MEMORANDUM

Annual general meeting of Alm. Brand A/S to be held on 26 April 2012 – Re agenda item f: Proposal from the Board of Directors on approval of remuneration policy for the Alm. Brand Group and overall guidelines regarding share option compensation in Alm. Brand A/S, cf. section 139 of the Danish Companies Act.

Remuneration policy of the Alm. Brand Group

Background

In compliance with the approval by the shareholders in general meeting of the remuneration policy in 2011, the group's remuneration committees analysed how other financial businesses have implemented the new rules of the Danish Financial Business Act and, on the basis of this work, the remuneration committees prepared a proposal for a remuneration model for the group management board and the ABKO management team.

The purpose was to find a model to replace the current incentive model, which cannot be continued under the new rules.

The intention of the remuneration committees has been to find a model which to the widest extent possible would continue the positive elements of the old scheme without implementing the very laborious and burdensome rules of the new legislation. This is elaborated below.

As a result, the remuneration committees opted to set up a scheme that did not contain a variable salary component, thereby placing the scheme outside the scope of the new legislation.

The remuneration committees therefore propose to introduce a remuneration model based on fixed salary, in which a fixed part of the salary consists of remuneration by way of share options.

This model has been approved by the boards of directors of Alm. Brand af 1792 fmba and Alm. Brand A/S at meetings held on 27 February 2012 and by the boards of directors of the group's subsidiaries, except for the bank, because pursuant to the rules of Bank Package 2, the bank is not allowed to set up a share option scheme for its management board.

The remuneration policy which was prepared and adopted in 2011 is enclosed in a marked-up version.

Some of the amendments shown are of a purely editorial nature.

Decision not to introduce variable salary

The rules of the Danish Financial Business Act lay down a number of requirements for the structure of schemes involving variable salary for executive officers and for the risk takers defined in the Act.

The work in connection with these rules has revealed that setting up a variable salary scheme would involve quite extensive requirements for the structure of the scheme. Accordingly, the new rules involve a number of requirements for granting variable salary, for the structure of different types of payment, restriction periods and repeated assessments of whether each individual salary component can be paid out etc.

Based on their work, the remuneration committees concluded that the nature of a variable salary scheme which could be set up within the framework of the new rules would be so laborious and fragmented that the whole purpose of a variable salary scheme would be lost.

As a result, the description of a bonus scheme in accordance with the new rules of the Danish Financial Business Act (including the entire former clause 7) has been deleted from the remuneration policy.

Existing ABKO model phased out by 2013 at the latest
The original plan was to replace the existing bonus scheme with a new bonus scheme in accordance with the new rules on remuneration of the Danish Financial Business Act. As a result of the above recommendation not to introduce a new bonus scheme, the existing bonus scheme will be terminated.

Based on the deadline indicated in the remuneration policy stipulating that the existing ABKO bonus agreements must be terminated by 2013 at the latest, we have ensured the time necessary to terminate these schemes with due consideration for the applicable notices of termination.

However, the former bonus agreements are expected to lapse by agreement with each individual executive officer when an agreement on the new share option scheme is entered into following approval by the shareholders of the revised remuneration policy at the annual general meeting of Alm. Brand A/S to be held on 26 April 2012.

Because an end date has been fixed for the existing bonus scheme, parts of the former description of this scheme have been deleted from the remuneration policy.

Share options as a fixed salary component
It is recommended that a fixed part of the fixed salary is made up of share options in Alm. Brand A/S.

The share option scheme will be established on the following general terms and conditions:

- The existing bonus agreements will lapse or be terminated, as the case may be, with effect from 1 April 2012
- In future, a part of the fixed salary will be paid by way of share options.
- The existing bonus scheme will be replaced by the issue of share options.
- The amendment comprises all ABKOs, including the Group Chief Executive, except for executive officers and deputy executive officers employed with the bank, who are not allowed to receive options as long as the bank is comprised by the bank packages. On start-up, the scheme will thus comprise 16 individuals.
- The company hedges the price risk involved in the options issued. This is generally done by purchasing the underlying shares corresponding to the options to hold in the investment portfolio.

Severance pay
The rules on severance pay have been amended in 2012 in a new executive order. As a result of this amendment, which implies that the rules on remuneration now apply to severance pay for all board members, executive officers and risk takers, the clause has been amended slightly. However, the amendments made have no impact in terms of contents.

Disclosure
The second paragraph has been deleted, because the rules have been amended slightly. In future, reporting will take place by way of a form prepared by the Danish Financial Supervisory Authority.

Re clause 9, Remuneration committee etc., and clause 13, Compliance with the remuneration policy.
These clauses have been revised to the effect that their contents now apply to all companies. This means that guidelines for supervision with the remuneration policy are available for all companies, irrespective of whether a remuneration committee exists.

The Internal Audit department can oversee a part of the remuneration policy, while the remuneration committee and the HR department oversee compliance with other relevant matters on behalf of the boards of directors.

Overall guidelines regarding share option compensation in Alm. Brand A/S, cf. section 139 of the Danish Companies Act

The remuneration policy of Alm. Brand A/S contains a description of the salary payable to members of the Management Board. In accordance with the remuneration policy, members of the Management Board of Alm. Brand A/S are remunerated by way of fixed salary.

Members of the Management Board may be granted share options as a fixed part of their fixed salary and, as provided in the remuneration policy, this part may not exceed 13%.

The grant is not subject to any conditions, as the scheme, as stated, is part of a fixed remuneration model.

The options are valued according to the Black-Scholes formula, and at 31 December 2011 the value would have totalled DKK 1.95 per option.

The options may be exercised in the open window periods, however, not earlier than 35 months and not later than 50 months after the granting of the options.

The share option scheme is in the nature of a share-based scheme.

For accounting purposes, the scheme is treated as an equity-based scheme. This implies that, for accounting purposes, the equity-based scheme is measured at the time of grant, and the value is expensed over the vesting period.

It is **recommended** that the shareholders of Alm. Brand A/S approve the **enclosed** remuneration policy and the overall guidelines regarding share option compensation in Alm. Brand A/S, cf. section 139 of the Danish Companies Act.

Henrik Gundorph
16 March 2012