



## Interim report Q3 2020

- Alm. Brand generated a pre-tax profit of DKK 302 million in Q3 2020, against a profit of DKK 162 million in the year-earlier period. The profit reflected sustained satisfactory performances in all three business areas.
- Underlying operations performed well in the quarter, supported by our ongoing profitability enhancement efforts, including the changes made at the beginning of the year.
- In late summer, Covid-19 infection rates began to rise again, resulting in restrictions in the general level of activity in society. As a consequence of this, the number of reported claims was low again, which in isolation added to the consolidated Q3 financial performance. In addition, financial markets developments contributed to the investment result.
- In connection with the release of company announcement no. 40/2020 concerning the sale of the bank and formation of a strategic partnership with Sydbank, Alm. Brand updated its full-year guidance to a pre-tax profit of DKK 700-750 million excluding the run-off result for the rest of the year. The updated guidance was the result of a DKK 100 million upgrade of the expected pre-tax profit of Non-life Insurance and total costs of DKK 200 million related to the sale and winding-up of the bank. This guidance is maintained.

CEO Rasmus Werner Nielsen:

*“The financial results for the third quarter were highly satisfactory, driven by favourable developments in our underlying operations, including initiatives to improve earnings and reduce our cost base. It marks a strong performance in spite of the shadow which Covid-19 has cast on activity in society. All in all, we are beginning to see the results of the work we set in motion at the beginning of the year.”*

*“The good performance provides Alm. Brand with a strong platform for strengthening the customer experience, implementing and executing on our strategic partnerships with Sydbank and VW Semler Finans Danmark and continuing the positive trend in our continuing business. As a group, we are facing exciting changes and challenges that will shape Alm. Brand in the years ahead.”*

Alm. Brand generated a pre-tax profit of DKK 302 million in Q3 2020, against a profit of DKK 162 million in the year-earlier period. The profit reflected sustained satisfactory performances in all three business areas and gains on the group’s portfolio of investment assets on the back of favourable financial market trends.

Non-life Insurance reported a technical result of DKK 210 million in Q3 2020, against DKK 132 million in Q3 2019. The underlying business continued to improve, reporting a better-than-expected claims experience on weather-related and minor claims and a positive run-off result. As a consequence of the increasing COVID-19 infection rates and the resulting slowdown in activity in society, fewer claims were reported. On the other hand, gross premium income was adversely affected by COVID-19, increasing by 1.2% to a total of DKK 1,374 million, while the combined ratio excluding run-off gains was 86.6. All in all, the performance was satisfactory.

Life Insurance generated a pre-tax profit of DKK 30 million in Q3 2020, against DKK 21 million in Q3 2019. Regular premium payments grew by 2.1% to DKK 176 million, while single payments fell by 38.6% to DKK 148 million. The performance was satisfactory and better than expected, lifted by the interest rate result and the investment return on assets allocated to equity.

The bank's core earnings amounted to DKK 40 million in Q3 2020, against DKK 21 million in Q3 2019, supported by higher net interest and fee income and lower costs as a result of the income and cost initiatives implemented earlier this year. The bank's pre-tax profit for Q3 2020 was DKK 52 million, against DKK 14 million in Q3 2019, which was highly satisfactory and better than expected.

Alm. Brand posted a consolidated profit of DKK 706 million in 9M 2020, against a DKK 532 million profit in 9M 2019. The performance equalled a return on equity of 19.5 % p.a. before tax, which was satisfactory and better than expected.

Against the backdrop of the internal changes implemented and the external impact from the knock-on effects of Covid-19, achieving optimum execution on the group's strategy has required both skill and adaptability. In this setting, Alm. Brand reported growth in all three business areas, with Non-life Insurance reporting a pre-tax profit of DKK 569 million, against DKK 456 million in the year-earlier period, Life Insurance producing a pre-tax profit of DKK 92 million, against DKK 71 million in Q3 2019, and Banking generating pre-tax profit of DKK 87 million, against DKK 45 million last year.

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

### **Outlook for 2020**

Alm. Brand expects to generate a pre-tax profit of DKK 700-750 million excluding the run-off result for the last quarter of the year. The guidance is unchanged compared with company announcement no. 40/2020 of 1 October 2020, in which the guidance was changed from the previous level of DKK 750-850 million as a result of a DKK 100 million upgrade of the pre-tax profit of Non-life Insurance and total costs of DKK 200 million related to the sale and winding-up of the bank.

Accordingly, Alm. Brand expects Non-life Insurance to report a pre-tax profit of about DKK 800 million excluding the run-off result for Q4 2020, against the previously guided pre-tax profit of DKK 700 million excluding the run-off result. For Life Insurance, the guidance is lifted to a pre-tax profit of about DKK 110 million from previously DKK 100 million, and the guidance for Banking is lifted to a pre-tax profit of about DKK 100 million until expected closing, against previously DKK 90 million. Other activities are expected to report a pre-tax loss of DKK 260 million, against previously DKK 60 million, which guidance includes a total amount of DKK 200 million to cover costs and provisions related to the sale and winding-up of the bank. The full-year combined ratio for Non-life Insurance is expected to be around 86 excluding the run-off result for Q4 2020.

### **Group targets for the period until 2022**

In connection with the release of our 2019 financial statements, Alm. Brand introduced a number of financial targets for the period until 2022. After divestment of the bank and conclusion of the strategic partnership agreement with Sydbank, these targets have been adjusted. The ambition is now to achieve:

- growth in gross premium income in Non-life Insurance of more than 3% in 2021 and 5% in 2022;
- a combined ratio in Non-life Insurance of below 90 in 2022;
- a gross expense ratio of Non-life Insurance of about 16% in 2022; and
- annual growth in regular premiums in Life Insurance of 7%.

After the sale of the bank, a number of costs previously paid by the bank will be incurred by the group. Most of these costs will be settled in continuation of closing, while the remaining part will be handled in the period until the end of 2022.

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 as expressed by the *net promotor score* of 70 and the target for employee satisfaction of a score of 80 are maintained.

### **Webcast and conference call**

Alm. Brand will host a conference call (in Danish) for investors and analysts today, Wednesday 4 November 2020 at 11:00 a.m. The conference call and presentation will be available from Alm. Brand's investor website:

<https://streams.eventcdn.net/almbrand/2020q3>

Investors and analysts are invited to participate by phone: +45 7872 3251 (Denmark), +1 833 249 8403 (USA) and +44 333 300 9266 (other countries).

### **Contact**

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