Alm. Brand

annual report

2012

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Company reg. (CVR) no. 77333517

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This is a translation of the Danish annual report 2012. In case of any discrepancies the Danish version prevails.

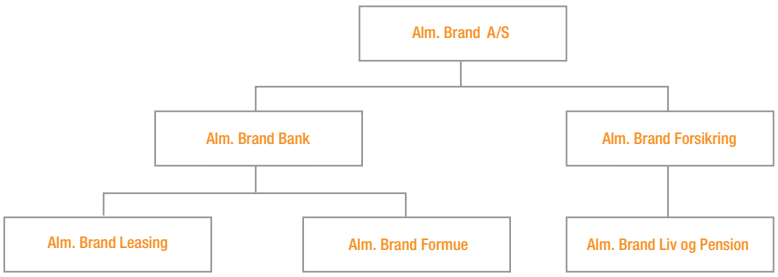


Group structure

Chief Executive Officer
Søren Boe Mortensen
Born 1955
Joined Alm. Brand in 1987
Appointed to the
Management Board in 1998
Chief Executive Officer since December 2001



The Alm. Brand A/S Group's principal activity is its non-life insurance operations, which are supported by the business areas life insurance and pension and banking.



Board of directors

On the stairs from the left:

Arne Nielsen
Born 1944
Since 2009

Helle Låsby Frederiksen
Employee representative
Born 1962
Since 2010

Jan Skytte Pedersen*
Born 1956
Since 2010

Per Viggo Hasling Frandsen*
Born 1952
Since 2009

Per Dahlbom
Employee representative
Born 1958
Since 2009

On the floor from the left:

Boris Nørgaard Kjeldsen*
Deputy Chairman
Born 1959
Since 2003

Susanne Larsen
Employee representative
Born 1964
Since 2006

Henrik Christensen*
Born 1950
Since 2010

Jørgen Hesselbjerg Mikkelsen*
Chairman
Born 1954
Since 1994

Henning Kaffka
Employee representative
Born 1965
Since 2010

*Elected by the principal shareholder

Management review

Alm. Brand 2012

THE ALM. BRAND GROUP

Alm. Brand generated a profit of DKK 860 million before losses and writedowns, against the most recent guidance of a profit of DKK 725 million. After losses and writedowns, the profit was DKK 380 million. This marked a significant outperformance compared to expectations, but at a return on equity of 9% the performance did not fully meet the group's target of the money market rate plus 10% and hence was not satisfactory.

NON-LIFE INSURANCE

The group's non-life insurance activities developed very favourably, posting a profit of DKK 853 million, which was significantly better than expected. The performance was highly satisfactory.

The combined ratio was 83.3, of which the expense ratio represented 16.2.

The underlying combined ratio of Non-life Insurance again developed favourably, ending the year at 79.7, against 80.2 in 2011.

Premiums were up by 2.0%, which was in line with expectations. The customer defection rate was lower in 2012 than in previous years and sales were higher than in 2011.

The 2012 performance was lifted in particular by the low level of claims, very favourable weather conditions and very few major claims. Together with run-off gains especially from person-related lines, the combined ratio was 8.6 percentage points better than a normal year.

BANKING

The bank reported a loss of DKK 39 million before losses and writedowns, which was DKK 11 million better than the most recent guidance. Including losses and writedowns, the loss was DKK 519 million. The performance was not satisfactory.

Losses and writedowns remained high in 2012. In particular, writedowns on agricultural exposures and mortgage deeds had an adverse effect on the performance because of higher writedowns due to the deteriorated economic conditions faced by dairy farmers and to commercial property vacancies.

In addition to losses and writedowns, the bank's performance was adversely affected by the generally declining level of interest rates and the reduction of the lending portfolio, both of which served to reduce the interest margin.

In 2012, the bank repaid funding in an aggregate amount of DKK 7.7 billion, DKK 4 billion of which was attributable to prepayment of state-guaranteed bonds. This was made possible by a continued winding-up of discontinued loans and a successful deposit campaign run in early 2012.

On 26 February 2013, Alm. Brand A/S injected DKK 700 million into Alm. Brand Bank A/S as equity. The capital injection was made to ensure that the bank has adequate capital excess coverage and will be used to repay DKK 430 million of the state-funded hybrid core capital, which currently amounts to DKK 855 million. Repayment will take place when permission is in place and will entail a substantial reduction of the bank's future funding costs and hence have a favourable impact on the bank's earnings and interest margin.

LIFE AND PENSION

The life and pension activities reported a satisfactory profit of DKK 90 million.

The year saw fair growth: Total payments into pension savings in the group increased by 14.2% and premium payments into guaranteed schemes were up by 24.7% on 2011. Growth was mainly driven by single payments, but regular payments increased by 2.5%.

The performance was lifted by positive expense and risk results as well as by a strong investment return. The return on policyholders' funds was 8.6%. The favourable results caused the collective bonus potential to increase by DKK 137 million to DKK 586 million, equivalent to a bonus rate of 5.8%. The bonus rate of the interest rate group in which new agreements are written was 8.9% at 31 December 2012.

At 31 December 2012, the rate of interest paid on policyholders' savings ranged between 3.00% and 4.75%.

OUTLOOK

Overall, the Alm. Brand Group expects to generate a profit before losses and writedowns of DKK 440 million in 2013. The outlook for Non-life Insurance reflects a normal insurance year with a combined ratio of 92, while the bank is expected to improve its operating performance on the back of lower interest expenses for the hybrid core capital. The guided profit is adversely affected by the current very low level of interest rates.

The amount of impairment writedowns on loans and credit-related value adjustments is subject to considerable uncertainty and will depend on, among other factors, general economic developments and general market conditions. Given current economic developments and market conditions, losses and writedowns are expected to be DKK 300–400 million in 2013.

DKKm	Outlook 2013*)
Non-life Insurance	400
Banking	5
Life and Pension	75
Other activities	– 40
Profit before tax	440

*) Before tax and excluding minority interests and before writedowns in the bank.



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Foto: Juli Hansen / Shutterstock.com



Financial highlights and key ratios

	DKKm	2012	2011	2010	2009	2008
GROUP	**Income**					
	Non-life Insurance	4,866	4,772	4,762	4,714	4,769
	Banking	852	1,008	1,132	1,254	1,718
	Life and Pension	903	724	719	710	747
	Other activites	–	–	–	10	14
	Investments etc.	726	714	728	883	928
	Total income	**7,347**	**7,218**	**7,341**	**7,571**	**8,176**
	Profit/loss excluding minority interests					
	Non-life Insurance	853	460	207	287	262
	Banking	– 519	– 1,154	– 869	– 1,758	– 532
	Life and Pension	90	137	181	139	43
	Miscellaneous activites	–	–	–	– 11	286
	Other activities	– 44	– 44	– 55	7	– 15
	Profit/loss before tax	**380**	**– 601**	**– 536**	**– 1,336**	**44**
	Tax	– 94	98	135	336	– 73
	Profit/loss after tax	**286**	**– 503**	**– 401**	**– 1,000**	**– 29**
	Consolidated profit/loss					
	Consolidated profit/loss before tax	**411**	**– 626**	**– 539**	**– 1,416**	**– 164**
	Tax	– 94	97	135	336	– 53
	Profit/loss after tax	**317**	**– 529**	**– 404**	**– 1,080**	**– 217**
	Total provisions for insurance contracts	19,678	19,197	18,413	17,894	17,714
	Consolidated shareholders' equity	4,506	4,206	4,758	3,694	4,800
	Share attributable to minority interests	137	113	160	199	282
	Total assets	42,559	44,913	48,149	47,498	45,777
	Average no, of employees	1,592	1,572	1,725	1,859	1,898
	Return on equity before tax	9.0%	– 13.8%	– 16.4%	– 33.4%	0.9%
	Return on equity after tax	6.8%	– 11.6%	– 12.3%	– 25.2%	– 0.6%
	Profit/loss before tax	**273**	**– 509**	**– 414**	**– 1,000**	**– 36**
	Tax	11	10	14	– 1	9
PARENT COMPANY	**Profit/loss after tax**	**284**	**– 499**	**– 400**	**– 1,001**	**– 27**
	Total assets	4,705	4,432	4,984	4,401	4,776
	Total investment assets	4,623	4,365	4,919	4,337	4,701
	Share capital	1,735	1,735	1,735	1,388	1,476
	Shareholders' equity	4,363	4,089	4,590	3,486	4,510
	Payables	46	47	98	620	220
	Return on equity before tax*	8.9%	– 13.7%	– 16.4%	– 33.5%	1.0%
	Return on equity after tax*	6.7%	– 11.6%	– 12.3%	– 25.2%	– 0.6%
KEY RATIOS	Earnings per share	1.7	– 2.9	– 24	– 59	– 2
	Diluted earnings per share	1.7	– 2.9	– 24	– 59	– 2
	Net asset value per share	25	24	27	207	264
	Share price at 31 December	14.0	8.15	14.2	91	69
	Price/NAV	0.55	0.34	0.53	0.44	0,26
	No, of shares at year-end (in thousands)	172,790	173,202	173,079	16,835	17,073
	Average no, of shares (in thousands)	173,123	173,140	16,882	16,828	17,971
	No, of shares bought back (in thousands)**					2,133
	Average price of shares bought back, DKK**					186
	Total pay-out ratio**					30%

* Return on equity in the parent company is calculated before tax in subsidiaries,

** Measured at the expiry date of the share buyback programme ultimo January,

Alm, Brand A/S completed a capital increase on 30 December 2010, Key ratios for 2008 to 2009 have not been restated,

A return to profit

Ever since the onset of the financial crisis in 2008, Alm. Brand has constantly been in the red. This year, however, we are back in the black, marking an extremely important and uplifting change for the group overall. However, the 2012 financial statements also show a highly fragmented picture with an exceptionally strong non-life insurance performance, decent and solid pension results and a banking performance which, although improved, shows that the crisis continues to have a negative impact on the bank's results.

The fact that, in spite of the economic crisis, the group is able to report an overall profit for 2012, is due to a combination of several years' work to enhance the group's efficiency and an unusually favourable year for our non-life insurance activities.

As a result of the profit reported for 2012, the group has accumulated a substantial amount of excess capital. The excess capital allows us to work more actively with the group's capital structure. We have therefore decided to repay half of the very expensive state-funded hybrid core capital raised by the bank.

An exceptionally good year for Non-life Insurance
The performance of our non-life insurance operations is widely determined by random fluctuations, and in 2012 almost all of these random factors worked to our advantage. As a result, our combined ratio for 2012 was an impressive 83.3.

Even when leaving the random factors aside, we managed to achieve our target. The combined ratio of the underlying business was just below 80, providing for a combined ratio of 92 when factoring in "normal random factors". We have come this far thanks to our dedicated efforts to adjust our premiums and reduce our cost level.

Although the climate definitely played to our favour in 2012, we are very much aware of the fact that changing climatic conditions could mean that we may face new and larger types of loss in future. We are actively seeking to mitigate this risk and, to that end, we are working on several fronts, including prevention, insurance terms and reinsurance cover.

Life and Pension in a favourable competitive position
Although the sustained decline in interest rates has squeezed pension companies in general, Alm. Brand Liv og Pension managed to not only overcome the challenges but in fact to increase the collective bonus potential in 2012. At the same time, policyholders received decent returns.

From a competitive point of view, this puts us in a strong position and, by way of proof, we recorded an increase in single premium payments in 2012, for a strong rate of growth of just under 25%.

However, for the third time in just four years we also saw politicians amending the rules applicable to pension savers. Handling and providing advice to policyholders on the new rules has been very tasking for our life and pension company. But we rose to the challenge, and many of our policyholders are continuing to pay into their pension savings. Nevertheless, every new amendment gives rise to uncertainty and doubt as to the benefits of saving up for one's pension.

Forward focus in the bank
Over the past few years, we have made a significant effort to mitigate risk in the bank, among other things, by phasing out lending to customer segments other than private customers. As a result, the bank is now focused solely on private customers, financial markets and lease operations.

Although risk mitigation remains a top priority for the bank, we are now devoting our strength to building up our future banking operations. We have made a number of structural changes in the bank. The future management is in place and liquidity, which was a challenge in 2011, is no longer a problem today. Accordingly, we repaid funding in the amount of DKK 7.7 billion in 2012.

Losses and writedowns were reduced by half relative to 2011, but the level remains very high, paarticularly in mortgage deeds and agricultural exposures.

In spite of these significant improvements, our banking operations have yet to reach a satisfactory level of performance. Decli-ning loans, lower interest rates and significant excess liquidity are squeezing our interest margin, and there is a general tendency among customers to save rather than spend, which means less business for us. Expenses related to the winding-up business also affected results.

The repayment of initially half of the state-funded hybrid core capital and a much stronger focus on developing the future bank are the means to improve our banking operations.

A successful strategy
At Alm. Brand, we have been helping our customers for more than 220 years. Therefore, our customer-centric approach is firmly embedded in Alm. Brand's DNA. It was hence a natural extension of our history when we defined our mission "We take care of our customers" in 2005.

Our private customers can pool all of their financial products with us, whether it be insurance, pension or banking. And they should be able to continue to do so. We believe that relations are valuable not only to our customers but also to us as a group. Our ability to maintain and develop good relations with our customers is a key enabler in generating a satisfactory long-term return for our shareholders.

> Our mission is to provide our customers with a sense of security, but it is also to make money and generate a profit for the benefit of our customers, shareholders and employees. This is not mutually exclusive but rather mutually conditional, because the greater our profit, the more value we can distribute.
>
> Søren Boe Mortensen

The financial crisis marked the beginning of a strategy period focused on promoting efficiency and competitive strength. We completed a number of initiatives to enhance our efficiency and earnings. As a result, we have had to part with many competent employees on our journey towards building a solid and long-term foundation. We have accomplished what we set out to do and today stand as one of Denmark's most cost efficient insurance companies, and we have also significantly reduced the bank's cost level.

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Because we are a service provider, our customers' experiences from doing business with us relies heavily on the commitment of our employees. For this very reason, ensuring employee commitment has been a key focus during a time of cost reductions and downsizing. At the end of the day, our employees are the ones who make sure that we have satisfied and loyal customers.

Now that the strategy period is drawing to an end, we are pleased to note that we have achieved most of our goals and that we have built a significantly stronger foundation for our future operations.

New strategy towards 2016

The group's new strategy towards 2016 has been named CUSTOMERS FIRST. The strategy marks a transition from our previous strategy of focusing inwards to optimise our business procedures, processes, etc. Now we will focus on the customer, while maintaining and improving the results we have already achieved.

The specific priority areas have been described under the individual business segments, but these are the intermediate goals defined for the group overall:

- Higher efficiency
- Higher digitalisation rate
- Higher quality
- Higher job satisfaction rate
- Higher customer satisfaction rate

These intermediate goals support our overall target of achieving a return on equity of the money market rate plus 10 percentage points. However, due to the repercussions of the financial crisis in the form of sustained losses and impairment writedowns on bank loans, we do not expect to achieve this target until 2016.

We remain focused on efficiency enhancement. We need to optimise our in-house processes and, in doing so, we will ensure quick and efficient case processing for our customers. This is further supported by increased digitalisation of our customer interface processes, allowing our customers to use our systems as and when it suits them while at the same time providing enhanced quality and efficiency.

We want to ensure that our customers are well taken care of when they interact with us. We intend for all of our goals to combine to increase satisfaction among our customers to ensure that they remain with Alm. Brand. We are therefore making a concerted effort to provide a supreme service to our customers each time they interact with Alm. Brand. We are working to ensure that the job

Søren Boe Mortensen, Chief Executive Officer



satisfaction of our employees is among the best in the industry because we appreciate the direct link between satisfied employees and satisfied customers.

Building on top in 2013

In recent years, the fragile nature of the global economy surprised us time and time again. Nevertheless, we are looking ahead to 2013 with a greater sense of optimism than we have felt in a long time. We take a more positive view of the global economy but accept that economic conditions remain weak and jittery and that the load can easily tip over.

Nevertheless, the reason for our optimistic view on 2013 is not least that our business rests on a better and much more solid foundation. Overall, we expect to generate a small profit – also after impairment writedowns.

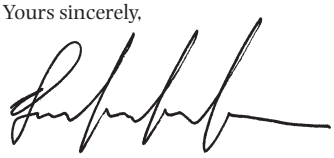
We expect Non-life Insurance to return to a normal claims scenario in 2013, meaning that we will continue feel the positive effects of our efficiency enhancements but that we cannot expect random factors to consistently turn out to our advantage.

Life and Pension is currently enjoying a strong competitive position backed by a strong bonus potential. We intend to leverage on this to ensure growth in regular premium payments. At the same time, we will maintain our existing underwriting policy in order to be able to continue to produce good expense and risk results.

The bank has overcome a number of key challenges and based on the partial repayment of the bank's hybrid loan we can now really begin to look ahead. We need to build profitable customer relations that will form the basis of profitable banking operations. However, our banking operations will be dominated by high impairment writedowns for some time yet, although we expect the level to be lower than in 2012.

Alm. Brand is going into 2013 with an efficient organisation in top shape, a non-life insurance business delivering remarkable outperformance, a pension business which has reinvigorated its competitive advantage and a bank which has come a long way in its restructuring process and in the preparations for a new strategy.

Yours sincerely,



Søren Boe Mortensen
Chief Executive Officer

Non-life Insurance

The Alm. Brand Group's core business is non-life insurance. Alm. Brand is the fourth largest non-life insurer in the Danish market with annual gross premium income of DKK 4.9 billion and a market share of around 10%. Non-life Insurance focuses exclusively on the Danish market with a special focus on the following segments: Private customers, small and medium-sized businesses, property owners and administrators, agricultural customers and the public sector. The group has deliberately opted not to focus on major corporate and marine customers, as competition for these customers increasingly takes place at the pan-Nordic level.

The group offers non-life insurance products to selected segments through several different distribution channels. The private customer portfolio comprises approximately 400,000 customers, 200,000 of whom are full-service customers who have largely all of their insurances with the company. The commercial and agricultural customer portfolio comprises approximately 100,000 customers.

MARKET

Private

Many parts of today's market for consumer insurances are extremely competitive. Certain players focus on lifting profitability by adjusting prices and risk, while others introduce measures to recapture market share. However, the competitive situation has not shifted to any significant extent.

The situation in the motor insurance market, on the other hand, is changing. Motorists are increasingly buying smaller, more eco-friendly and cost-efficient cars. The market focus on maintaining competitive strength in terms of this product is pushing down average prices.

Weather conditions in 2012 resulted in few claims, which had a positive impact on profitability relative to 2011.

