Results 2020 │ Q1
3 months ended March 31, 2020
Highlights

✓ Q1 2020 business development satisfactory, but not completely shielded from the effects precipitated by the Covid-19 pandemic

✓ Negative investment return due to adverse financial market developments, primarily in the equity and bond portfolio of Non-life Insurance

✓ Strategic earnings initiatives progressing according to plan

✓ No changes to guidance for FY 2020, but the wide range reflects the large uncertainty due to Covid-19

✓ Full commitment to meet ambitious financial targets by 2022
Covid-19 direct implications at a glance

### Non-Life
- Changes in insurance claims after lockdown of Denmark

### Life
- Investment return -2.3%
- Δ Bonus rate -3.3%-points

### Banking
- Lower trading income
- Investment loss
- Write-downs on loans

Development in average daily insurance claims in March, before and after lock-down (%)

<table>
<thead>
<tr>
<th>Category</th>
<th>March, before lockdown</th>
<th>March, after lockdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor</td>
<td>125</td>
<td>132</td>
</tr>
<tr>
<td>Commercial accident</td>
<td>125</td>
<td>132</td>
</tr>
<tr>
<td>Private accident</td>
<td>-25</td>
<td>-25</td>
</tr>
<tr>
<td>Travel</td>
<td>-25</td>
<td>-25</td>
</tr>
<tr>
<td>Total</td>
<td>-25</td>
<td>-25</td>
</tr>
</tbody>
</table>

- Investment loss of DKK 106m
- Travel insurance claims at DKK 10m
- None
- Investment loss & reduced trading income of approx. DKK 15m
- Write-downs of DKK 30m

Total P/L effect > DKK -150m
Non-Life Insurance
Financial performance

✓ Technical result at a satisfactory level, but lower than last year’s exceptional strong first quarter

✓ Developments throughout most of the quarter in line with expectations

✓ Lockdown of society in the latter part of the quarter resulted in fewer personal accidents and burglary incidents as well as motor claims

✓ Travel insurance claims more than doubled due to travel restrictions, but only limited economic impact so far, with total expenses being curbed by reinsurance programme

✓ Sharp decline in investment return as global financial markets fell sharply
Premium income

✓ Total premium income on an upward trajectory following modest development in previous quarters

✓ Commercial customer segment up by 2.8% after price adjustments within commercial motor insurance, building insurance, etc.

✓ Private customer segment up by 4.5%, fuelled by initiatives to strengthen product characteristics to better match individual customer preferences and price adjustments
Combined ratio

✓ Claims ratio excl. run-off gains was 74.7 and thus higher than exceptional strong Q1/19

✓ Expense ratio was 17.6; slightly below Q1/19 level and reflecting cost savings from restructuring programme

✓ Combined ratio excl. run-off gains was 92.3

✓ Run-off gains at 1.9% with positive contributions from building, accident and motor insurance, but continued negative impact from workers’ compensation insurance

✓ Combined ratio was 90.4
Major and weather-related claims

- Weather-related claims in high end of the normal range due to wet and windy weather during the quarter
- Major claims at a low level compared to normal, but still higher than the very low level in Q1/19
- Major and weather-related claims amounted to DKK 105m in total against DKK 60m in Q1/19, corresponding to 7.8% in Q1/20 against 4.6% in Q1/19
Private customers

✓ Combined ratio at 87.8 (unchanged)

✓ Claims ratio, net of reinsurance at 69.1 (+100 bps)
  ▪ Travel insurance claims (+140 bps)
  ▪ Lower claims ratio on some insurance products at the end of the quarter as effects of lockdown gradually materialized

✓ Run-off gains of 4.3%, primarily from motor insurance and personal accident insurance

✓ Expense ratio at 18.7 (-100 bps) reflecting reduction in overheads
Commercial customers

✓ Combined ratio at 93.1 – significant increase relative to Q1/19

✓ Claims ratio, net of reinsurance at 76.7 (+1200 bps)
  ▪ Major and weather-related claims higher than last year’s exceptionally low level (+510 bps)

✓ Run-off loss of 0.6% (+180 bps), primarily on motor insurance and workers’ compensation insurance

