the VA premium entailed an expense of DKK 25 million.

- Life Insurance activities generated a highly satisfactory pre-tax profit of DKK 29 million, which was better than expected.

Pension contributions increased by 4.4% year on year. Regular premiums were up by 4.3%, while single payments increased by 4.4%. Regular premiums increased by 7.7% excluding premiums from the group life insurance business, the income from which was adversely affected by accruals in the group life insurance portfolio. Growth was satisfactory.

The bonus rate was 16.2% at 31 March 2019, a year-to-date decline of 2.4 percentage points. The bonus rate was favourably affected by developments in the financial markets, but adversely impacted by the declining level of interest rates. Moreover, the bonus rate was reduced by 1.0 percentage point as a result of the revised method for calculating the VA premium which took effect at the beginning of the year. Overall, the bonus rate was satisfactory, ensuring that Alm. Brand Pension is able to continue to offer high, competitive rates on policyholders’ savings.

- The bank’s activities generated a profit of DKK 16 million in Q1 2019 (Q1 2018: DKK 13 million profit). The profit was lifted by reversed impairment writedowns, but this effect was offset by lower interest and fee income. Overall, the profit was in line with expectations.

The bank recorded very satisfactory customer inflow in Q1 2019, seeing the number of Pluskunder

(customers who have pooled all of their business with the bank) increase by 4%.

As a result of the rising customer inflow, 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. As a result, the portfolio of Totalkredit loans for which the bank acted as intermediary increased by DKK 0.4 billion in Q1 2019.

In Q1 2019, Financial Markets reported an increase in customer onboarding and customer trading activity as well as growth in asset management mandates.

Outlook

- Full-year guidance is lifted by a total of DKK 75 million to a pre-tax profit of about DKK 575-675 million.
- Guidance for Non-life Insurance is raised by DKK 75 million to a profit of around DKK 550 million, while guidance for Life Insurance is raised by DKK 10 million to a profit of around DKK 90 million.
- Guidance for the bank is maintained.

Webcast and conference call

Alm. Brand will host a webcast and conference call on 7 May 2019 at 10.00 a.m.

<https://almbrand.eventcdn.net/201905q1>

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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