Commercial

Small and medium-sized businesses and the public sector

The market for commercial insurance did not change to any significant extent in 2012. The Danish business sector is generally still marked by stagnation due to the economic crisis. Nevertheless, Alm. Brand succeeded in growing its revenue above the benchmark, and Alm. Brand's market share of this segment is assessed to have increased in 2012.

In 2012, several companies increased their premiums and tightened their terms of coverage on water damage claims, especially within building and contents insurances, as a result of rising claims expenses. Alm. Brand did not tighten its terms of coverage but introduced higher deductibles on commercial customer building insurances.

There is a general trend that several international insurers are sharpening their focus on the Danish commercial insurance market, making the market more competitive.

Agriculture

Alm. Brand has a leading position as an insurance provider to Danish agriculture with an estimated market share of more than 30%. Alm. Brand is assessed to have maintained its market share in 2012. For a number of years, Alm. Brand has worked with individual farmers on claims prevention. These efforts include regular reviews of electrical installations, identification of potential fire hazards and conversion of vacant buildings from replacement-cost insurance to fixed-sum insurance, which gives farmers with a smaller sum for clean-up but reduces the premium requirement due to the lower risk on the part of Alm. Brand.

STRATEGY

Customers

Non-life Insurance's objectives are to develop, advise on, sell and manage profitable, high-quality insurance solutions, thereby safeguarding and taking care of its customers.

Jesper Mørch Sørensen, Managing Director, Non-life Insurance



The primary target group of the private customer segment is individuals aged 30 years or more, who are resident in Denmark and own their own home and/or a car. The commercial customer segment has small and medium-sized businesses, property owners and administrators, agricultural businesses and the public sector as its primary target groups.

The aim is for all customers to consolidate as much of their business as possible with the Alm. Brand Group and for all customers to remain loyal and satisfied.

Strategy 2009–2012

For several years, the overall strategy of Non-life Insurance has been consolidation followed by profitable growth. This was achieved by offering the customers up-to-date and competitive products, a high level of service and accessibility and efficient and fair claims handling, thereby ensuring greater customer loyalty.

In the years from 2007 to 2009, the Danish insurance industry experienced a surge in claims levels, which also hit Alm. Brand. In order to counter this development, Non-life Insurance has been pursuing three main priority areas since 2009 with a view to lifting its profitability:

- Reducing the expense ratio by means of efficiency enhancements and clearer business procedures
- Mitigating insurance risks
- Aligning prices with developments in claims payments

During the period, Non-life Insurance has worked towards the following targets:

- A combined ratio of 92
- An expense ratio of 16–17 in 2012
- Improving earnings on each individual customer
- Loyal customers
- A pre-tax return on equity of 16% plus the money market rate

The results achieved were very positive.

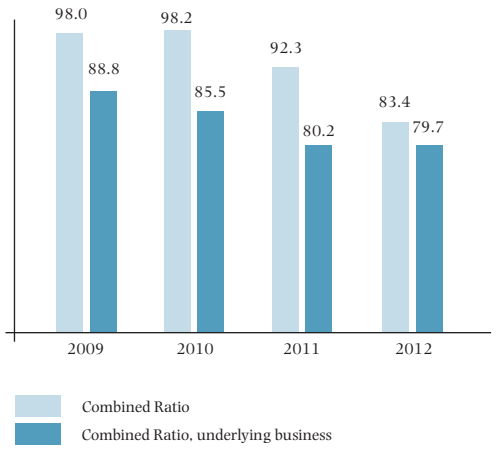
A combined ratio of 92

Overall, the target for the period was to generate a combined ratio of 92. This was achieved by sharpening the focus on creating a competitive cost level and improving the profitability per customer. In a so-called "normal" insurance year, Alm. Brand expects 4% of premium income to be used for weather-related claims and 8% for major claims. This means that the combined ratio of the underlying business must be 80 or less. We achieved this level in 2011 and further improved it in 2012.

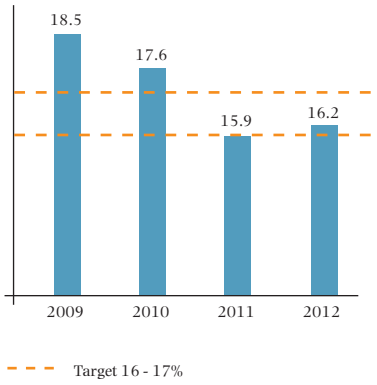
An expense ratio of 16–17 in 2012

The target of an expense ratio of 16–17 was achieved a year earlier than expected. We did this by enhancing our distribution efficiency and administrative business procedures, combining all non-life insurance systems in one system and by trimming the group's costs in general.

Combined Ratio



Gross expense ratio



	DKKm	2012	2011	2010	2009	2008
INCOME STATEMENT	Gross premiums	4,866	4,772	4,762	4,714	4,769
	Technical interest	13	40	33	53	125
	Claims expenses	– 3,180	– 3,845	– 3,702	– 3,601	– 3,523
	Insurance operating expenses	– 790	– 763	– 839	– 872	– 905
	Reinsurance profit/loss	– 86	207	– 136	– 146	– 173
	Technical result	**823**	**411**	**118**	**148**	**293**
	Interest and dividends, etc.	245	262	283	370	376
	Capital gains and losses	– 106	– 28	– 22	1	– 76
	Management expenses relating to investment business	– 23	– 18	– 19	– 29	– 15
	Return on technical provisions	– 86	– 167	– 155	– 205	– 301
	Return on investment after technical interest	**30**	**49**	**87**	**137**	**– 16**
	Other ordinary items	0	0	2	2	– 15
	Profit before tax	**853**	**460**	**207**	**287**	**262**
	Tax	– 214	– 116	– 51	– 79	– 67
	Profit after tax	**639**	**344**	**156**	**208**	**195**
BALANCE SHEET	Run-off gains/losses	235	153	139	80	– 34
	Total provisions for insurance contracts	7,215	7,368	6,920	6,631	6,260
	Insurance assets	143	336	163	103	67
	Total shareholders' equity	2,441	2,152	1,808	1,753	1,610
	Total assets	10,579	10,348	9,383	8,933	8,436
KEY RATIOS	Gross claims ratio	65.4%	80.6%	77.8%	76.4%	73.9%
	Gross expense ratio	16.2%	16.0%	17.6%	18.5%	19.0%
	Net reinsurance ratio	1.7%	– 4.3%	2.8%	3.1%	3.6%
	Combined ratio	83.3%	9.3%	98,2%	98.0%	96.5%
	Operating ratio	83.1%	91.5%	97.6%	96.9%	94.0%
	Relative run-off result	4.4%	3.3%	3.3%	1.8%	– 0.8%
	Return on equity before tax	38.7%	23.2%	11.9%	19.1%	15.4%
	Return on equity after tax	29.0%	17.4%	9.0%	13.8%	11.5%
	Solvency ratio*	2.8	2.6	2.7	2.7	2.7

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation of financial reports by insurance companies and profession-specific pension funds,

*The solvency ratio is for Alm, Brand Forsikring A/S, and the capital base is reduced by the amount of proposed dividends.

Improving earnings on each individual customer
Our priority areas were as follows:

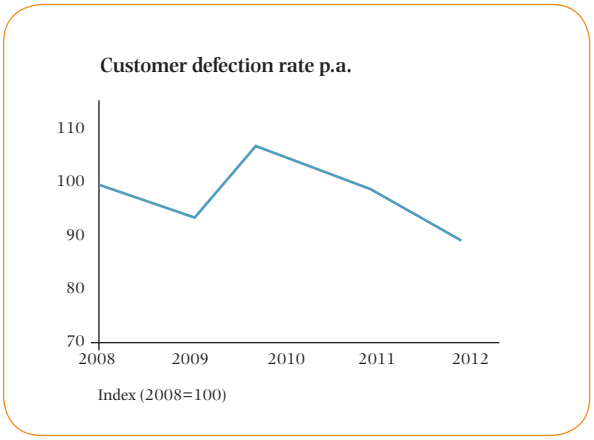
- Mitigating risk and amending terms
- Improving the premium-risk balance
- Improving procurement agreements for claims

Our efforts to mitigate risk included tightening our underwriting policy. We also set up a team of consultants to inspect, risk assess and make adjustments to existing insurances.

In order to strike the right premium-risk balance, we introduced premium increases and amended terms for many customers in our private, commercial and agricultural lines. Our non-life insurance tariff structure was also adjusted with a view to motivating customers to choose an insurance with a deductible or choose a higher deductible.

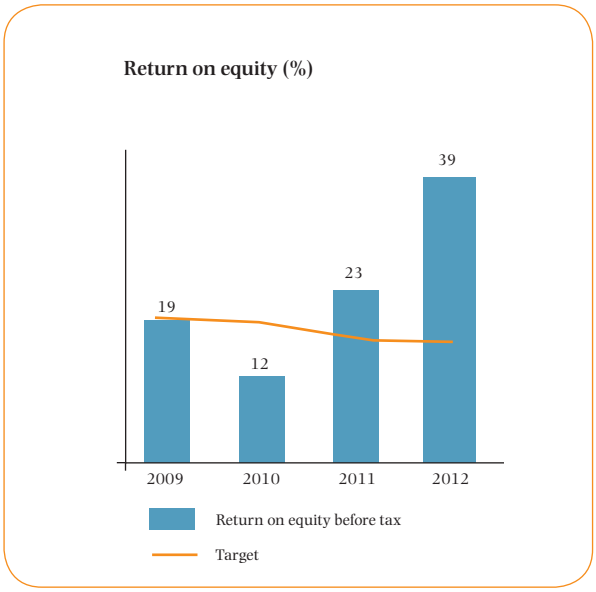
Earnings per customer increased due to higher average premiums, a lower claims frequency, lower average claims and lower costs.

Loyal customers
The proportion of customers terminating their insurance policies with Alm. Brand has been down trending for the past two years. From autumn 2009 to end-2011, Alm. Brand notified its customers of amended terms and price increases, which resulted in a higher customer defection rate in 2010. Since then, the customer defection rate has declined significantly and today it stands at the lowest level in five years.



A pre-tax return on equity of 16% plus the money market rate
The strategic initiatives were intended to ensure a competitive return on equity. The 2010 performance was affected by large losses for winter-related claims, snow load claims in February as well as by cloudbursts and small storms. The 2011 performance was affected by the cloudburst in July of that year, which has been characterised as the most severe cloudburst in over 100 years.

Seen over the past five years, the average return on equity was 21.5% before tax, compared to an average return requirement of 18.2%. At a return on equity of 39%, 2012 proved to be an exceptionally good year.



Strategy 2013–2016

Target: Non-life Insurance should generate a return on equity of 20% plus the money market rate

The strategy from 2009 was a success. Alm. Brand stands today as one of Denmark's most efficient and profitable non-life insurers. We intend to maintain and further strengthen this position. To this end, we have defined a new strategy, which builds on the results accomplished. The development of a partial internal model for computing premium and reserve risk and natural catastrophes has provided the basis for a lower capital need, causing Non-life Insurance to lower its capital target from 45% to 40% of premium income. As a result, the return on equity target has been raised from 16% to 20% plus the money market rate.

Target: A maximum combined ratio of 92

Our efforts to ensure profitability continue. Commercial building insurance is a special focus for us, and in 2011 we launched a new building insurance product, introducing a general tariff increase as well as a requirement for mandatory deductibles. We will step up our efforts to convert customers to the new building insurance product in 2013.

Alm. Brand is continuously developing its risk reporting, thereby strengthening profitability monitoring in all customer segments with the aim of responding quickly to unfavourable developments.

Target: Annual efficiency enhancement of 2.5%

We aim to maintain and further improve the efficiency enhancements already achieved. Our new target is to enhance efficiency by 2.5% annually until end-2016, equivalent to an expense ratio of around 15. We aim to do this, among other things, by means of increasing the digitalisation of all customer interface processes and optimising all other processes.

In 2012, our customers were able to receive and accept digital insurance offers and to receive digital policies via their own online interface at www.almbrand.dk. Also, we improved the functionality of our online claims reporting system. Efforts to digitalise customer interface processes will be further intensified during the current strategy period. This will require investments and, as a result, the reduction of the expense ratio is not expected to materialise until late in the period.

Target: Maintaining a market share of at least 10%

The combination of customers' perception of Alm. Brand, accessibility and efficient administrative business procedures will serve to create greater customer loyalty and hence contribute to maintaining, and preferably increasing, our market share. However, we only want profitable growth. As and when opportunities arise, we will seek to establish partnerships with other insurance companies similar to the agreements made with Sønderjysk Forsikring G/S and AIG in 2012.

> Our customers should feel appreciated, secure and well taken care of. We want them to associate Alm. Brand with peace of mind, simplicity and excellent service. Doing business with us should be hassle-free, and we are dedicated to taking care of our customers whatever their situation or problem. We strive to put ourselves in the customer's place and to not only see things from our own perspective.
>
> Jesper Mørch Sørensen

PERFORMANCE

Non-life insurance operations generated a pre-tax profit for the year of DKK 853 million, against DKK 460 million in 2011. The combined ratio was 83.3, against 92.3 in 2011. The performance was significantly better than the most recent guidance of a profit of DKK 725 million and a combined ratio of 86 and highly satisfactory.

The return on equity was 39% before tax, against 23% in 2011.

The technical result amounted to DKK 823 million, against DKK 411 million in 2011. The strong profit uplift was essentially due to lower claims expenses.

The investment return after technical interest came to DKK 30 million, against DKK 49 million in 2011.

Premiums

Gross premiums totalled DKK 4,866 million, against DKK 4,772 million in 2011, equivalent to an increase of 2%, which was better than expected at the beginning of the year. The increase in gross premiums was attributable to a lower customer defection rate compared to previous years and higher sales compared to 2011. The performance was in line with the most recent guidance.

Claims

The claims ratio was 65.4 in 2012, against 80.6 in 2011, and total gross claims were DKK 3,180 million, against DKK 3,845 million last year. The claims ratio was adversely affected by an upward adjustment of claims related to the cloudburst in Copenhagen in July 2011 of DKK 130 million in aggregate, which reduced the claims ratio by 2.7 percentage points.

Due to favourable weather conditions in 2012, claims expenses for weather-related claims amounted to DKK 102 million, equivalent to 2.1%, compared to a normal level of 4%.

The underlying business continues to develop favourably as a result of activities to improve the price/risk relationship implemented over the past three to four years. Accordingly, the claims frequency continues to decline on most products. This is due to a general decline in the number of burglaries and traffic accidents in Denmark and to the fact that Alm. Brand has tightened its underwriting policy, introduced higher deductibles and advised the customers on claims mitigation measures.

The decline in expenses for major claims continued in 2012, marking the fourth consecutive year of declining expenses for major claims. Major claims net of reinsurance totalled DKK 302

million in 2012, against DKK 326 million in 2011. Major claims affected the claims ratio by 6.2 percentage points, compared to an expected normal level of 8% and a realised level of 6.8 percentage points in 2011.

Run-off gains net of reinsurance totalled DKK 235 million, against DKK 153 million in 2011. Run-off gains were mainly attributable to person-related lines such as workers' compensation and personal accident, all of which are characterised as long-tail liabilities.

The rate of interest used for discounting provisions was lower in 2012 than it was in 2011. Seen over the year as a whole, this resulted in 1 percentage point increase in the claims ratio relative to last year.

Costs

Total costs amounted to DKK 790 million in 2012, against DKK 763 million in 2011. The expense ratio was 16.2, against 16.0 in 2011. Factors affecting costs in 2012 included increased sales, higher bonus payments compared to 2011 and expenses for system development due to the rules on the new non-life insurance tax. The overall cost level was in line with expectations.

Combined ratio

The combined ratio was 83.3 in 2012, against 92.3 in 2011. The table below breaks down the combined ratio into underlying result, reinstatement premiums on the reinsurance programme, major claims, weather-related claims and the run-off result after reinsurance recoveries.

	2012	2011	2010	2009
Combined Ratio, underlying business	79.7	80.2	85.5	88.8
Major claims	6.2	6.8	7.1	7.8
Weather-related claims	2.1	6.9	8.5	3.1
Run-off result	– 4.9	– 3.2	– 2.9	– 1.7
Reinstatement premiums	0.2	1.6	-	-
Combined Ratio	83.3	92.3	98.2	98.0

The combined ratio of the underlying business, stated exclusive of major and weather-related claims etc. affected by random factors, has improved continually over the past couple of years, and in 2012 it declined further to 79.7, compared to 80.2 in 2011.

Net reinsurance ratio

The net reinsurance ratio for the year was 1.7, against minus 4.3 (income) in 2011. Reinsurance premiums amounted to an aggregate of DKK 289 million, while DKK 204 million was received in reinsurance recoveries and commission.

Investment return

The investment return before transfer to insurance activities was DKK 116 million in 2012, against DKK 216 million in 2011. The return after interest on technical provisions came to DKK 30 million, against DKK 49 million in 2011.

The investment assets of Non-life Insurance are predominantly placed in interest-bearing assets most of which are mortgage bonds. Throughout 2012, the interest-bearing assets had a weighted duration of just over two years. Most of the interest rate exposure on assets is aligned with the interest rate exposure on provisions by way of interest rate swaps. However, over the past few years, the group has chosen to not fully align its investment portfolio with the declining yield level. At 31 December 2012, the net interest rate risk on a 100 bp drop in yields was DKK 77 million.

The difference in the interest rate risk on assets versus liabilities widened in step with the decline in interest rates in 2012. Overall, interest rate developments in 2012 resulted in negative value adjustments of provisions in Non-life Insurance of DKK 214 million. These were partly offset by positive value adjustments of assets of DKK 108 million. The rest of the capital loss in 2012 was attributable to assets being invested in bonds with a higher nominal yield than market rates, meaning that the remaining negative value adjustments were offset by higher interest income.

The equity exposure of Non-life Insurance represented less than 1% of the investment assets in 2012.

Financial results for Q4

- Profit before tax: DKK 247 million (2011: DKK 177 million)
- Technical result: DKK 222 million (2011: DKK 127 million)
- Combined ratio: 82.1 (2011: 89.9)
- Claims ratio: 57.5 (2011: 78.5)
- Expense ratio: 17.7 (2011: 16.4)

Premiums

Gross premiums totalled DKK 1,236 million, against DKK 1,205 million in 2011, equivalent to an increase of 2.6%. The private customer segment grew by 2.4% and the commercial customer segment recorded growth of 2.8% relative to 2011.

Claims

Total gross claims amounted to DKK 710 million, against DKK 941 million in 2011. The decline in the claims ratio was mainly due to weather-related claims, which totalled DKK 6 million, compared to DKK 241 million in 2011. Weather-related expenses had been expected to amount to around DKK 35–40 million.

The number of claims on the underlying business was unchanged from 2011 in spite of a higher number of insurances. The claims frequency hence continued to decline, while average claims expenses increased.