✓ Expense ratio at 16.4 (+20 bps)
Life Insurance
Financial performance

✓ Life Insurance recorded strong quarter with profit before tax increasing to DKK 32m

✓ Very satisfactory development in expense and risk result

✓ Return on investments allocated to equity affected by general market turmoil

✓ Policyholders’ investment assets yielded a negative return of 2.3% and declined by DKK 0.6bn to DKK 15.8bn

✓ Bonus rate reduced by 3.3 ppts to 12.9%, but still at a satisfactory level
Pension contributions

✓ Premiums totalled DKK 424m in Life Insurance

✓ Growth in regular premiums of 5.8% driven by corporate customer segment, but overall growth seen to be capped by Covid-19 and lower rate on policy holders’ savings

✓ Single payments declined to half of the level reported for Q1/19
Banking
Financial performance

✓ Improvement of underlying performance, but the economic effects of Covid-19 lead to a pre-tax loss
  ▪ Write-downs on loan portfolio
  ▪ Lower trading income, loss on investment portfolio

✓ Core earnings benefitted from introduction of negative interest rates on deposits and new account fees, but were hit by lower trading income

✓ Write-downs on loan portfolio to strengthen total write-downs ahead of expected hard landing for the economy, but offset by reversal of write-downs on other loans

✓ Investment portfolio loss due to turmoil on financial markets and funding costs
Business volume

✓ Growth in business volume slowed down with mortgage lending stabilizing 7-8% higher than in Q1/19

✓ Continuous high turnover of bank loan portfolio and only moderate demand for new loans

✓ Early signs of customers reacting to economic implications of Covid-19 situation, but no major effects seen in numbers so far
Return on Equity

✓ Return on equity negative as a consequence of impact from Covid-19
✓ Solvency at a robust level
✓ In February 2020, the Bank raised an unsecured senior loan to cover the phased-in NEP supplement, leading to the NEP-base accounting for 23.5% of the Bank’s total risk exposure
Outlook & financial targets
Outlook 2020

✓ Ordinary profit before tax of DKK 550-700m excl. run-off result:
✓ Non-life: DKK 500m (DKK 525m)
✓ Life: DKK 100m (DKK 100m)
✓ Banking: DKK 80m (DKK 100m)
✓ Other: DKK -60m
✓ Uncertainty related to investment returns reflected in wider range of full year profit guidance
Disclaimer

FORWARD LOOKING STATEMENTS

The statements made in this presentation are based on current expectations, estimates and projections made by management. All statements about future financial performance are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by the statements. All statements about future financial performance made in this presentation are solely based on information known at the time of the preparation of the last published financial report, and the company assumes no obligation to update these statements, whether as a result of new information, future events, or otherwise.
Appendix
## Financial targets 2022

<table>
<thead>
<tr>
<th>Category</th>
<th>2022 targets</th>
<th>2019 actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-LIFE</td>
<td>Growth in premium income</td>
<td>3 % p.a.</td>
</tr>
<tr>
<td>NON-LIFE</td>
<td>Combined ratio excl. run-offs</td>
<td>&lt; 90 %</td>
</tr>
<tr>
<td>NON-LIFE</td>
<td>Expense ratio</td>
<td>16 %</td>
</tr>
<tr>
<td>LIFE</td>
<td>Growth in regular pension contributions</td>
<td>7 % p.a.</td>
</tr>
<tr>
<td>BANKING</td>
<td>Return on equity excl. depr. of cust.rel. and tax</td>
<td>10 %</td>
</tr>
<tr>
<td>Dividend pay-out ratio</td>
<td>&gt; 70 %</td>
<td>102%</td>
</tr>
</tbody>
</table>
Status on financial targets 2022
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Financial calendar

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual General Meeting 2019</td>
<td>Postponed until further notice</td>
</tr>
<tr>
<td>Release of H1 2020 interim report</td>
<td>20 August 2020</td>
</tr>
<tr>
<td>Release of 9M 2020 interim report</td>
<td>4 November 2020</td>
</tr>
</tbody>
</table>