

Preliminary statement of financial results for 2020

- **Alm. Brand generated a consolidated pre-tax profit on continuing activities of DKK 833 million in 2020, against a pre-tax profit of DKK 553 million in 2019. The profit reflected sustained satisfactory performances across the group.**
- **The past year saw major changes triggered by external events as well as changes implemented in the group, including the sale of the group's banking activities and the formation of new partnership agreements. Overall, the group achieved a strong business performance supported by adaptability and execution excellence. In addition, financial market developments contributed favourably to the investment result.**
- **The Board of Directors recommends that dividend in the amount of DKK 4.00 per share be distributed in respect of 2020 and DKK 3.00 per share in respect of 2019.**
- **Alm. Brand expects the favourable developments to continue in 2021, with a focus on execution in relation to the partnerships entered into and on strengthening its core business.**

CEO Rasmus Werner Nielsen:

"I'm very pleased with the strong results we've announced today. The past year was a transformational year for Alm. Brand, with developments happening at a rapid pace. In addition to having to adapt to the new reality with COVID-19, the sale of the bank and the establishment of new, close partnerships shaped 2020 for us and transformed our business. At the same time, our customers needed peace of mind in respect of their insurances in a year in which their everyday lives were disrupted, and we interacted with our customers in new ways and at other times than they were used to. I'm therefore extremely proud of the commitment and huge efforts made by every single employee of our group. We have succeeded in taking important strides, positioning Alm. Brand more strongly than ever before."

"I'm looking forward to a new year in which we will be working even harder to strengthen the customer experience and support the positive developments in our business. We have an exciting task ahead of us, among other things to reap the full benefits of the new partnerships. I'm confident that we will accomplish this as well."

Alm. Brand generated a consolidated pre-tax profit on continuing activities of DKK 833 million in 2020, against a pre-tax profit of DKK 553 million in 2019. The profit for 2020 included special costs for restructurings and corporate expenses related to the divestment of the bank of DKK 98 million. The profit for 2019 included special costs of DKK 64 million related primarily to restructurings. The 2020 result was highly satisfactory.

Non-life Insurance reported a technical result of DKK 815 million in 2020, against DKK 570 million in 2019, reflecting a sustained positive trend in the underlying business and a better-than-expected claims experience on weather-related and major claims and a positive run-off result. For parts of the year, non-life insurance activities were affected by COVID-19 and the partial lockdown of society. This affected the results in various ways, as – on the one hand – claims expenses were not as high as had been expected, while new sales on the other hand became more difficult and premiums growth was therefore slightly below the expected level. The combined ratio excluding run-off gains was 87.2. The performance was highly satisfactory.

Life Insurance generated a pre-tax profit of DKK 112 million in 2020, against a pre-tax profit of DKK 96 million excluding extraordinary costs in 2019. Total pension contributions amounted to DKK 1,504 million, against DKK 1,850 million in 2019, covering growth in regular premium payments of 2.0% to DKK 819 million and a reduction in single payments to DKK 685 million from DKK 1,047 million in 2019. The performance was satisfactory, although growth was weaker than expected.

The changes implemented to unlock the full potential of Alm. Brand's strategy contributed as expected.

Dividend

Against this background, the Board of Directors recommends that a dividend of DKK 4.00 per share be distributed for 2020. This means that Alm. Brand will distribute DKK 616 million for the 2020 financial year. The Board of Directors furthermore recommends that also the postponed dividend in respect of the 2019 financial year of DKK 3.00 per share be paid, resulting in a total dividend payout of DKK 7.00 per share following the annual general meeting scheduled to be held in April 2021.

After the dividend payout, Alm. Brand will still be strongly capitalised with a total capital ratio of 317%. The capitalisation level is considered sufficient to resist very severe stresses.

Outlook for 2021

Alm. Brand expects to report a pre-tax profit of DKK 600-650 million excluding run-off gains and losses in 2021.

Non-life Insurance is expected to post a pre-tax profit of DKK 575 million. This guidance is based on premiums growth of more than 3% and a related increase in acquisition costs as a result of investments and commissions derived from the partnership agreements with Sydbank A/S and VW Semler Finans Danmark A/S. To this should be added payment of corporate expenses related to the former banking operations of DKK 50-75 million. In the period until the end of 2022, these corporate expenses are expected to be aligned to reflect the tasks to be performed in the group going forward. In 2021, some of these corporate expenses will be offset by a payment from Sydbank. The expense ratio for 2021 is therefore expected to be at the level of 17-17.5.

The guidance also reflects that the continued lockdown of Danish society is expected to impact the claims experience favourably and that the claims experience for weather-related and major claims is expected to normalise. The combined ratio excluding run-offs is expected to be about 90.

Life Insurance is expected to generate a pre-tax profit of DKK 100 million and growth in regular premium payments of 3-4%.

Other activities are expected to report a pre-tax loss of DKK 50 million, including a small positive contribution from the remaining mortgage deed and debt collection portfolio and a small portfolio of unlisted shares.

The financial outlook is based on the assumption of continued low interest rates in 2021. The group has a substantial portfolio of investment assets, and a continued low interest rate level therefore affects all of the group's business areas.

Group targets for the period until 2022

Alm. Brand has defined a number of financial targets for the period until 2022. For Non-life Insurance, the previously announced targets are maintained, but for Life Insurance the growth target is adjusted (previously 7%) to reflect the discontinuation of distribution through Alm. Brand Bank. The ambition is now to achieve the following targets by 2022:

- growth in regular gross premium income in Non-life Insurance of 5%;
- a combined ratio in Non-life Insurance of below 90;
- a gross expense ratio of Non-life Insurance of about 16%;
- growth in regular premiums in Life Insurance of 4-5%.

In addition to the financial targets, Alm. Brand has defined non-financial targets in respect of customer and employee satisfaction. The target for customer satisfaction of 70 as expressed by the net promotor score and the target for employee satisfaction of a score of 80 are maintained.

After the sale of the bank and the formation of the partnership agreements, Alm. Brand will revisit the overall strategy for the group. In 2021, a process to define the group's strategy and shape the course for the future after 2022 will therefore be initiated.

Webcast and conference call

Alm. Brand will host a conference call (in English) for investors and analysts today, Thursday 11 February 2021 at 1:00 p.m. The conference call and presentation will be available from Alm. Brand's investor website, www.investorrelations.almbrand.dk.

Conference call dial-in numbers for investors and analysts:

Denmark: +45 7815 0109

USA: +1 833 526 8396

Other countries: +44 333 300 9268

Link to webcast: <https://streams.eventcdn.net/almbrand/2020fy/register>

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