The run-off result net of reinsurance was a gain of DKK 77 million in Q4 2012, against DKK 61 million in 2011. The run-off gains were mainly attributable to personal injury lines.

Major claims amounted to DKK 80 million, against DKK 97 million in 2011.

The lower level of interest rates increased the claims ratio by 1 percentage point relative to the same period of 2011.

Costs

The increase in costs was predominantly attributable to acquisition costs, bonus payments and expenses for system development due to the non-life insurance tax.

Investment return

The investment return before transfer to insurance activities was DKK 42 million, against DKK 82 million in 2011. The return after interest on technical provisions came to DKK 25 million, against DKK 50 million last year.

Value adjustments of assets and provisions contributed a net loss of DKK 14 million in Q4 2012.

The inflation risk on workers' compensation insurance is hedged by means of inflation swaps. In 2012, these hedging activities produced a net loss of DKK 1 million, compared to a net gain of DKK 7 million in 2011.

New discount yield curve
Effective from 13 June 2012, the new discount yield curve of the Danish Financial Supervisory Authority will be used for calculating insurance provisions. This resulted in a decline in provisions of DKK 20 million at 30 June 2012.

Private
The technical result excluding technical interest was a profit of DKK 383 million in 2012, against a profit of DKK 375 million in 2011. The combined ratio was 85.2, against 85.3 in 2011. Like last year, the performance was highly satisfactory and reflected a lower-than-expected level of weather-related and major claims

Premium income for 2012 as a whole rose by 1.5% to DKK 2,579 million. In 2011, premium income on health and personal accident insurances was favourably affected by an adjustment of the method for calculating provisions for health and personal accident insurances at market value. Adjusted for this extraordinary change, premium income rose by 2.5%.

PRIVATE CUSTOMER SEGMENT

DKKm	2012	2011
Gross premium income	2,579	2,540
Gross claims expenses	– 1,717	– 1,827
Insurance operating expenses	– 456	– 391
Reinsurance loss	– 23	53
Technical result*)	383	375
Run-off result	79	68
Gross claims ratio	66.6%	72.1%
Gross expense ratio	17.7%	15.3%
Net reinsurance ratio	0.9%	– 2.1%
Combined Ratio	85.2%	85.3%

*) Excluding technical interest

The expense ratio totalled 66.6, against 72.1 in 2011. Weather-related claims amounted to DKK 31 million in 2012, against DKK 259 million in 2011.

The cloudburst in Copenhagen on 2 July 2011 affected claims by DKK 173 million in 2011. In 2012, expenses for this loss event were further increased, resulting in a run-off loss of DKK 29 million before reinsurance and DKK 2 million after reinsurance.

Major claims amounted to DKK 42 million, against DKK 59 million in 2011.

The claims frequency on the underlying business continues to decline. However, this decline is offset by rising average claims, which had the effect that the claims ratio of the underlying business was unchanged relative to 2011.

Motor insurance claims continued to perform very satisfactorily with a declining claims frequency and unchanged average claims.

The expense ratio totalled 17.7, against 15.3 in 2011. The increase in expenses was largely attributable to higher sales and to expenses related to the implementation of the non-life insurance tax. Moreover, the 2011 performance was affected by a series of non-recurring income. The cost level was in line with expectations.

The run-off result net of reinsurance produced a gain of DKK 79 million, against DKK 68 million in 2011. Run-off gains were reported in personal accident, health and personal accident and household comprehensive lines.

The net reinsurance ratio was 0.9, against minus 2.1 in 2011 (income).

Commercial
The technical result excluding technical interest was a profit of DKK 427 million, against a loss of DKK 4 million in 2011. The performance was highly satisfactory and better than expected. The performance was mostly driven by favourable weather conditions, fewer major claims and a good loss experience on workers' compensation, motor and liability insurance. In addition, costs were below the 2011 level.

COMMERCIAL CUSTOMER SEGMENT

DKKm	2012	2011
Gross premium income	2,287	2,232
Gross claim expenses	– 1,463	– 2,018
Insurance operating expenses	– 334	– 372
Reinsurance loss	– 63	154
Technical result*)	427	– 4
Run-off result	156	85
Gross claims ratio	64.0%	90.5%
Gross expense ratio	14.6%	16.6%
Net reinsurance ratio	2.7%	– 6,9%
Combined Ratio	81.3%	100.2%

*) Excluding technical interest

Gross premium income from the commercial customer segment totalled DKK 2,287 million, against DKK 2,232 million in 2011, equivalent to an increase of 2.5%. After a couple of years with a declining portfolio, most commercial lines thus reported real growth in 2012.

The combined ratio was 81.3, against 100.2 in 2011. The expense ratio totalled 64.0, against 90.5 in 2011.

Weather-related claims amounted to DKK 71 million, against DKK 624 million in 2011. The cloudburst in Copenhagen on 2 July 2011 affected claims by DKK 457 million in 2011. In 2012, expenses for this loss event were further increased, resulting in a run-off loss of DKK 101 million before reinsurance and DKK 6 million after reinsurance.

The performance of the building insurance products for Alm. Brand's commercial and agricultural customers, respectively, still failed to meet the company's profitability requirements. The unsatisfactory performance was partly driven by developments in weather conditions in recent years and partly by a negative general trend in the number of claims and average expenses reported in connection with small claims. Instead of just increasing the level of premiums, Alm. Brand introduced a new building insurance tariff in the autumn of 2011, which combines small-scale premium increases with deductibles. The new building insurance tariff maintains the competitiveness of the product, while enhancing the correlation between price and risk. Although these measures have improved the profitability of the product, there is still some way to go before the profitability target is achieved.

The loss experience on workers' compensation was highly satisfactory.

Major claims amounted to DKK 260 million, which was lower than expected and DKK 10 million lower than in 2011.

The run-off result net of reinsurance produced a gain of DKK 156 million, against DKK 85 million in 2011. The run-off gains were mainly attributable to workers' compensation and liability insurance, which are generally long-tail lines.

The expense ratio totalled 14.6, against 16.6 in 2011. The decline in expenses was predominantly due to the write-off of the residual amount relating to group's non-life insurance system for commercial lines in 2011.

The net reinsurance ratio for the year was 2.7, against minus 6.9 (income) in 2011. Aggregate expenses amounted to DKK 189 million, while DKK 127 million was received in reinsurance recoveries and commission.

CAPITALISATION

Excluding dividend paid in February 2013, the capital base of Alm. Brand Forsikring A/S amounted to DKK 2,270 million at 31 December 2012, of which DKK 149 million was supplementary capital. At 31 December 2011, the capital base was DKK 2,128 million.

The company's capital requirement amounted to DKK 822 million, against DKK 831 million at 31 December 2011. It thus had excess coverage of DKK 1,448 million at 31 December 2012, equalling a solvency ratio of 2.8.

The individual solvency need was calculated at DKK 1,009 million. At year-end 2012, the company changed the method for calculating the individual solvency need. Until that point, the individual solvency need was calculated on the basis of the standardised approach for calculating the solvency capital requirement (SCR) according to QIS4 with a few adjustments. The new approach is also based on QIS4, but premium and reserve risk for all lines, except for workers' compensation and personal accident, are calculated using Alm. Brand's own partial internal capital model. The transition to the new model means that the individual solvency need is reduced by DKK 118 million relative to the old model. At 31 December 2011, the individual solvency need was DKK 1,132 million calculated based on the standardised approach according to QIS. See above.

At 31 December 2012, the equity allocated to Non-life Insurance was DKK 2.4 billion.

Total technical provisions amounted to DKK 7.2 billion at 31 December 2012, against DKK 7.4 billion a year earlier.

MAJOR EVENTS

New underwriting channel for workers' compensation insurance

In autumn 2012, Alm. Brand concluded an agreement with insurance company AIG on the writing of workers' compensation insurances. In future, AIG will write all workers' compensation insurances in Alm. Brand. Accordingly, Alm. Brand will fix prices and conditions and manage claims processing under the agreement.

Alm. Brand already has a growing portfolio in the workers' compensation insurance market. The new agreement will give Alm. Brand access to a customer portfolio which is expected to drive up the group's premium income by an amount in the double-digits of millions in 2013.

Alm. Brand in new partnership on agricultural customers

Alm. Brand has entered into an agreement with Sønderjysk Forsikring G/S under which Sønderjysk Forsikring G/S will refer its agricultural customers to Alm. Brand. The agreement involves around 500 agricultural customers.

Free ID protection

In the fourth quarter of 2012, Alm. Brand introduced a free ID protection for all customers with a household comprehensive insurance policy. ID protection has received a great deal of attention, and many customers are responding positively to this way of addressing the risks facing consumers today. The protection service involves providing customers with advice and help if they become victims of identity theft. The insurance also covers expenses for investigating events in which a stolen identity has been used to set up credit agreements or the like without the participation of the policyholder.

Customer ambassador

Alm. Brand's new strategy puts CUSTOMERS FIRST. As part of our efforts to further reduce the number of customer complaints and increase customer loyalty and satisfaction, we appointed a customer ambassador in 2012.

The customer ambassador works across all business units of Non-life Insurance and is responsible for ensuring that our customers receive optimum service and case processing. It is the ambassador's job to see the case "from the customer's perspective" rather than to focus on insurance terms and normal procedures. Moreover, the customer ambassador ensures that customers receive readily understandable and precise information.

Changes to the Board of Directors

At an extraordinary general meeting of Alm. Brand Forsikring A/S held on 20 April 2012, Jan Skytte Pedersen was elected as a new member of the Board of Directors.

OUTLOOK

Overall, our non-life operations are expected to generate a pre-tax profit of approximately DKK 400 million in 2013, corresponding to a combined ratio of around 92.

The expense ratio is expected to be at the level of 16.5%.

Premium income is expected to increase by around 2%.

Banking

Alm. Brand Bank is a nation-wide bank with some 58,000 private customers measured in terms of households. The bank's activities comprise continuing operations and activities that are being wound up.

The bank's continuing operations offer products that meet private customer financial needs. Moreover, the bank has activities within leasing, bond, equity and currency trading and research (Markets) as well as asset management (Asset Management).

The bank's portfolio of exposures to small and medium-sized businesses, agricultural customers, property development projects and mortgage deeds is being wound up.

MARKET

Private

The private customer banking market was characterised by subdued consumer spending again in 2012. Private households have to a great extent reduced their banking debt and increased their savings since the crisis broke out. During the financial crisis years, Danish consumers have thus reduced their banking debt by more than DKK 50 billion to around DKK 550 billion, while household bank deposits have grown by DKK 100 billion to around DKK 800 billion. Like other players in the sector, the bank is thus seeing reduced borrowing and increased savings from customers.

Despite historically low interest rates, the housing market was subdued over the past year. Short-term mortgage bond yields closed the year at around 0.5%. The weak housing market reduced banks' income from property transactions relative to recent years. However, the largest cities are now seeing a slight recovery both in the number of transactions and in prices of commonhold flats, in particular.

The combined effect of declining lending and lower interest rates have put earnings in the private banking market under pressure in the past few years.

Financial Markets

Developments in the financial markets in 2012 can be divided into three phases: In the first three months of the year, market sentiment was generally positive, and equity markets outperformed bond markets by a significant margin. From April to June, attention centred in particular on problems in southern Europe, and global economic indicators were showing signs of weakness. This led to declining equity prices and falling interest rates. The rest of the year was characterised by mounting confidence that central banks and politicians were prepared to kick the economy into gear as equity prices picked up while interest rates remained at a low level.

Developments over the year brought investors back to the market towards the end of 2012, and the bank experienced rising trading activity. The competitive environment was characterised by greater pricing transparency, narrowing trading costs and fierce competition for assets under management.

Leasing

In the first half of the year, the leasing market was impacted by the bill tabled by the Danish government in late February to change the principles for calculating vehicle registration fees. The bill caused the market for car leases to come to a standstill for a couple of months, and private leases did not revive until the autumn. The market for leases on commercial cars has returned to a reasonable level, while individuals are only just beginning to lease cars again. The declining overall market has made the market more competitive.

STRATEGY

Since the end of 2009, focus has been on securing the bank's continued operations by restructuring the continuing activities and winding up a number of business areas. In the reporting period, lending was reduced by almost DKK 4 billion excluding losses and writedowns. Total lending has declined by DKK 6.3 billion since 2009.

Kim Bai Wadstrøm, Managing Director, Banking



The bank's deposit deficit of DKK 3.9 billion at 31 December 2009 has been turned into a deposit surplus of DKK 2.6 billion at 31 December 2012. This was attributable partly to declining lending, partly to the successful deposit campaign launched at the beginning of 2012. As a result, the bank was able to repay funding in a total amount of DKK 7.7 billion in 2012 alone.

The bank maintains strong focus on minimising losses when winding up discontinued business areas.

Within the organisation, the winding-up portfolio is handled by close to 30 employees. Winding-up activities are handled centrally at headquarters, ensuring that the remaining organisation stays focused on servicing the bank's customers in the best possible way going forward.

Going forward, the bank's strategy is focused on the three following segments:

- Private Customers
- Financial Markets
- Leasing

The strategy supports the Alm. Brand Group's aim of being able to offer its selected customer segments comprehensive financial solutions across insurance, pension and banking. Accordingly, the bank inherently focuses on cross sales between the group's business areas.

Strategy 2013–2016
The bank has defined a number of goals to improve earnings in the three continuing segments.

Target: Income/cost ratio to exceed 1.1 by 2016
Lending to the private customer segment has declined due to the lower domestic borrowing requirement and conversion to mortgage loans, which Alm. Brand Bank handles through Totalkredit. The aim is to induce more existing banking customers to become full-service customers, thereby improving earnings per customer. At the same time, the bank must attract new customers. One aim is to make more of the group's customers aware of the advantages of pooling their financial products with Alm. Brand.

For the purpose of increasing the transparency in Alm. Brand Bank's financial statements, the bank publishes pro rata consolidated figures. The figures are set out in the financial highlights and key ratios above and, unless otherwise indicated, the comments provided in the text below are made for pro rata figures. Banking group figures are commented on only when found relevant. The pro rata figures reflect the bank's proportionate ownership interests in the subsidiaries.

		PRO RATA		CONSOLIDATED FIGURES				
	DKKm	**2012**	**2011**	2012	2011	2010	2009	2008
INCOME STATEMENT	Interest receivable	720	867	728	877	974	1,114	1,523
	Interest payable	– 452	– 506	– 457	– 513	– 421	– 643	– 1,077
	Net interest income	**268**	**361**	**271**	**364**	**553**	**471**	**446**
	Net fees and commissions receivable and dividends, etc.	125	132	124	131	158	140	195
	Net interest and fee income	**393**	**493**	**395**	**495**	**711**	**611**	**641**
	Value adjustments	– 134	– 399	– 96	– 431	– 351	– 257	– 535
	Other operating income	50	36	51	36	23	17	14
	Profit before expenses	**309**	**130**	**350**	**100**	**383**	**371**	**120**
	Expenses and depreciation/amortisation	– 474	– 476	– 476	– 477	– 523	– 669	– 532
	Other operating expenses	– 43	– 40	– 43	– 40	– 76	– 81	– 25
	Writedowns of loans, advances and receivables, etc.	– 309	– 768	– 309	– 768	– 660	– 1,451	– 340
	Profit/loss from equity investments	– 2	0	– 2	11	1	4	
	Profit/loss before tax	**– 519**	**– 1,154**	**– 480**	**– 1,185**	**– 865**	**– 1,829**	**– 773**
	Tax	128	236	128	235	222	433	127
	Profit/loss after tax	**– 391**	**– 918**	**– 352**	**– 950**	**– 643**	**– 1,396**	**– 646**
	Share attributable to minority interests	-	-	39	32	– 4	71	218
	Profit/loss after tax excluding minority interests	-	-	**– 391**	**– 918**	**– 647**	**– 1,325**	**– 428**
	Profit/loss before tax excluding minority interests	-	-	– 519	– 1.154	– 869	– 1,758	– 532
BALANCE SHEET	Loans and advances	8,698	10,393	8.396	10,217	12,485	14,823	17,292
	Deposits	11,325	7,995	11,325	7,995	8,598	11,096	11,141
	Shareholders' equity	996	1,093	1,169	1,234	1,759	1,589	1,237
	Share attributable to minority interests	-	-	173	141	195	227	300
	Total assets	17,550	21,053	17,903	21,393	25,597	26,539	24,708
KEY RATIOS	Average no, of employees (full-time equivalents)	275	286	275	286	327	366	381
	Interest margin	-	-	1.4%	1.6%	2.3%	1.9%	1.8%
	Income/cost ratio	0.37	0.10	0.42	0.08	0.31	0.17	0.14
	Impairment ratio	2.8%	5.9%	2.8%	6.0%	4.3%	7.9%	1.7%
	Solvency ratio	-	-	18.5%	16.8%	18.8%	16.0%	12.6%
	Return on equity before tax	– 52.1%	– 106.3%	– 41.6%	– 94.5%	– 67.2%	– 321.7%	– 45.4%
	Return on equity after tax	– 39.3%	– 84.6%	– 30.6%	– 75.8%	– 50.0%	– 243.7%	– 37.2%

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation of financial reports by credit institutions and investment companies etc.

Financial Markets and Leasing also need to improve their earnings. This will be done through existing customer relationships in the private customer segment and through an inflow of new customers.

Target: Increasing the interest margin by more than 1 percentage point by 2016
An improved interest margin is key to ensuring the bank's core earnings. In view of the current low level of interest rates, the bank has relatively expensive deposits, which are largely used to fund the run-off lending portfolio. The need for such deposits will be reduced as the run-off portfolio is reduced. In addition, hybrid core capital from the Danish State has been a part of the bank's capital base since 2010. The hybrid capital is a major strain on the bank's core earnings as it carries interest at a rate of around 11%. The bank has decided to repay DKK 430 million of the state-funded hybrid core capital in 2013, and doing so will improve its earnings.

Target: Reducing the winding-up portfolio by 10% annually
Focus remains on winding up the discontinued part of loans and advances. The goal is to reduce this portfolio by an annual average of 10% up to 2016.

Target: Generating a return on equity of 5% plus the money market rate by 2016
The coming years' performance will continue to be impacted by the costs of handling and winding up the discontinued part of the bank and by losses and writedowns on this part of the portfolio. This limits the return the bank can be expected to generate by 2016. The longer-term goal is for the bank to generate a return on equity of 10% plus the money market rate.

PERFORMANCE
The bank incurred a loss before tax of DKK 519 million in 2012, against a loss of DKK 1,154 million in 2011.

Before losses and writedowns, the bank posted a pre-tax loss of DKK 39 million in 2012, against an expected loss of around DKK 50 million. The performance before losses and writedowns was thus DKK 11 million better than the most recent guidance. In 2011, the bank posted a loss of DKK 160 million after losses and writedowns.

