

Alm. Brand – Annual Report 2017

Alm. Brand posted a full-year profit of DKK 1,023 million before tax. The performance was highly satisfactory and better than expected in all of the group's business areas. The Board of Directors recommends a distribution of up to DKK 680 million to the shareholders by way of dividend and share buybacks.

The guidance for a pre-tax profit of DKK 450-550 million for 2018 is maintained. The acquisition of the majority of the activities of Saxo Privatbank is not expected to have any significant impact on the guidance.

"We are extremely pleased that all of our activities developed better than we had expected, and we are obviously also very pleased with the strong overall profit of DKK 1,023 million. It is highly satisfactory that we were able to generate strong growth in all three business areas, while reporting such good results," underlined CEO Søren Boe Mortensen.

"It is a key priority for us to onboard more customers in the group, to make them stay longer with us and to incentivise them to increase the scope of their business with us. This objective is supported by our high customer satisfaction, which is the result of our long-standing efforts to ensure that our customers receive the best service and experience," he continued, concluding:

"Our strong performance also means that we are able to distribute close to DKK 700 million to our shareholders in addition to completing the acquisition of the majority of the activities of Saxo Privatbank. The acquisition will create synergies throughout the group and strengthen the results of the bank from 2019 onwards.

Full-year results:

- Non-life Insurance posted a highly satisfactory pre-tax profit of DKK 917 million. The performance was better than expected, being lifted by run-off gains and a strong investment return as well as by a lower level of expenses for major claims and weather-related claims. Higher costs for strategic initiatives, including digitalisation, detracted from the performance.

Gross premiums amounted to DKK 5.2 billion, increasing by 2.6% relative to 2016. Both private and commercial lines improved, reporting growth of 1.5% and 3.7%, respectively. Customer loyalty remained at a high level with an upward trend in both segments.

The combined ratio was 84.4, being favourably affected by run-off gains and a lower level of expenses for major claims and weather-related claims.

- Life Insurance generated a pre-tax profit of DKK 93 million, which was satisfactory.

Pension contributions were up by 7.8% relative to 2016. Regular payments were up by 5.7%, while single payments increased by 12.2%. In addition, payments into market rate schemes increased by 3.8%. Growth was satisfactory and reflected the group's growth ambitions in the pensions area.

The bonus rate was 23.6 at 31 December 2017. As a result of the high bonus rate, Alm. Brand Pension has raised the rate on policyholders' savings to 5% for 2018, which is one of the industry's highest rates on policyholders' savings for guaranteed products.

- The bank generated an overall pre-tax profit of DKK 67 million in 2017. The performance was satisfactory and better than expected.

The performance was lifted by a better-than-expected return on investment assets, increased growth in lease activities and reversal of impairment writedowns. Higher costs for growth and digitalisation detracted from the performance.

The bank's net lending to the Retail segment increased by 5% to DKK 2.8 billion at 31 December 2017. Moreover, the number of Pluskunder grew by 8%. The total portfolio of mortgage loans arranged for Totalkredit increased by 17% to DKK 8.6 billion. Financial Markets experienced an increase in the number of new customers and increased business volume, and Leasing's portfolio exceeded the DKK 1 billion mark, equivalent to 9,000 cars.

Dividends

- The Board of Directors recommends distribution of an ordinary dividend of DKK 1.50 per share. In addition, an extraordinary dividend of DKK 1.50 per share will be paid. At the same time, a new share buyback programme of up to DKK 200 million will be initiated, which is expected to run until end-March 2019. Overall, this means that Alm. Brand will distribute up to DKK 680 million in respect of the 2017 financial year.

The share buyback programme is subject to the approval of the Danish Financial Supervisory Authority.

Outlook

- Expectations are for an overall pre-tax profit of DKK 450-550 million in 2018. The combined ratio for the group's non-life insurance activities is expected to be in the region of 91-92. The acquisition of the majority of the activities of Saxo Privatbank is not expected to have any significant impact on the outlook.

Webcast and conference call

Alm. Brand will host a webcast and conference call on Wednesday, 28 February 2018 at 10.00 a.m.

<https://almbrand.eventcdn.net/annualreport2017>

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

Contact

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