The loss for the year remained strongly influenced by impairment writedowns and credit-related value adjustments resulting from the difficult market conditions. Overall, impairment writedowns totalled DKK 480 million in 2012, against DKK 994 million last year.

The performance was not satisfactory.

Net interest and fee income
The bank recorded net interest and fee income of DKK 393 million in 2012, against DKK 493 million in 2011.

Interest income and expenses
The bank's net interest income fell to DKK 268 million from DKK 361 million in 2011.

The decline in net interest income was attributable to a combination of lower interest income from lending due to the bank's strategy of winding up parts of the lending portfolio and generally higher funding costs due, among other things, to the fixed-rate campaign run early in 2012. The smaller bond portfolio compared with last year also contributed to lower interest income.

The interest margin for both the parent company and the banking group was 1.4% in 2012, against an interest margin of 1.6% in 2011. The interest margin level is too low and the bank's strategy is to ensure a higher interest margin, including through efforts to attract more full-service customers in the private customer area and reduce funding costs.

Fee income and expenses
The bank's net fees and dividends amounted to DKK 125 million in 2012, against DKK 132 million in 2011.

The declining fee income was mainly driven by lower fees and commission income due to generally lower customer activity in Financial Markets and the reduced lending portfolio. On the other hand, higher fees from the business partner Totalkredit contributed to fee income in the private customer area increasing by 27% over 2011.

Value adjustments
The bank's value adjustments were negative at DKK 134 million in 2012, against DKK 399 million in 2011.

Credit losses and writedowns on mortgage deeds and equities overall had a negative impact of DKK 171 million in 2012, compared to DKK 226 million in 2011.

Excluding credit-related value adjustments, the bank thus posted a capital gain of DKK 37 million in 2012, against a capital loss of DKK 173 million in 2011.

Interest-related value adjustments, excluding credit losses on mortgage deeds, comprise market value adjustment of mortgage deeds, fixed-income contracts and bonds. In 2012, this item produced a gain of DKK 4 million, against a loss of DKK 90 million in 2011.

Equity-related value adjustments, excluding credit losses on equities, comprise equities and equity contracts. In 2012, this item produced a gain of DKK 34 million, against a loss of DKK 77 million in 2011.

The bank's equity portfolio is mainly composed of sector equities, while the trading portfolio of equities has a relatively low value. In connection with the winding up of distressed investment exposures, the bank acquired a number of illiquid shares in 2010 and 2011, the pricing of which could have a positive or negative impact on the bank's future financial results. The market value of the illiquid shares was DKK 105 million at 31 December 2012.

Exchange rate adjustments amounted to a loss of DKK 1 million in 2012, against a loss of DKK 7 million 2011.

Other operating income
Other operating income amounted to DKK 50 million in 2012, against DKK 36 million in 2011.

Other operating income is primarily attributable to Alm. Brand Leasing A/S, which has expanded its operating lease activities.

Costs
The bank's staff costs and administrative expenses totalled DKK 441 million in 2012, against DKK 458 million in 2011. The bank's cost savings from the organisational restructuring implemented at the end of May 2012 did not feed through fully in the 2012 financial statements. The full effect will materialise in 2013.

Total depreciation, amortisation and impairment charges amounted to DKK 33 million in 2012, against DKK 18 million in 2011. The increase was attributable to the higher level of activity in Alm. Brand Leasing.

Other operating expenses
Other operating expenses amounted to DKK 43 million in 2012, compared to DKK 40 million in 2011. In 2012, this item comprised the bank's expenses for the Danish Guarantee Fund for Depositors and Investors of DKK 18 million and costs and value adjustment of properties taken over temporarily totalling DKK 25 million.

Impairment of loans, etc.
Impairment for 2012 amounted to an expense of DKK 309 million, against an expense of DKK 768 million in 2011. In addition, the bank incurred credit writedowns of DKK 171 million in 2012, against DKK 226 million in 2011. Total writedowns on the lending and guarantee portfolio, including credit-related value adjustments, thus amounted to an expense of DKK 480 million, compared to DKK 994 million in 2011.

Out of the total impairment of loans, advances and receivables, etc., identified losses amounted to DKK 51 million in 2012, against DKK 210 million in 2011. Identified losses on the mortgage deed portfolio represented DKK 18 million of this amount in 2012, against DKK 58 million last year.

The performance of losses and writedowns is described in detail under "Lending portfolio".

BALANCE SHEET
Loans and advances, etc.
The bank's loans and advances amounted to DKK 8.7 billion at 31 December 2012, against DKK 10.4 billion at 31 December 2011. Excluding reverse transactions, intra-group transactions and writedowns, this performance was a decline in loans and advances of DKK 1.3 billion, which was in line with the most recent guidance.

Financial results for Q4

- Loss before tax: DKK 146 million (2011: DKK 650 million loss)
- Profit/loss before losses and writedowns: DKK 2 million profit (2011: DKK 13 million loss)
- Losses and writedowns: DKK 148 million (2011: DKK 637 million)
- Reduction in lending: DKK 0.4 billion (2011: DKK 0.3 billion)
- Costs: DKK 104 million (2011: DKK 114 million)

Before losses and writedowns, the bank reported a profit of 2 million before tax, which was around DKK 10 million better than the most recent guidance.

Net interest and fee income
The bank recorded net interest and fee income of DKK 92 million, compared to DKK 98 million in 2011.

The bank's net interest income totalled DKK 60 million, against DKK 68 million in Q4 2011, while net fees and dividends amounted to DKK 32 million, compared to DKK 30 million in the year-earlier period.

The interest margin for the parent company and the banking group totalled 1.4%, against 1.2% and 1.3%, respectively, in Q4 2011.

Value adjustments
The bank's value adjustments totalled a loss of DKK 63 million, against a DKK 166 million loss in the same period of 2011. Excluding credit-related value adjustments, the bank posted a capital gain of DKK 14 million, against a capital loss of DKK 9 million in the year-earlier period.

Other operating income
Other operating income amounted to DKK 15 million, against DKK 11 million in 2011.

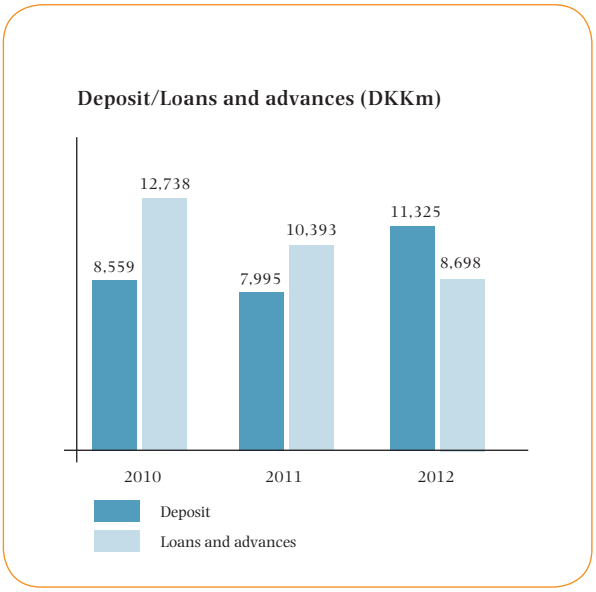
Costs
The bank's overall payroll and administrative expenses amounted to DKK 93 million, compared to DKK 108 million in 2011. This year's amount was impacted by extraordinary income of DKK 7 million relating to profit distribution from the bank's data centre.

Depreciation and amortisation charges totalled DKK 11 million, against DKK 6 million last year.

Other operating expenses
The bank incurred other operating expenses of DKK 14 million, mainly attributable to value adjustment of acquired properties. This item was DKK 0 million in 2011.

Impairment of loans, etc.
Impairment of loans, advances and receivables, etc. totalled an expense of DKK 71 million. In addition, credit writedowns totalling DKK 77 million were recorded. Total losses and writedowns on the lending and guarantee portfolio thus amounted to DKK 148 million, against DKK 637 million in 2011.

Loans and advances, etc.
The bank's loans and advances fell by DKK 0.5 billion. Taking into account developments in reverse transactions, intra-group transactions and writedowns, lending dropped by almost DKK 0.4 billion.



Debt to credit institutions

The bank's debt to credit institutions fell from DKK 4.0 billion at 31 December 2011 to DKK 1.2 billion at 31 December 2012, attributable to the planned repayment of funding.

Deposits

The bank's deposits amounted to DKK 11.3 billion at 31 December 2012, compared to DKK 8.0 billion at the year-earlier date. This development was mainly attributable to the fixed-rate campaign run in the winter of 2011–2012, which secured net new deposits for the bank of approximately DKK 2.5 billion.

The combination of an increase in deposits and a reduction of loans and advances has eliminated the bank's deposit deficit of DKK 2.4 billion at 31 December 2011 and created a deposit surplus of DKK 2.6 billion at 31 December 2012.

The bank's contingent liabilities and other commitments amounted to DKK 1.0 billion at 31 December 2012, which was unchanged from the year-earlier date.

CASH RESOURCES

At 31 December 2012, the bank's excess liquidity coverage was 256%, or DKK 4,122 million, relative to the statutory minimum requirement.

The bank's successful deposit campaign at the beginning of the year was one of the reasons for the substantial excess cover at year-end, even though the bank repaid DKK 7.7 billion worth of funding.

On 28 September 2012, the bank utilised the three-year credit facility made available by Danmarks Nationalbank. The bank borrowed DKK 1 billion and provided security in the form of bonds. On 28 December 2012, the bank replaced DKK 530 million bonds by loans.

Management monitors the cash position closely, stress testing the expected future cash flow performance to prevent potential future deviations from the defined assumptions from causing liquidity problems for the bank.

Funding totalling DKK 2.1 billion, including state-guaranteed bonds of DKK 2.0 billion, falls due for repayment in 2013.

CAPITALISATION

The bank's equity stood at DKK 1.0 billion at 31 December 2012. The capital base totalled DKK 1.9 billion, the solvency ratio was 19.4 and the Tier 1 ratio was 14.1. The bank's individual solvency need was calculated at 15.7, and the bank's solvency ratio thus exceeded the individual solvency need by 3.7 percentage points.

Alm. Brand Bank will begin using the Danish Financial Supervisory Authority's "8% +" approach effective 31 March 2013, but this is not expected to have any material effect on the amount of the bank's individual solvency need.

The banking group's equity totalled DKK 1.2 billion at 31 December 2012. The capital base totalled DKK 2.0 billion, the solvency ratio was 18.5 and the Tier 1 ratio was 13.9.

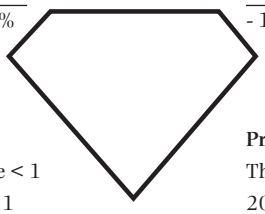
> Excellent customer service makes a difference. Financial businesses and the products they offer are in many ways very similar. But one thing that really sets us apart from the competition is the GOOD EXPERIENCE we give our customers.
>
> Kim Bai Wadstrøm

On 26 February 2013, the parent company Alm. Brand A/S injected DKK 700 million into Alm. Brand Bank A/S as equity. The capital injection was made to ensure that the bank has adequate capital excess coverage and will be used to repay DKK 430 million of the state-funded hybrid core capital, which currently totals DKK 855 million. Repayment will take place when permission is in place.

SUPERVISORY DIAMOND

At 31 December 2012, than bank was in compliance with all five threshold values of the Danish Financial Supervisory Authority's supervisory diamond as shown in the figure.

The changes in the bank's supervisory diamond indicators reflect that the winding-up portfolio is developing according to plan. Growth in lending remains negative, which had been expected considering the bank's lending strategy of focusing exclusively on the private customer segment. The fall in the bank's excess liquidity coverage and funding ratio was due to the repayment of syndicated loans and loans raised through bonds issued under Bank Package II.



Large exposures
Threshold value < 125 %

2012	2011
62%	69%

Growth in lending
Threshold value < 20 %

2012	2011
- 13%	- 17%

Funding ratio
Threshold value < 1

2012	2011
0.62	0.75

Property exposure
Threshold value < 25%

2012	2011
17%	22%

Excess liquidity coverage
Threshold value > 50%

2012	2011
137%	185%





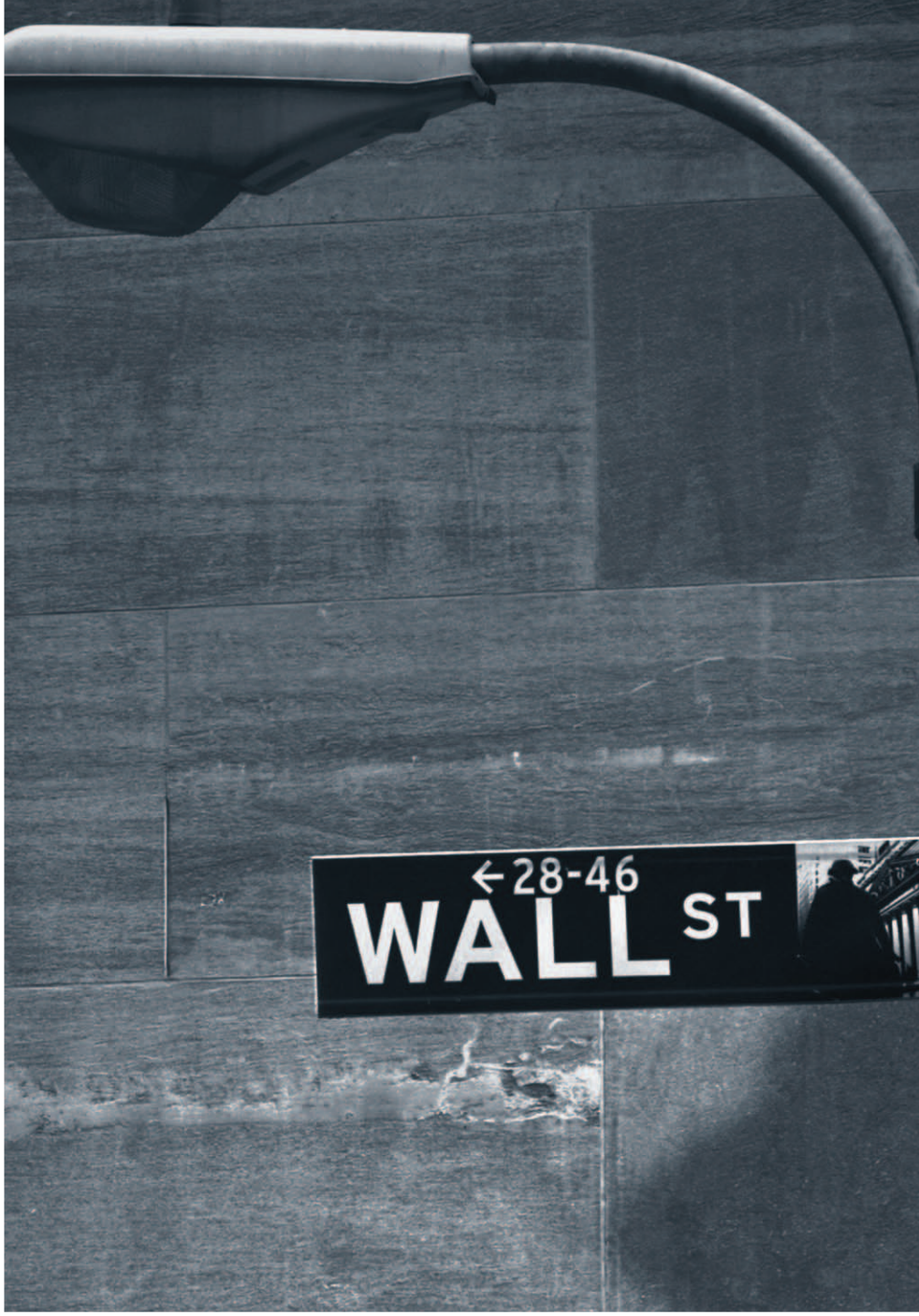








Foto: Pedro Rufo / Shutterstock.com

Business activities

The continuing business activities of the bank are organised in the business areas Private Customers and Financial Markets and the subsidiaries Alm. Brand Leasing A/S and Alm. Brand Formue A/S.

Private Customers handles activities related to servicing new and existing private customers. Financial Markets handles the bank's activities related to financial markets and comprises the areas Markets and Asset Management. The listed subsidiary Alm. Brand Formue A/S is an investment company that makes investments based on advice from Financial Markets. All lease operations are organised in the bank's subsidiary Alm. Brand Leasing A/S.

The continuing business areas are described below, while the business areas that are being wound up are reviewed under "Lending portfolio".

Private Customers

Strategy

Alm. Brand Bank intends to be the primary banker of its private customers. The bank focuses strongly on customers who own their own homes or live in cooperative housing and customers with a major requirement for investment and pension advisory services because such customer segments would potentially benefit the most from the bank's advisory services.

The aim is for customers to perceive Alm. Brand Bank as one of the best providers of service, advisory services and price terms. Customers should be offered financially attractive and value-creating solutions that support long-term customer relationships.

The aim is to have simple and uncomplicated business procedures and offer high-quality advisory services as and when required. The bank also aims to offer transparent and accessible products.

The strategy is to generate profitable growth in the private customer area, driven by new customers as well as increased business volumes with existing customers who are not currently full-service customers with the bank.

The bank has almost 58,000 customers (measured in terms of households), who are served by some 80 banking, investment and pension advisers distributed on 11 branches. In addition, around 50 employees at the bank's headquarters deal direct with customer needs and enquiries and with developing the private customer area.

For organisational purposes, the bank's staff is divided into employees serving continuing private customers and employees handling the portfolio of customers being phased out. This enables the bank's private customer advisers to focus entirely on establishing good, long-term relationships with customers.

Performance in 2012

The year saw weak demand from private customers. The bank did, however, record considerable interest in deposits and the bank's services as a mortgage loan intermediary through Totalkredit, the bank's business partner. This interest in deposits resulted in a net inflow of 3,000 customers to the bank in 2012, increasing the total business volume of deposits, loans and advances and custody funds by DKK 3.6 billion.

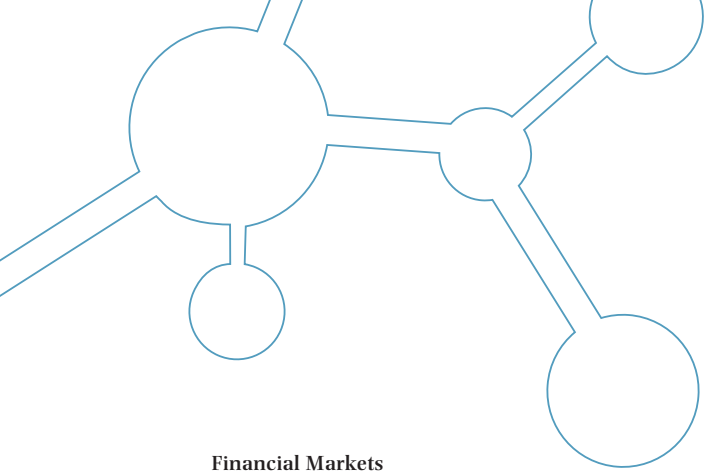
Deposits increased by 42%, much of it driven by the bank's attractive products in the market for fixed-rate deposits, but floating-rate deposits also recorded satisfactory growth in 2012.

The portfolio of Totalkredit loans for which the bank acted as intermediary increased by 16%. On the other hand, the increased demand for Totalkredit loans was a contributory factor to the 13% decline in bank loans. Many customers not only converted their loans to other interest and repayment terms; they also raised supplementary loans which they used to reduce loans with the bank.

Efforts in the private customer area were largely aimed at adapting the organisation to the new, more customer-oriented strategy launched early in the year.

The new strategy has also forged a closer collaboration with Alm. Brand Forsikring, whose customers obtain benefits if they pool all their financial products with Alm. Brand. In addition, the year was spent structuring several other initiatives aimed at attracting new customers to the bank from 2013.

The collaboration between Private Customers and Financial Markets was enhanced in 2012, enabling Alm. Brand Bank to offer a number of new products in 2013. Private customers with assets of DKK 3 million or more are already offered structured access to individual advisory investment services in Markets.



Financial Markets

Financial Markets handles the bank's activities related to financial markets and comprises two areas: Markets and Asset Management. Both areas focus on maintaining close relationships with customers, ensuring targeted advice and sales.

Markets

Based on high-quality research and advisory services, Markets provides a strong decision-making basis for its customers.

The bank's ambition is to retain and expand its market position by offering a more focused product range. In particular, Markets intends to be a competitive player in relation to small and medium-sized banks, insurance and pension providers and individuals with assets of more than DKK 3 million, and Markets has a targeted offering of advisory services and products.

Markets' advisory services are based on a structured decision-making process and close collaboration between analysts and advisers. The advisers provide the individual customers with holistic-approach advisory services covering all financial products.

The investment philosophy builds on long-term strategies, fundamental and quantitative research and careful risk management focused on generating a high return in alignment with the customer's risk profile.

Performance in 2012

The unstable markets remain a challenge for risk appetite, causing customers to hold off on investment decisions.

Markets recorded a fair inflow of new customers throughout 2012, equivalent to about a 15% improvement over last year.

Advisers in Markets were certified in 2012 to offer advice on all products. As they are all trained to provide advice on a range of investment products, customers will need to consult one adviser only.

Asset Management

Asset Management's goal is to create competitive products. Customers are small and medium-sized banks, insurance companies, institutionals, associations and others requiring asset management services.

Asset Management provides asset management services and offers a full range of investment products to its customer segments. Equity and bond management are its core business areas.

For some products, the investment philosophy is based on fundamental research, while the investment philosophy for other products is based on quantitative research. Asset Management also offers management products based on a proprietary asset allocation model that regularly provides guidelines on the most appropriate allocation between equities and bonds.

Performance in 2012

Asset Management continued to focus on protecting investor funds in 2012. The return on customers' portfolios generally outperformed the agreed benchmarks. Asset Management recorded an inflow of new external mandates in 2012.

Focus is on providing customers with an increased product offering and more flexible solutions.

Assets under management amount to some DKK 34 billion and the department aims to increase the volume of external assets under management in the coming years.

SUBSIDIARIES

Alm. Brand Leasing A/S and Alm. Brand Formue A/S are subsidiaries of Alm. Brand Bank. Alm. Brand Formue is listed on NASDAQ OMX Copenhagen A/S.

Alm. Brand Leasing A/S

Alm. Brand Leasing is wholly owned by Alm. Brand Bank. Its main activity is to offer leases on passenger and commercial vehicles with related car fleet management for businesses. The company also offers leases on passenger cars to individuals.

Alm. Brand Leasing aims to be an attractive provider of car lease products and to be one of the preferred lease companies in the Danish market.

The company's strategy is to offer competitive lease solutions in the Danish market and in that context to cover the requirements of financially sound businesses for leasing passenger and commercial cars. The strategy also aims to intensify direct sales of car leases to individuals, both directly to end customers and through partnerships with car importers and car dealers.

Performance in 2012

The company reported a pre-tax loss of DKK 1.2 million in 2012, against a profit of DKK 0.5 million in 2011. One driver of the adverse performance was the bill tabled by the Danish government in late February to change the principles for calculating vehicle

registration fees. The bill meant that fewer new leases than expected were signed during the spring. The private lease segment came to a standstill until the autumn, while commercial leases revived over the summer.

The performance for 2012 was not satisfactory.

The company set up an alliance in August 2012 with Fiat Group Automobiles Denmark A/S to offer private leases on Fiat and Alfa Romeo cars through authorised dealers.

Alm. Brand Formue A/S

Alm. Brand Formue is a listed company investing in equity and bond markets. The company was established in 2003 at the initiative of Alm. Brand Bank in collaboration with a number of other banks. The bank's ownership interest totalled 45% at 31 December 2012. Through its holding of A shares, the bank controls 70% of the votes in the company.

Performance in 2012

Alm. Brand Formue recorded a pre-tax profit of DKK 72 million in 2012, against a loss of DKK 56 million in 2011, corresponding to a return on equity of 26% before tax.

Because Alm. Brand Bank hedges equity risk, the bank's ownership interest contributed a net loss of DKK 3 million.

The equity gearing was 2.7 at 31 December 2012, compared to 2.5 at 31 December 2011. The Board of Directors of Alm. Brand Formue has defined a maximum debt-equity ratio for the company of 4.0. The company makes investments on the basis of advice from Financial Markets.

See www.formue.almbrand.dk for additional information.

MAJOR EVENTS

Capital injection

On 28 February 2012, Alm. Brand A/S injected DKK 300 million into Alm. Brand Bank A/S as equity to ensure that the bank has adequate capital excess coverage.

On 26 February 2013, Alm. Brand A/S injected DKK 700 million into Alm. Brand Bank A/S as equity. The capital injection was made to ensure that the bank has adequate capital excess coverage and will be used to repay DKK 430 million of the state-funded hybrid core capital, which currently totals DKK 855 million. Repayment will take place when permission is in place.

In the summer of 2010, Alm. Brand A/S made a commitment to contribute sufficient capital to Alm. Brand Bank A/S to ensure that Alm. Brand Bank would meet the higher of the solvency requirement and the individual solvency need. This commitment has been maximised to DKK 2 billion and has thus lapsed.

Prepayment of state-guaranteed bonds

On 21 March 2012, the bank announced that state-guaranteed bonds in the amount of DKK 4 billion would be prepaid. The initial DKK 2 billion was paid on 23 March 2012, and the remaining DKK 2 billion was paid on 2 July 2012.

Changes to the Board of Directors

On 27 March 2012, Tage Benjaminsen resigned from the bank's Board of Directors. At the annual general meeting of Alm. Brand Bank held on 23 April 2012, Jan Skytte Pedersen was elected as a new member of the Board of Directors.

A proposal will be made for the bank's annual general meeting to be held on 17 April 2013 to elect Ebbe Castella as a new member of the Board of Directors.

OUTLOOK

Alm. Brand Bank expects to record a pre-tax profit of around DKK 5 million in 2013 before losses and writedowns. The improved performance is expected to result from the underlying operations of the continuing business areas and from repayment of DKK 430 million of state-funded hybrid core capital.

The bank's winding-up portfolio excluding losses and writedowns is expected to drop by around DKK 0.6 billion in 2013.

The amount of impairment writedowns on loans and credit-related value adjustments is subject to considerable uncertainty and will depend on, among other factors, general economic developments and general market conditions. Given current economic developments and market conditions, losses and writedowns are expected to be DKK 300–400 million in 2013.

The Danish Financial Supervisory Authority has commenced an inspection of the bank, which has so far progressed satisfactorily. The conclusions of the Danish Financial Supervisory Authority are not expected to trigger any substantial change in the bank's financial results and capitalisation.

Lending portfolio

At 31 December 2012, the banking group's lending portfolio excluding reverse transactions amounted to DKK 8.3 billion. The bank's loans and advances were reduced by DKK 1.8 billion in 2012, including DKK 0.5 billion attributable to losses and writedowns. Adjusted for losses and writedowns, the lending portfolio fell by DKK 1.3 billion in 2012, or by the same level as in 2011.

The bank had losses and writedowns in 2012 including credit-related value adjustments of DKK 480 million, against DKK 994 million in 2011. Identified losses accounted for DKK 51 million of the total losses and writedowns in 2012.

Breakdown into continuing portfolio and winding-up portfolio
Due to the bank's intention to focus its lending activities on private customers going forward, the lending portfolio has been divided into a continuing portfolio and a winding-up portfolio. The winding-up portfolio represents approximately 65% of the group's total lending.

The year's reduction of loans, advances and guarantees caused accumulated writedowns for the banking group to increase from 12.6% at 31 December 2011 to 14.3% at 31 December 2012.

Accumulated provisions and writedowns excluding writedowns on mortgage deeds which are recognised as value adjustments break down as DKK 187 million for the continuing portfolio and DKK 1,370 million for the winding-up portfolio.

The table shows a consolidated segment-by-segment breakdown of the bank's lending portfolio. The individual segments have been calculated for the banking group.

Total losses and writedowns charged to the income statement represented 5.2% of the average lending portfolio for the banking group excluding reverse transactions in 2012.

The performance of the individual lending segments is reviewed in the following sections. The loss and impairment ratio is calculated relative to average lending during the year.

CONTINUING PORTFOLIO

Lending to private customers
The portfolio consists of loans and advances including car loans to private customers and is geographically diversified across Denmark. The portfolio represents the majority of the bank's continuing loans and advances.

Total loans and advances to private customers declined by DKK 406 million in 2012 to stand at DKK 2,442 million at 31 December 2012. Adjusted for losses and writedowns, the fall was DKK 349 million.

This fall was attributable, among other factors, to many customers paying off loans with the bank by raising supplementary loans with Totalkredit. Alm. Brand Bank handles mortgage loans through Totalkredit. Furthermore, more customers generally opt to repay debt.

Losses and writedowns amounted to DKK 57 million in 2012, corresponding to 2.2% of the average portfolio, and a decrease of DKK 47 million relative to 2011. However, the level remains too high, and the bank is committed to improving the quality of the portfolio.

Other loans and advances
This segment covers loans where an investment mandate is placed with Alm. Brand Markets. These loans form part of the bank's continuing business area.

Other loans and advances increased by DKK 70 million relative to 31 December 2011.

Losses and writedowns in 2012 totalled DKK 0 million.

WINDING-UP PORTFOLIO
According to the bank's strategy, new customers are not accepted in these segments, and the business volume with existing customers is expected to be wound up over a number of years. As

DKKm	Lending year-end 2011	2012	Share of Portfolio (%)	Total losses and writedowns Q1	Q2	Q3	Q4	Total 2012	Loss ratio (%)[a]
Continuing portfolio	**2,983**	**2,647**	**30.5%**	**10**	**7**	**20**	**20**	**57**	**2.0%**
Lending to private customers	2,848	2,442	28.1%	10	7	19	21	57	2.2%
Other lending [b]	135	205	2.4%	-	-	1	-1	-	0.0%
Winding-up portfolio	**7,059**	**5,642**	**64.8%**	**75**	**74**	**146**	**128**	**423**	**6.7%**
Agriculture	1,038	955	11.0%	29	30	78	19	156	15.7%
Car finance	418	230	2.6%	-1	-	-	-	-1	-0.3%
Commercial lending	1,613	1,158	13.3%	19	-5	27	32	73	5.3%
Property development projects	431	254	2.9%	-	1	-2	2	1	0.3%
Mortgage deed financing	405	115	1.3%	8	5	12	-2	23	8.8%
Mortgage deeds [c]	3,154	2,930	33.7%	20	27	31	77	155	5.1%
Bank packages etc. [d]	-	-	-	-	16	-	-	16	-
Total group lending - excl. reverse transactions	**10,042**	**8,289**	**95.3%**	**85**	**81**	**166**	**148**	**480**	**5.2%**
Reverse transactions including intra-group transactions	175	107	1.2%	-	-	-	-	-	-
Total group lending	**10,217**	**8,396**	**96.5%**	**85**	**81**	**166**	**148**	**480**	**5.2%**
Minority interests	176	302	3.5%	-	-	-	-	-	-
Total pro rata	**10,393**	**8,698**	**100.0%**	**85**	**81**	**166**	**148**	**480**	**5.0%**

a) Losses and writedowns as a percentage of the average portfolio in 2012. The percentage is not comparable with the impairment ratio in the bank's financial highlights and key ratios.

b) Operating leases (continuing portfolio) is not included, as it is recognised as other property, plant and equipment and not as loans and advances

c) Credit losses and writedowns on mortgage deeds are recognised in value adjustments.

d) Shareholding taken over in connection with the winding up of a former credit exposure. Value adjustment of the shareholding is recognised under value adjustments.

part of the implementation of a controlled winding up of the individual exposures, the bank intends to grant additional loans as part of its credit defence efforts to protect assets the bank holds as collateral. This means that lending may increase in individual segments, although the lending segment is being wound up.

The activities being wound up have been transferred to a single unit located at the headquarters in order to ensure that focus is on achieving a controlled and efficient winding-up process for the lending segments being discontinued.

Total loans and advances in the winding-up portfolio declined by DKK 1,417 million in 2012 to stand at DKK 5,642 million at 31 December 2012. Adjusted for losses and writedowns, the fall was DKK 1.010 million.

Agriculture

Danish agriculture continued to operate under difficult economic conditions. The bank's agricultural portfolio breaks down into around 60% pig farming, around 35% dairy farming and around 5% arable farming. The bank had around 80 agricultural customers at 31 December 2012.

Economic conditions continued to put pressure on the agricultural sector, increasing the risk of default and squeezing selling prices of agricultural land and property. The bank values customers' agricultural land at an average price of DKK 130,000–140,000 per hectare.

The portfolio declined by DKK 83 million in 2012 to stand at DKK 955 million at 31 December 2012. However, adjusted for losses and writedowns, agricultural lending rose by DKK 73 million because the bank granted loans for necessary investments and to secure continued operations, thus protecting the underlying assets to the bank. However, the fourth quarter saw a decline in lending of DKK 38 million adjusted for losses and writedowns.

Losses and writedowns remain at a high level, adversely affected by deteriorated financial conditions for dairy farmers in particular.

Car finance

Car finance generally runs for a maximum period of five years, after which the portfolio will be wound up relatively quickly due to the cessation of new loans for financing through car dealers in 2009. The overall portfolio thus declined by DKK 188 million in 2012 to stand at DKK 230 million, and the greater part of the portfolio is expected to be wound up over the next year.

Net writedowns of DKK 1 million were reversed in 2012.

Commercial

The portfolio consists of loans for financing of investment properties, loans to small businesses and syndicated loans to medium-sized Danish businesses.

The total portfolio declined by DKK 455 million in 2012 to stand at DKK 1,158 million at 31 December 2012. Losses and writedowns amounted to DKK 73 million in 2012, corresponding to 5.3% of the average portfolio. Adjusted for losses and writedowns, the commercial lending portfolio declined by DKK 382 million, which was around DKK 70 million more than in 2011.

Losses and writedowns in the second half of the year were adversely affected by writedowns in respect of a few large exposures, but several exposures were closed at a gain.

Property development projects

The portfolio consists of a limited number of property development projects. The bank will only finance the completion of ongoing projects pursuant to existing agreements. At 31 December 2012, almost 90% of lending in this segment related to a single project.

The portfolio declined by DKK 177 million in 2012 to stand at DKK 254 million at 31 December 2012 as a large project was completed and repaid in 2012. Losses and writedowns amounted to DKK 1 million in 2012, corresponding to 0.3% of the average portfolio.

Mortgage deed exposure

The bank's overall mortgage deed exposure comprising mortgage deed financing and mortgage deeds was reduced by DKK 514 million to DKK 3,045 million.

Mortgage deeds run off naturally as a result of regular payments and redemptions. Such natural run-off accounted for about 9% of the total mortgage deed exposure in 2012, when disregarding credit writedowns and interest rate impacts.

Mortgage deed financing

The portfolio consists of investment exposures secured against mortgage deeds. As in 2011, the bank focused strongly in 2012 on winding up investment exposures and acquiring the mortgage deeds provided as collateral. The acquired mortgage deeds are recognised in "Mortgage deeds" in the table setting out the lending portfolio. The portfolio was reduced by DKK 290 million to DKK 115 million in 2012.

Losses and writedowns amounted to DKK 23 million in 2012, corresponding to 8.8% of the average portfolio. The writedowns were attributable to mortgage deed debtors defaulting on their loans and to a declining excess cover on the exposures as a result of price falls on mortgage deeds provided as security.

Mortgage deeds

This segment comprises the bank's own portfolio of private and commercial mortgage deeds. The mortgage deed portfolio amounted to DKK 2,930 million at 31 December 2012, which was DKK 224 million lower than at 31 December 2011.

The bank's portfolio of private mortgage deeds amounted to DKK 2,202 million, comprising the bank's portfolio of mortgage deeds secured primarily against single-family houses, commonhold flats and summer houses. The properties are located throughout Denmark. The mortgage deeds were mainly created in a previous collaboration with estate agents.

Commercial mortgage deeds amounted to DKK 728 million, comprising the bank's portfolio of mortgage deeds secured against residential rental property, commercial property for office, trade and industrial use as well as land and mixed residential/commercial property.

The portfolio is marked to market on a current basis using a cash flow-based pricing model, which considers factors such as estimated early redemptions and credit losses. Individual writedowns are taken on all mortgages in arrears or known to be showing signs of weakness.

Credit writedowns amounted to DKK 155 million in 2012, corresponding to an impairment ratio of 5.1% of the average portfolio. The private mortgage deed portfolio was adversely affected by the sustained difficult economic conditions, and the number of private customers in arrears increased.

Some commercial properties were revalued due to higher vacancy rates, increasing writedowns in the fourth quarter of 2012.

CAPITAL RESERVATION

The banking group's total capital reservation amounted to DKK 3,478 million at 31 December 2012, against DKK 3,916 million at 31 December 2011. The capital reservation equalled 33% of gross loans and advances and residual debt on mortgage deeds at 31 December 2012, which was an increase of 2 percentage points relative to 31 December 2011.

As regards the continuing portfolio, the capital reservation equalled 18% of gross loans and advances, which was an increase of 4 percentage points relative to 31 December 2011. As regards the winding-up portfolio, the capital reservation corresponded to 38% of gross loans and advances and residual debt on mortgage deeds, which was 1 percentage point higher than at 31 December 2011.

CAPITAL RESERVATION	31.12.2012						31.12.2011	
DKKm	Gross lending/ outstanding debt	Balance	Difference[a)]	Required capital	Total reservation	Reservation relative to gross lending	Total reservation	Reservation relative to gross lending
Continuing portfolio	2,834	2,647	187	328	515	18%	426	14%
Winding-up portfolio	7,727	5,642	2,085	867	2,952	38%	3,462	37%
Total - excl. reverse transactions	**10,561**	**8,289**	**2,272**	**1,195**	**3,467**	**33%**	**3,888**	**31%**
Reverse transactions and intra-group transactions	107	107	-	11	11	10%	28	16%
Total group	**10,668**	**8,396**	**2,272**	**1,206**	**3,478**	**33%**	**3,916**	**31%**

a) Accumulated writedowns and value adjustments of mortgage deeds.

Life and Pension

The life insurance operations in Forsikringsselskabet Alm. Brand Liv og Pension A/S consist of life insurance, pension savings, pension insurance and health and personal accident insurance. The life insurance business combines with Alm. Brand Bank's pension savings activities to make up the pension business unit. The financial results of health and accident insurance activities and banking activities form part of the financial statements of Non-life Insurance and Banking, respectively.

The group's pension operations focus on individual schemes and on small and medium-sized corporate schemes. Target groups are private individuals, owners and employees of small businesses and farmers, all of whom are offered a pension concept tailored to their specific needs. The group has opted not to offer labour market pensions proper.

The number of insurance agreements in Life and Pension totals almost 100,000, of which 67,000 are agreements with regular premium payments.

Measured in terms of payments, Life and Pension has the following market shares:

- Private capital pension schemes 9%
- Private instalment pension schemes 3%
- Insurances with regular disbursements 5%
- Employer schemes <1%

MARKET

The pension market consists of three types of schemes:

- Individual schemes without restrictions paid either by companies or by private individuals
- Mandatory or voluntary corporate schemes under which employees are covered by a pension agreement between the company and a pension provider
- Labour market-related schemes for which membership of a particular pension company or pension fund is mandatory

The product range comprises insurance cover and various types of savings. The most important types of insurance are death cover, disability cover, critical illness cover and hospital insurance, whereas savings comprise capital pension plans, instalment pensions and annuity schemes.

The vast majority of the market is based on the principle of tax deductibility at the time of payment and taxation at the time of disbursement. In recent years, tax deductibility has been significantly reduced. As from 2013, annuity pension schemes will be subject to full tax deductibility, instalment pensions will be subject to a tax deductibility cap of DKK 50,000, while capital pension schemes are no longer tax deductible.

Pension savings schemes may be established with life insurance companies, pension funds or banks (capital pension plans and instalment pension plans) and may be based on one of two main principles:

- The average rate principle, implying that policyholders form part of an investment community. The customers of each group (interest rate group) receive the same rate of return, and the return is distributed and equalised over time by fixing a rate on policyholders' savings. These schemes are based on guaranteed benefits
- The market rate principle, implying that each individual customer receives the current market return on his or her savings

Companies offering average rate schemes are subject to rules stipulating how large a share of profits may accrue to the company, the so-called contribution principle. Over time, any and all profits in excess of this amount accrue to the customers in the form of bonus allotments.

Savings in banks and in the so-called market rate products (unit linked schemes, life cycle schemes, etc.) with insurance companies and pension funds, however, are based on the market rate principle. Customers may either own the securities themselves or hold individual shares in the funds in which the company invests.

Mikael Sundby, Managing Director, Life Insurance



Over the last couple of years, a number of pension companies in the market have increasingly urged their customers to convert existing schemes into market rate products, which typically eases the company's provisioning requirement.

STRATEGY

Alm. Brand is working to expand its position as an attractive pension provider focused on providing personal advice to customers, giving them an understanding of and the freedom to choose across the traditional lines separating the banking and insurance industries.

Pension savings can be tailored completely to individual customer needs and requirements and may be placed with the life insurance company or with Alm. Brand Bank.

Products

The life insurance company offers all essential types of insurance cover and savings and reviews the product offering on a current basis, including an average rate product with guaranteed benefits. Guarantees for schemes are determined in accordance with the Danish Financial Supervisory Authority's guidelines on the provision of guarantees. New agreements are based on a rate of 0.5%.

The bank offers securities custody accounts in which the individual customer holds the securities directly. Most savings are conducted through the Alm. Brand Investment Scheme. The Alm. Brand Investment Scheme allows customers to design investments to their personal needs and preferred risk profile. Customers may choose either to let Alm. Brand handle the investments or to make all or part of the investments themselves.

Pension funds in Alm. Brand Bank are covered, without limitation, by the depositors' guarantee scheme.

Business partners

In a few areas, the company has chosen, based on competitive or financial considerations, to use business partners instead of offering the product/service in-house. For example, health insurance is offered in collaboration with If Skadesforsikring under the product name of Alm. Brand Sundhedsforsikring.

Investment strategy

Shareholders' equity funds

The direct return on equity is achieved by investing shareholders' equity funds. These funds are generally invested in short-term, interest-bearing instruments.

Policyholders' funds in guaranteed schemes

Investment of customer pension funds takes account of the nature of the products and the guaranteed benefits provided. Funds are invested mainly in bonds, equities and real property. A small portion is placed in credit bonds and emerging market bonds. In addition, funds are invested in financial instruments. For example, swaps and swaptions are used to achieve an adequate balance between investments and liabilities.

Division of the guaranteed portfolio

As from 2011, customers with average rate products have been divided into a number of interest rate groups according to the rate of interest on which the individual customer's guaranteed benefits are based. The distribution of investments depends on the interest rate group and is determined with the intention of generating the highest possible return, taking into account the liabilities and the capital tied up in that respect and bearing in mind that the product is principally aimed at customers with low risk tolerance.

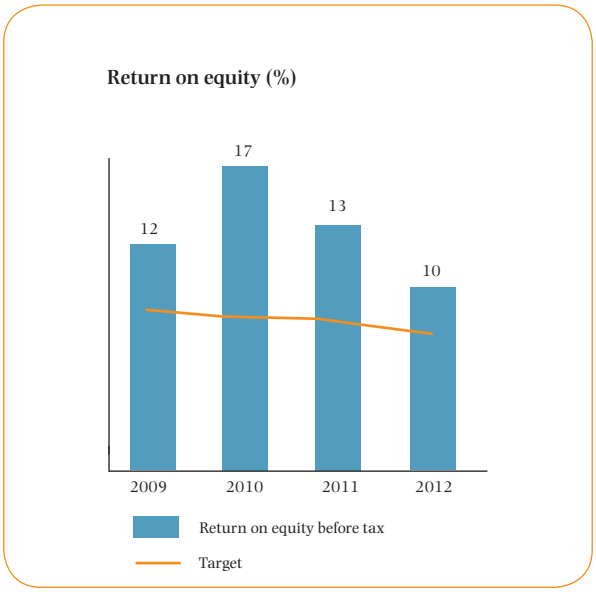
Regardless of fluctuations in the investment return, the aim is to fix a rate on policyholders' savings that does not fluctuate substantially from one year to the next. The rate on policyholders' savings is fixed separately for each interest rate group at the beginning of the year. However, Alm. Brand Liv og Pension may, if necessary, change the announced rate on policyholders' savings during the period.

Strategy 2009–2012

During this period, the company focused on generating a satisfactory return on equity and ensuring growth in regular pension payments.

Target: A return on equity of the money market rate plus 7%

During the strategy period, Life and Pension focused on generating a competitive return on equity. Key determinants in this respect are good expense and risk results. The company has been successful in generating an attractive return on equity and since 2009 it has consistently outperformed the return requirement.



Target: Growth in pension payments

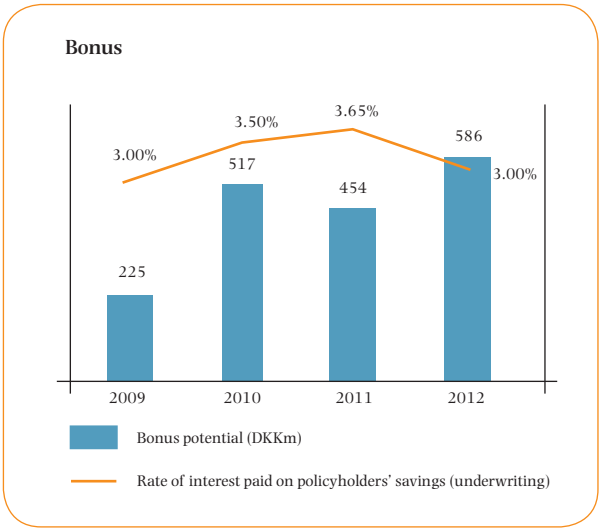
Pension has seen aggregate payments grow by more than 40%, from DKK 876 million in 2009 to DKK 1,235 million in 2012. Market schemes offered by the bank accounted for most of the growth in the initial part of the period, while growth in guaranteed schemes offered by Life and Pension surged in 2012. Growth in guaranteed schemes was driven by single payments, while regular payments were seen to be down-trending until 2011. Although regular payments edged up slightly in 2012, the rate of growth was by no means satisfactory from an overall perspective.

	DKKm	2012	2011	2010	2009	2008
INCOME STATEMENT	Premiums	903	724	719	710	747
	Investment return after allocation of interest	856	856	786	780	37
	Insurance benefits	– 973	– 1,057	– 1,056	– 889	– 981
	Change in life insurance provisions	– 495	– 401	65	– 233	– 156
	Change in collective bonus potential	– 137	63	– 292	– 225	413
	Insurance operating expenses	– 79	– 70	– 73	– 67	– 72
	Profit/loss on reinsurance	3	1	2	5	12
	Technical result	**78**	**116**	**151**	**81**	**0**
	Return on investment allocated to equity	12	21	30	58	43
	Profit before tax	**90**	**137**	**181**	**139**	**43**
	Tax	– 19	– 32	– 50	– 26	– 17
	Profit after tax	**71**	**105**	**131**	**113**	**26**
BALANCE SHEET	Total provisions for insurance contracts	12,463	11,829	11,493	11,263	10,801
	Total shareholders' equity	946	1.026	1.122	1.192	1.079
	Total assets	14,366	13,624	13,131	12,691	12,101
KEY RATIOS	Return before tax on pension returns	8.0%	8.3%	7.6%	8.2%	1.1%
	Return on customer funds before tax on pension returns	8.6%	9.0%	8.1%	8.5%	0.8%
	Return on equity funds before tax on pension returns	1.3%	2.4%	3.2%	6.3%	6.2%
	Expense ratio on premiums	8.7%	9.7%	10.1%	9.5%	9.7%
	Expense ratio on provisions	0.8%	0.7%	0.7%	0.6%	0.7%
	Expenses per individual insured (rounded to nearest DKK)	961	820	811	723	748
	Expense result	0.0%	0.1%	0.1%	0.0%	0.1%
	Insurance risk result	0.7%	0.9%	0.5%	0.4%	0.5%
	Bonus rate	5.8%	4.5%	5.1%	2.1%	0.0%
	Equity reserves	10.6%	12.0%	12.7%	12.9%	11.9%
	Capital base reserves (Solvency I)*	5.6%	5.1%	6.0%	6.2%	7.2%
	Solvency ratio (Solvency I)*	211%	202%	227%	230%	252%
	Return on equity before tax	9.7%	13.3%	16.6%	12.2%	4.4%
	Return on equity after tax	7.6%	10.1%	12.0%	9.5%	2.7%
	Return on customer funds after deduction of expenses before tax	6.9%	6.9%	7.3%	8.1%	1.2%
	Return on subordinated loan capital before tax	– 2.2%	– 2.7%	– 2.2%	– 3.0%	– 5.7%

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation of financial reports by insurance companies and profession-specific pension funds.

*The capital base is reduced by the amount of proposed dividends.

Target: Competitive return on policyholders' funds
Life and Pension aims to generate an attractive return on policyholders' funds. The return is generated by means of the compounded rate of interest on policyholders' savings and a potential accumulation of collective bonus potential. During the period 2009–2012, Life and Pension offered a stable, high rate of interest on policyholders' savings. In addition, the company was able to accumulate collective bonus potential corresponding to a bonus rate of 5.8% at 31 December 2012.



Strategy 2013–2016
Target: Improved customer experience
In line with the overall group strategy, CUSTOMERS FIRST, Pension will dedicate a very substantial part of its focus over the next couple of years to improving the customer experience, thereby ensuring satisfied and loyal customers.

Target: 12% growth in regular payments over and above the rate of inflation
The group's strategy is to ensure growth in pension payments to Life and Pension as well as to market-based schemes to the bank. The bank aims to mainly achieve the uplift in the Alm. Brand Investment Scheme.

The aim is for regular payments to Life and Pension to increase by 12% over and above the rate of inflation in the period 2013–2016.

Target: Return on equity of 10% plus the money market rate
The aim is for Life and Pension to generate a return on equity of 10% plus the money market rate by 2016. This will be accomplished by continuing the strong performance record of Life and Pension as well as by reducing the capital expenditure.

PERFORMANCE
The overall performance was a pre-tax profit of DKK 90 million in 2012, against DKK 137 million in 2011.

In 2012, the full risk premium was booked to equity for all contribution groups except one, for which only a partial risk premium was booked. The outstanding risk premium of DKK 5 million was transferred to the shadow account for the group in question. This brought shadow account balances to DKK 10 million in aggregate.

Annuities without bonus entitlement produced a loss of DKK 9 million, against a profit of DKK 24 million in 2011. The performance of this portfolio is expected to stabilise at around break-even, however, depending on developments in mortality rates.

The profit for the year made for a return on equity of 10%, compared to 13% in 2011.

The full-year performance was satisfactory.

It was also highly satisfactory to note that the collective bonus potential increased by DKK 137 million to DKK 586 million at 31 December 2012, equivalent to an average bonus rate of 5.8%.

Premiums
Gross premiums totalled DKK 903 million, against DKK 724 million in 2011, equivalent to an increase of 24.7%. The increase was

RETURN ON EQUITY PRINCIPLES

Customers have been divided into a number of contribution groups based on rate of interest, insurance risk and expenses. The risk premium on shareholders' equity is calculated separately for each group. Similarly, any shadow account, collective bonus potential, transfer and surrender charge, etc. will be determined separately for each contribution group.

- The risk premium for 2012 has been determined as follows:
- Interest rate groups: 0.1% of average life insurance provisions net of reinsurance exclusive of collective bonus potential and any use of the bonus potential on paid-up policies
- Insurance risk groups: 100% of the risk result net of reinsurance after bonuses
- Expense groups: 100% of the expense result net of reinsurance after bonuses

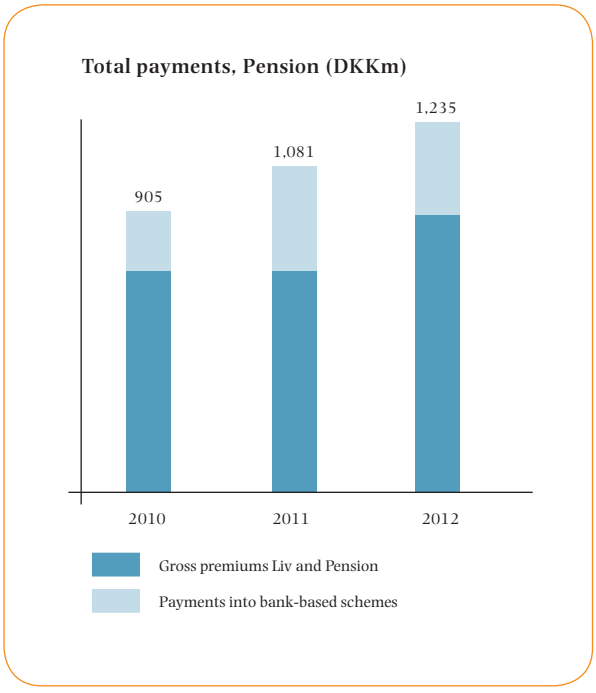
mainly attributable to single payments from a growing number of new customers who have chosen to transfer their existing pension savings from other pension providers to Alm. Brand. Single payments hence increased from DKK 121 million in 2011 to DKK 285 million in 2012.

Regular premium payments were up by 2.5% from DKK 603 million in 2011 to DKK 618 million in 2012.

Payments into bank-based schemes (investment schemes) amounted to DKK 332 million in 2012, against DKK 358 million in 2011, equivalent to a decline of 7.1%. The decline should be seen in the context of the increase in payments into bank-based schemes by 92.3% from 2010 to 2011, which was substantially higher than expected.

The total amount of pension contributions, including investment schemes with the bank and premium income in the life insurance company, was DKK 1,235 million, compared to DKK 1,081 million in 2011, corresponding to an increase of 14.2%.

The development in overall pension contributions was satisfactory.



Investment return

Investment assets attributable to shareholders' equity

The return was DKK 12 million, against a return of DKK 21 million in 2011, which made for a return ratio of 1.3 in 2012, compared to 2.4 the year before. The return was satisfactory relative to the benchmark consisting of short-term government bonds.

Customers' pension savings

Until September, the rate of interest paid on customers' pension savings ranged between 3.65% and 5.30%, depending on the interest rate group. From September until the end of the year, the rate of interest paid on customers' pension savings ranged between 3.00% and 4.75%, depending on the interest rate group.

The return on investment assets before tax on pension investment returns attributable to policyholders was DKK 1,043 million, against DKK 1,050 million in 2011. The rate of return before tax on pension returns was 8.6% in 2012, against 9.0% in 2011.

The aggregate return for the year and the year-end allocation of investments attributable to policyholders are set out below:

	Allocation	Return
Bonds	79%	8.4%
Equities	10%	18.6%
Properties	11%	2.4%
Total	100%	8.6%

The overall return was satisfactory.

The return on financial instruments for (partial) hedging of insurance obligations was favourably impacted by falling interest rates. The portfolio consists of swaps and swaptions, which produced significant capital gains.

The return on the bond portfolio was favourably affected by the sustained decline in interest rates and, accordingly, rising prices on the bond portfolio in the fourth quarter. The portfolios of credit bonds and emerging market bonds also had a positive impact.

The return on the equity portfolio was lifted by favourable equity market developments, including in the Danish equity market in particular.

The return on the property portfolio was below the expected level, mainly due to adverse value adjustments of just over DKK 50 million in aggregate. The company's properties are valued at an average rate of return of 6.1%.

Benefits paid

Benefits paid amounted to DKK 973 million in 2012, against DKK 1,057 million in 2011.

The decline in payments was attributable to fewer customers opting to buy back their scheme and to a lower level of benefits paid on normal retirement.

Generally, the age of the insurance portfolio means that benefits paid on normal retirement are expected to be increasing, all things being equal.

In 2012, more customers than previously chose to postpone disbursement, among other things due to lower tax on capital pension disbursements in 2013. This had a temporary downward effect on benefits paid on normal retirement.

Life insurance provisions

Life insurance provisions are calculated using a market value principle that applies an expected cash flow discounted by the yield curve published by the Danish Financial Supervisory Authority for discounting provisions. The yield curve was most recently adjusted in June 2012.

Total provisions rose by DKK 495 million. This increase was mainly due to declining interest rates across the yield curve.

Collective bonus potential

The collective bonus potential increased by DKK 137 million in 2012 to stand at DKK 586 million at 31 December 2012, equivalent to 5.8% of total provisions.

As a result of the division into contribution groups, the collective bonus potential is calculated for each group. At 31 December 2012, the bonus rates of the individual interest rate groups were as follows:

Group	Rate of interest on policyholders' savings p.a.	Bonus rate
Interest rate group 0*)	3.00%	8.9%
Interest rate group 1	3.00%	10.7%
Interest rate group 2	3.75%	5.7%
Interest rate group 3	4.75%	0.8%

*) group in which new business is written

Costs

Acquisition costs and administrative expenses totalled DKK 79 million in 2012, against DKK 70 million in 2011. Administrative expenses rose marginally, while acquisition costs were up by DKK 8 million, due to higher underwriting activity and to an increase in the number of specialist pension advisers.

Expense and risk results, net of reinsurance

The expense result, which expresses the difference between expense loading and expenses incurred, amounted to a profit of DKK 3 million, against DKK 16 million in 2011. The expense ratio (expenses as a percentage of gross premium income) was 8.7, against 9.7 the year before. The expense per individual insured was DKK 961, compared to DKK 820 in 2011. The expense result was satisfactory.

The risk result, which expresses the difference between risk premiums and claims expenses, was DKK 77 million, compared to DKK 70 million in 2011. Of the overall risk result, DKK 5 million attributable to the disablement risk group was transferred to the shadow account. The overall risk result was highly satisfactory.

Reinsurance

The reinsurance result amounted to a DKK 3 million gain. Reinsurance received in relation to permanent disability claims influenced the profit for the year.

CAPITALISATION

The capital base of Alm. Brand Liv og Pension totalled DKK 1,078 million at 31 December 2012, of which DKK 120 million was supplementary capital. At 31 December 2011, the capital base was DKK 1,007 million.

The company's capital requirement amounted to DKK 511 million, against DKK 500 million at 31 December 2011. The company thus had excess coverage of DKK 567 million at 31 December 2012, corresponding to an excess over the solvency requirement of 211%.

The individual solvency need was calculated at DKK 286 million at 31 December 2012. At 31 December 2011, the solvency need was DKK 440 million. In spite of a year of declining interest rates and increasing liabilities, the individual solvency need dropped by DKK 154 million. This was mainly due to rising unallocated reserves for the benefit of the customers.

At 31 December 2012, the equity allocated to Life and Pension was DKK 1.0 billion. The excess coverage ratio was 5.6%, compared to 5.1% at 31 December 2011.

MAJOR EVENTS

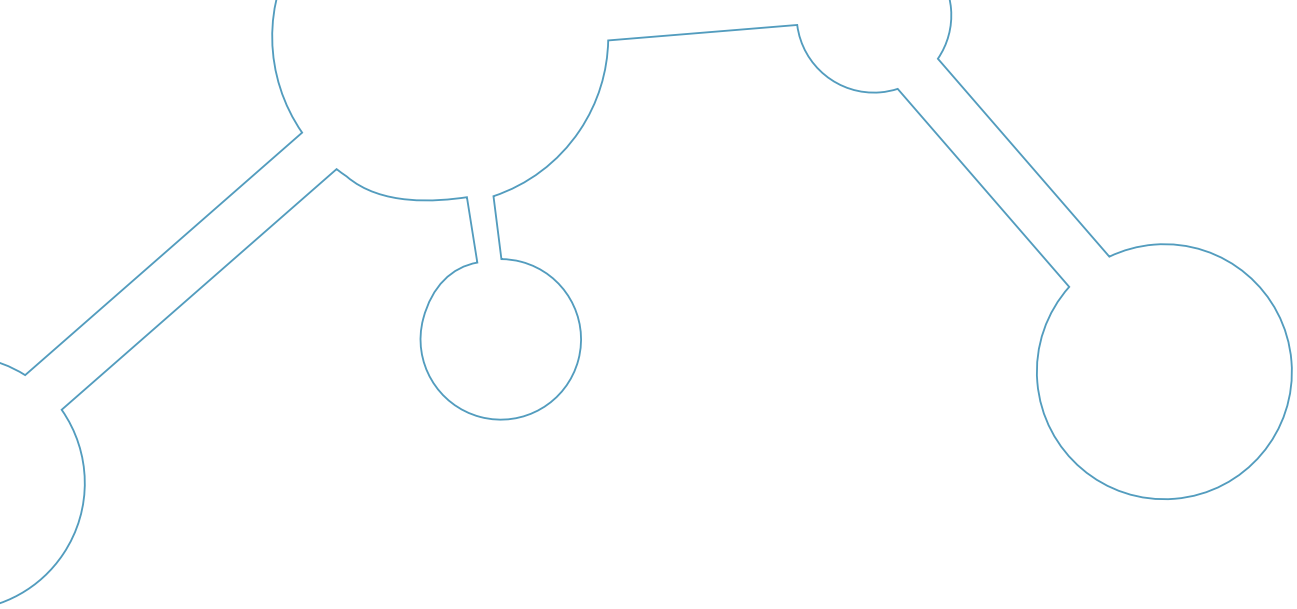
New annuity product

In early November, Life and Pension introduced a new annuity product called "Kontopension Livrente".

Product characteristics:

- No personal health information
- Disbursement of the full amount of savings on death during the saving period
- Maximum guarantee (according to the tax rules) on disbursement to beneficiaries during the disbursement period
- Life-long guaranteed benefits

Due to the reduction/lapse of tax deductibility on other pension products, we expect an increasing part of new business written to be annuity products, which are still subject to full tax deductibility in the policyholder's personal income.



Kontopension Livrente is hence expected to contribute favourably to the company's growth strategy.

Tax reform
On 13 September 2012, the Danish parliament passed a new piece of legislation on capital pension schemes set to enter into force on 1 January 2013.

As a result of these rules, new payments into capital pension schemes will no longer be tax-deductible. The act also introduced a new type of pension scheme called retirement pension (Alderspension).

Pension savers will be able to make regular payments for their Alderspension of up to DKK 27,600 per year. These payments are not tax-deductible, but in return disbursements are tax-free. During the saving period, the return will be subject to tax on pension investment returns.

The new legislation also gives pension savers an opportunity to move forward taxation of existing capital pension savings at a rate of 37.3% in 2013, as opposed to the ordinary rate of 40% at the time of retirement. If pension savers choose to move forward taxation, their savings will be converted into Alderspension.

On 17 December 2012, the Danish parliament adopted a so-called "repair package" to the original act. The repair package implies that a company tax must also be paid in the event that taxation is moved forward. The purpose of the company tax is to ensure that tax is also paid on unallocated reserves. As a result, the overall tax corresponds to the overall decline in provisions.

As much as up to one third of the company's premium portfolio and existing savings were affected by the new rules.

Customer information
In November and December, the company sent a letter to customers affected to inform them about the new rules and the possibility of saving tax. Because the changes were being imposed on the customers by way of new legislation, the customers were offered a chance to change their scheme on favourable terms.

Letters were sent to some 23,000 customers. By the end of January 2013, almost half of the customers had told us how they wanted their scheme to continue. Around 75% of them had chosen to continue paying the same amount for the new Alderspension, and more than 90% had chosen to accept the offer of taxation in 2013 at the lower rate. The overall tax amount is expected to total more than DKK 700 million, of which approximately DKK 400 million was settled with the Danish tax authorities already in January and February 2013.

The work to implement the new legislation has been very extensive and resource-demanding. The actual implementation process was efficient, producing very satisfactory solutions. For instance, at no significant cost we successfully developed a self-service solution at the Alm. Brand website under My Customer Overview (Mit Kundeoverblik), which was very well received by our customers.

Unisex tariff
In early November, the company introduced a unisex tariff for all new customers and for increases made to existing schemes. For a number of years, legislation prescribing uniform premiums and benefits for men and women has been in force for pension schemes written in connection with employment relationships but has now been extended to individual schemes as well.

Because all companies are subject to the same legislation, the change is not expected to have any major impact on the market.

New yield curve
On 12 June 2012, the Danish Insurance Association and the Danish Ministry of Business and Growth agreed on how to ease the provisioning requirement. The easing was effected technically by raising the yield curve used for calculating provisions for durations of 20 years or more. For Alm. Brand Liv og Pension, this led to an easing of DKK 68 million in June.

The lower provisions were offset by a corresponding increase in the collective bonus potential.

The company's portfolio is composed of a relatively large proportion of lump sum disbursements and relatively few life-long disbursements compared to the market in general. Changes to the yield curve for long durations therefore have a relatively smaller impact on Alm. Brand Liv og Pension than on the market in general.

Changes to the Board of Directors
At extraordinary general meeting of Alm. Brand Liv og Pension A/S held on 20 April 2012, Jan Skytte Pedersen was elected as a new member of the Board of Directors.

OUTLOOK
The company is expected to post a pre-tax profit of DKK 75 million in 2013. Due to the very low level of short-term bond yields, the return on investment assets attributable to shareholders' equity represented only DKK 3 million of this amount.

Whether the risk premium can be booked depends on the results of the individual contribution groups. The company expects to book a risk premium for all contribution groups in 2013.

The performance of the individual interest rate groups depends on developments in the financial markets.

Single payments are expected to be lower in 2013 than they were in 2012. Regular premium payments in Life and Pension are expected to increase moderately in 2013.

How many customers will choose to reduce or entirely cease payments into their pension scheme due to the tax reform will not be finally clarified until during 2013. As a result, developments in premium income and profit for the year are subject to uncertainty.

"We maintain a high degree of professionalism at Alm. Brand, and the quality of the products and services we offer is high. By offering high-quality products and services, we leave our customers assured that they are competently taken care of and that their business is handled properly. It is essential that we keep this in mind always – quality is our hallmark.

We all need to make a special effort to ensure that we provide professional service in order for our customers to have peace of mind and to feel well taken care of when they deal with Alm. Brand. We can do it if we make an effort – every single time."

Mikael Sundby

Distribution

ORGANISATION

The group's sales organisation is divided according to business area with focus on cross sales and referrals between the individual sales channels. Physical locations are also shared to a significant extent.

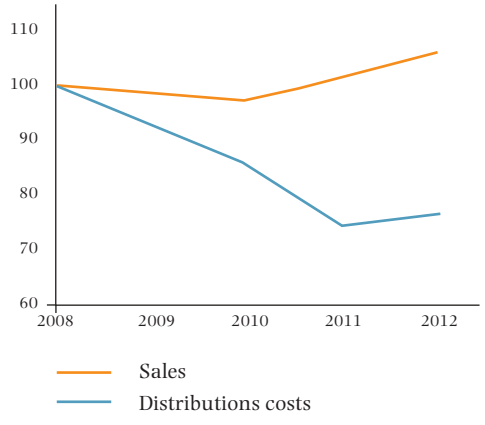
Alm. Brand is divided into five regions each responsible for sales and service targeting the local customer segment. This provides Alm. Brand's employees with detailed knowledge of customers and local matters and, in addition, specialists in centralised staff functions working across regions are used to ensure customers receive optimal service.

Non-life Insurance

At 31 December 2012, Non-life Insurance had approximately 400,000 private customers and some 100,000 commercial and agricultural customers.

Due to recent years' significant enhancement of distribution efficiency, distribution costs have been reduced by just over one fourth, while sales remained stable in 2011 and increased in 2012.

Sales and distribution costs (2008 prices)



Sales of insurances take place mainly through insurance agents, customer service centres and by means of broker distribution. Distribution to the private customer segment takes place mainly through insurance agents and customer service centres, while commercial and agricultural customers are primarily served by insurance agents and brokers.

The table below shows the distribution of sales in 2012.

	Private	Commercial	Agricultural	Total
Insurance agents	63%	80%	93%	72%
Customer service centres	37%	0%	1%	21%
Brokers	0%	20%	6%	7%

Insurance agents

Insurance agents, specialising in private, commercial and agricultural customers, constitute the primary distribution channel. Alm. Brand has a just under 300 insurance agents in total. Private insurances account for around 60% of sales and commercial and agricultural insurances for 40%.

Private customer insurance agents work out of the 14 local offices (sales centres) as well as from the regional head offices. Private customer insurance agents primarily work away from the office, as sales and advisory services typically take place at the individual customer's home.

Commercial and agricultural customer insurance agents are also based locally, but they divide their time between customer visits and telephone advice, as customers in these segments typically have a designated insurance agent, who regularly advises them on the need to write new business or renew existing business.

The insurance agents' agreements with prospective customers are effected through five telemarketing departments distributed across the five regions. From these departments, telemarketers phone customers to set up a meeting with an insurance agent.

Christian Heick Sørensen, Director, Marketing



Customer service centres
The customer advisers of the group's five customer service centres provide advice and sell insurances to the private customer segment.

As customers increasingly prefer contacting Alm. Brand by telephone, several local offices have been closed down. This has increased customer service centre activity significantly without increasing the number of employees. Accordingly, the efficiency of our service centres has improved considerably over the past few years. And the improvement was achieved without impairing customer satisfaction.

In order to ensure optimum accessibility for our commercial and agricultural customers, we serve these customer segments through the group's two centralised service centres – one for agricultural customers in Aarhus and one for commercial customers in Roskilde. These centres provide advice with respect to and sell insurances that do not directly require the involvement of an insurance agent.

Distribution through insurance brokers
In sales through this distribution channel, insurance brokers typically have the customer contact. Around 20% of sales to commercial customers takes place through brokers, while sales to agricultural customers through this channel are relatively limited. Sales to the private customer segment through brokers are virtually non-existent.

Alm. Brand has a centralised department, which is responsible for making quotations for and serving the insurance brokers.

Banking
Branches
Alm. Brand Bank has 11 bank branches across Denmark. The branches offer a full-service concept, including advisory services and sales of a full range of banking products targeting the private customer segment. The bank also offers investment advice, and each branch has designated pension advisers. If necessary, a personal adviser may be assigned to the individual customers.

Through the group's centralised Asset Management and Markets departments, the bank offers more complex investment solutions for customers requiring such services.

Customer service centres
Banking customers are also served through a centralised customer service centre, which advises customers on all simple banking products and answers questions. If necessary, customers are referred to their personal advisers.

Group sales
43% of the bank's 58,000 customers are also customers of Non-life Insurance or Life and Pension. Going forward, the bank will focus on getting more of the group's customers to pool their financial products with Alm. Brand, triggering a number of benefits.

Leasing
The bank offers lease solutions through the subsidiary Alm. Brand Leasing. Distribution takes place directly to private customers through the company's website www.almbrandleasing.dk and through partnerships with car importers and car dealers all over Denmark. Distribution to commercial customers takes place through in-house consultants.

Life and Pension
Products are distributed through the Alm. Brand Group's own distribution network. We have opted not to conduct sales through brokers, primarily because the target group lies outside the customer segment typically catered to by our brokers.

Insurance agents and pension consultants
Insurance agents and pension consultants cooperate closely on sales of pension solutions for private, commercial and agricultural customers. Both insurance agents and consultants make calls to the individual customers. Typically, insurance agents will establish the contact and handle simple pension solutions, while the consultants focus on complex schemes. We have increased the number of pension consultants over the past couple of years, and this has been a key determinant in the increase seen in our pension sales.

Branches
The branch-based pension advisers typically serve customers affiliated with their own branch and work closely with the bank advisers, who often have overall customer responsibility and handle the primary contact to customers.

Customer service centres
Customer service is supported by a centralised service centre, which answers many of the more technical questions.

Sales and service through online solutions
In recent years, Alm. Brand has considerably expanded its sales and service activities through electronic media. Customers continue to demand more self-service, and we aim to have more than one third of all customer interface processes digitalised by end-2016.

One of the means to achieving this will be by enabling customers to purchase all main products and make changes to their existing products online without involving any Alm. Brand staff. If requested by our customers, we can in certain cases offer end-to-end digital claims processing. We will also offer our customers a full digital overview of all their facilities and agreements with Alm. Brand. The digital processes will ensure faster and simpler customer service, while improving quality at the same time.

Most of the customers' digital contact with Alm. Brand takes place through the group's website, where customers can find a variety of information on the Alm. Brand Group in general and the group's products in particular. Moreover, the group's online concept is rooted in the corporate website. Online sales have more than doubled since the launch of the online concept in 2010, but the level remains moderate.

In addition to information, service and sales through electronic media, we interact with our customers and other stakeholders through Facebook, Trust Pilot, LinkedIn and other social and online media.

Online branch
Through our online branch, customers can calculate various insurance offers. We have established a call centre dedicated solely to supporting customers using our online services. The centre is open for online customer advice and sales in evenings and on weekends. The concept has proven highly efficient, producing high customer satisfaction and increased sales.

We also offer a concept through which customers may receive and approve their policies electronically, making business procedures significantly easier for the customers as well as for Alm. Brand.

Easy overview for customers
Through the website, customers can log onto their own, personal page using their NemID. This page provides the customer with an overview of all the services he or she has with Alm. Brand, including insurance agreements with policies, pension agreements and banking products.

Netbank and Netboks
Netbank, Alm. Brand's online banking site, allows customers to conduct their banking business, including making transfers, paying bills, trading securities, etc.

Mobil phone services
Using a smartphone, customers can track securities prices and trade securities directly. Moreover, customers can access their accounts and make transfers, etc. During 2012, the bank recorded an increase of just under 3,000 active mobile banking users. The bank thus had more than 6,000 active mobile banking users at 31 December 2012.

In 2012, Alm. Brand also launched a mobile app for insurance customers, which they can use to get help in a claims situation.

Alm. Brand also offers a claims prevention text messaging service, notifying the group's insurance customers about extreme weather conditions.

> Our customers should be able to do business with us on all platforms – whether in real life or by using a smartphone. Being a customer of Alm. Brand should be hassle-free. This means that we need to be accessible whenever our customers want to buy insurance, check their account balance or pension products or keep track of claims filed, also outside normal business hours. Most people prefer to do these things over the telephone or online. We need to accommodate this requirement.
>
> Christian Heick Sørensen

Reporting claims

Alm. Brand's customers can report their claims online. This option is preferred by an increasing number of customers, not least after major claims events when telephone service response times are typically quite long.

As an important part of the strategy towards 2016, the group plans to develop its website and other electronic media in order that customers can much more easily find advice and help through these fast and efficient channels.

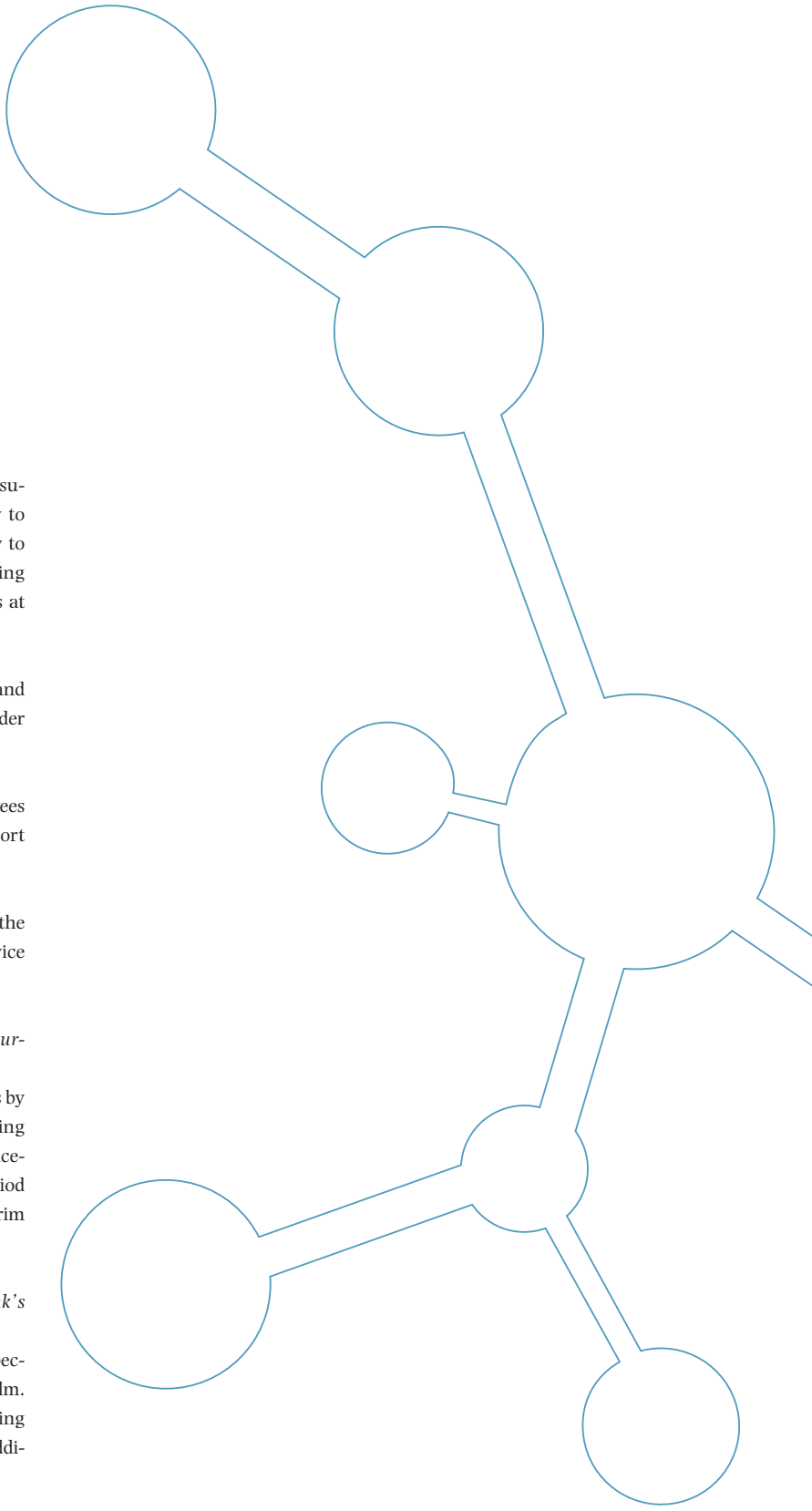
STRATEGY

Until 2012, Alm. Brand focused particularly on efficiency enhancements and cost savings, while remaining fully dedicated to customer service and customer satisfaction.

As a result, distribution costs were cut by more than 25% by

1. reducing the number of branches from 25 to 11 over the past four years
2. reducing the number of sales and service staff from 690 to 530 and by
3. moving sales and service from expensive to less expensive channels without impairing the quality of our services or customer satisfaction.

In 2012, the group experienced an increase in non-life insurance distribution costs for the first time since 2008, but because sales rose by more than distribution costs, the trend was satisfactory from an overall point of view.



CUSTOMERS FIRST – strategy 2013–2016

Alm. Brand's believes that the combination of providing a supreme service and having the most satisfied customers is key to the group's future success. It is therefore the group's strategy to ensure that we have very satisfied and loyal customers by offering high quality, professional skill and accessibility, good products at the right price and exceptionally good customer service.

An important part of the strategy is therefore to develop and sharpen our employees' customer focus and working tools in order to provide optimum customer experiences.

We measure customer satisfaction on almost all group employees with customer contact. Moreover, we follow up on the support other employees provide to our customer-facing staff.

In addition to achieving a higher customer satisfaction rate, the group has defined a number of distribution and customer service targets, all of which support the overall group strategy.

Target: Increasing the distribution efficiency of Non-life Insurance by an additional 10%

We aim to achieve this target by enhancing efficiency as well as by improving the level of service, either by reducing costs, increasing premiums or by a combination of the two. The efficiency enhancements will not materialise until at the end of the strategy period in 2016, as certain investments will be required in the interim period.

Target: Increasing the number of plusKUNDER in the bank's private customer segment

We aim to achieve this target by focusing on existing and prospective customers, not least in relation to other customers of the Alm. Brand Group. The target should be achievable within the existing cost structure and should hence not require any significant additional investment.

Target: Maintaining the level of sales achieved in 2012 by Life and Pension

We aim to maintain the high level of sales achieved in 2012 in terms of guaranteed pension products without significantly increasing our expenses.

Corporate governance

Alm. Brand is subject to the recommendations prepared by the Committee on Corporate Governance which are publicly available at www.corporategovernance.dk.

On an annual basis, the Board of Directors of Alm. Brand A/S considers all recommendations on corporate governance applying the "comply or explain" principle.

The Board of Directors believes that corporate governance should be based on a holistic approach that considers the relations and interaction with all stakeholders. Alm. Brand strives to obtain maximum transparency and openness and thus agrees with the basic principles of the corporate governance recommendations. This is reflected in the company's management approach, which generally complies with the recommendations on corporate governance. A detailed review of Alm. Brand's position on each recommendation is provided on the company's website, www.almbrand.dk/corporategovernance.

The few areas in which the company has opted not to comply with the recommendations are discussed below. The main elements of the company's internal control and risk management systems in relation to the financial reporting process and the composition of the company's management bodies are also described below.

EXPLANATION OF NON-COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Composition and organisation of the Board of Directors

As regards recruitment and election of board members, it is recommended that at least half of the board members elected by the shareholders at the annual general meeting should be independent.

Alm. Brand af 1792 fmba holds almost 60% of the share capital of Alm. Brand A/S, and five of the currently six board members elected by the shareholders have been nominated by the principal shareholder. Management believes that the principal shareholder and the other shareholders have identical interests in the company.

The remaining board members elected by the shareholders have no affiliation with the principal shareholder.

The five board members nominated by the principal shareholder are also members of the board of Alm. Brand af 1792 fmba. These members have been elected from among the members of the board of representatives of Alm. Brand af 1792 in accordance with the association's rules.

With respect to diversity at the company's management levels in relation to gender and age, the Board of Directors has to date been of the opinion that neither gender quotas nor age quotas are the right solution, as they would rank a candidate's qualifications secondary. However, the Board of Directors is attentive to the desirability of considering diversity with respect to gender and age and regularly monitors the gender and age distribution among the executive officers of the group. In December 2012, a bill to introduce targets and policies on the gender composition of a company's supreme governing body was adopted. The act implies that in 2013 the company will be required to define targets for the proportion of the under-represented sex on the Board of Directors. Moreover, the company will be required to prepare a policy for increasing the proportion of the under-represented sex at the company's other management levels. Progress reports in respect of the target and the policy must also be submitted.

The company does not provide information about the recommended candidates' background, qualifications and the criteria for recruitment ahead of the annual general meeting. Information about, for instance, the board members' other executive positions and directorships as well as their special qualifications is provided in the annual report. As regards new candidates, information on other executive positions and directorships, etc. is also provided in the complete proposals sent out prior to the annual general meeting.

The Board of Directors has set up two board committees (the audit committee and the remuneration committee). The Chairman and the Deputy Chairman of the Board of Directors, who cannot be deemed to be independent (see above), are members of these committees. The majority of the committee members are thus not independent. The Board of Directors has chosen this structure in order to ensure a strong focus on the work of the committees.

Anne Mette Barfod, Chief Financial Officer



Since five of the currently six members of the Board of Directors are nominated by the principal shareholder, the Board of Directors has not found it necessary to set up a nomination committee.

Remuneration of the Board of Directors and the Management Board

It is recommended that severance payments should not amount to more than two years' annual remuneration. The Board of Directors has not at this stage found it necessary to amend the Management Board's current severance scheme, which prescribes a severance payment equivalent to three years' remuneration and a mutual notice of termination of 12 months. The remuneration policy comprises a cap on severance payment equivalent to two years' salary for agreements entered into or renegotiated with effect from 1 January 2011.

It is recommended that the remuneration of the Board of Directors for the current financial year is approved by the shareholders in general meeting. The Board of Directors believes that it is sufficient that the shareholders approve the remuneration paid to the Board of Directors in respect of the past financial year when approving the annual report and that the Chairman of the Board of Directors explains the expected remuneration payable to the Board of Directors for the current financial year.

The Board of Directors believes that overall Alm. Brand complies with the corporate governance criteria and that these few exceptions do not constitute a disadvantage or are contrary to the interests of the shareholders or other stakeholders.

FINANCIAL REPORTING PROCESS

The primary responsibility for the Alm. Brand Group's risk management and control organisation in relation to the financial reporting process rests with the Board of Directors and the Management Board, including compliance with applicable legislation and other financial reporting regulations.

Control environment
The Board of Directors has defined a working plan ensuring that the Board of Directors assesses, at least once a year, the group's:

- Organisation
- Plans and budgets
- Risk of fraud
- In-house rules and guidelines

The Board of Directors and the Management Board are responsible for establishing and approving general policies, procedures and controls in key areas in relation to the financial reporting process. The audit committee supports the Board of Directors in this work.

The group's internal audit department reports directly to the Board of Directors and in compliance with the audit plan presented by the internal audit department and adopted by the Board of Directors. The internal audit department performs sample audits of business procedures and internal controls in critical audit areas, including the annual report and the financial reporting.

The Board of Directors and the Management Board have adopted policies, manuals, procedures, etc. in key areas in relation to financial reporting. On an ongoing basis, the Management Board monitors compliance with relevant legislation and other financial reporting regulations and provisions and reports its findings to the Board of Directors.

Risk assessment
The working plan of the Board of Directors ensures that the Board of Directors and the Management Board at least once a year perform an overall assessment of risks in relation to the financial reporting process. In this connection, the Board of Directors specifically assesses the Alm. Brand Group's organisation with respect to:

- Risk measurement and risk management
- Financial reporting and budget organisation
- Internal control
- Rules on powers of procuration
- Segregation of functions or compensatory measures
- IT organisation and IT security

As part of the risk assessment, the Board of Directors considers the risk of fraud on an annual basis. This work includes:

- A discussion of management's potential incentive/motive for committing fraudulent financial reporting or other types of fraud
- A discussion of management reporting with a view to preventing/identifying and responding to fraudulent financial reporting

The audit committee set up supports the Board of Directors in these assessments.

Risk management and the financial reporting process
Day-to-day risk management is handled at segment level on the basis of risk limits defined by the Management Board and approved by the Board of Directors.

Risk management is coordinated by a cross-organisational risk committee consisting of the Management Board and the persons in charge of the actuarial department, the credit secretariat, the sales organisation, the finance department and the risk management department as well as the persons in charge of Non-life Insurance, Life and Pension and Banking.

The finance department is responsible for preparing interim and full-year financial reports. The key financial reporting contributors are the non-life and life insurance actuarial departments, which are responsible for calculating technical provisions, and the risk management department, which is responsible for calculating the group's financial assets and liabilities. In addition, the credit secretariat is an important contributor with respect to the accounting treatment of the bank's loans and advances.

The report is prepared by the investor relations department on the basis of information from a number of departments, including the finance department, the asset management department and the individual business areas.

> After several years under the yoke of the financial crisis, we now seem to have put the worst behind us. Over the past few quarters, we have seen excellent performance by our non-life operations, strong and stable results from our pension operations and, finally, the bank is also gradually improving its performance. This means that our goal of generating a fair profit has again become realistic and is within reach.
>
> Anne Mette Barfod

MANAGEMENT BODIES

In compliance with Danish legislation, Alm. Brand A/S and the group's subsidiaries (except from a few single-purpose property companies) have a two-tier management system with a board of directors and a management board. The members of the Board of Directors and the Management Board of Alm. Brand A/S are described in detail under "Directorships and special qualifications". The responsibilities and tasks of the Board of Directors and the Management Board are defined in the rules of procedure for the Board of Directors.

The Board of Directors currently consists of six members elected by the shareholders and four members elected by the employees. The ten board members comprise eight men and two women. The age, seniority, other directorships and special qualifications of the board members are set forth in the list of directorships at the end of the annual report. Arne Nielsen is considered to be independent, as he is not also a member of the board of the company's principal shareholder.

Tage Benjaminsen resigned from the Board of Directors of Alm. Brand A/S on 27 March 2012. At the company's general meeting to be held on 25 April 2013, Karen Sofie Hansen-Hoeck and Ebbe Castella will be nominated as new members of the Board of Directors. Both candidates are considered to be independent. The Board of Directors will subsequently have 12 members.

In connection with the nomination of new board members, the Board of Directors, with due consideration being had to the partial duality of membership existing between the board of the company's principal shareholder, Alm. Brand af 1792 fmba, and the Board of Directors of Alm. Brand A/S, emphasises representation of the following qualifications on the Board of Directors as a whole: General management experience, experience from the Alm. Brand Group's customer segments, experience in audit and accounting matters, particularly in relation to membership of the audit committee, and insight into financial, legal and economic matters.

The Board of Directors assesses its overall qualifications and work procedures once a year. The Chairman of the Board of Directors is responsible for the assessment. The results of the assessment will form part of the work of the Board of Directors going forward.

The Board of Directors held 10 meetings in 2012.

AUDIT COMMITTEE

The boards of directors of Alm. Brand A/S, Alm. Brand Forsikring A/S, Forsikringsselskabet Alm. Brand Liv og Pension A/S and Alm. Brand Bank A/S have each set up an audit committee. Alm. Brand Bank's audit committee also performs this task for the subsidiary Alm. Brand Formue A/S.

The audit committees of all these companies consist of three board members:

- Arne Nielsen (chairman)
- Jørgen H. Mikkelsen
- Boris N. Kjeldsen

The Board of Directors deems that Arne Nielsen meets the requirements for independence and qualifications within accounting and auditing as defined in section 31 of the Danish Auditors' Act. Arne Nielsen has many years of experience as a state-authorised public accountant of financial and other businesses.

The audit committees support the boards of directors in their work with and supervision of

- the financial reporting process, including checking the accuracy of financial information disclosed in annual reports and interim reports, and ensuring that accounting policies are relevant and have been consistently applied
- internal control and risk management, including reviewing and assessing management's guidelines at least once a year with a view to identifying, monitoring and managing the most important risks. The committees also assess and review internal control and risk management systems
- internal and external audit, including reviewing and discussing the results of the work of the internal and external auditors and the auditors' observations and conclusions and verifying the independence of the external auditors, including in particular the provision of additional services. The committees supervise management's follow-up on the recommendations to management reported by the internal and external auditors

The audit committees' work involves historical data and generally does not comprise forward-looking events such as outlook and budgets.

The audit committees held four meetings in 2012. The audit committees report to the Board of Directors on a current basis. Audit committee meetings are attended by the audit committee members as well as by CEO Søren Boe Mortensen, the Group CFO and the Group Chief Auditor. In addition, the appointed auditors attend two annual meetings at which they also have an opportunity to meet with the audit committees and the Group Chief Auditor without the day-to-day management being present.

REMUNERATION COMMITTEE

The boards of directors of Alm. Brand A/S and Alm. Brand Forsikring A/S have each set up a remuneration committee.

The remuneration committees consist of the following board members:

Alm. Brand A/S:
- Jørgen H. Mikkelsen (chairman)
- Boris N. Kjeldsen
- Arne Nielsen

Alm. Brand Forsikring A/S:
- Jørgen H. Mikkelsen (chairman)
- Boris N. Kjeldsen
- Søren Boe Mortensen
- Arne Nielsen

The remuneration committees support the boards of directors in their work in relation to the remuneration policy for the Board of Directors, Management Board and other significant risk takers.

The remuneration committees held four and three meetings, respectively, in 2012.

Human resources

STRATEGY AND OBJECTIVES

Alm. Brand wants its employees to be committed and to seek influence and assume responsibility for the planning and performance of their own job. Moreover, Alm. Brand wants its managers to be resourceful and dynamic and to be focused on continual business, employee and personal development. The group aims to stand out from its peers in the eyes of its customers by developing each individual employee and focusing on providing customer service and service in general at a high level.

100% COMMITMENT TRANSLATES INTO GREATER JOB SATISFACTION

In the period 2009–2012, Alm. Brand had defined a strategic target of having 100% committed employees. We had deliberately set the bar high. During the period, employee commitment was stable at 93%, which is considered high for the industry. Especially considering the substantial organisational adjustments made during the period, retention of a high level of employee commitment is considered a success.

A key focus in the group's new strategy, CUSTOMERS FIRST, is to ensure and expand the solid foundation developed for the job satisfaction of each individual employee. Job satisfaction is reflected in how much energy the employees invest in the company and the extent to which their motivation translates into efficient, business-oriented action and is used to provide optimum customer service.

High job satisfaction is key in being able to provide optimum customer service. High job satisfaction rubs off on the contact with customers and on in-house relations.

Over a number of years, the company has used a scoring tool, which, based on a wide variety of parameters, expresses job satisfaction as an index figure on a scale of 0 to 100. The 2012 measurement showed an increase of 4 points to 76 relative to 2011. For the upcoming strategy period, running until end-2016, we have defined a job satisfaction target of 78.

We have set the bar high, and compared with most other major companies in the sector, Alm. Brand scores high. The new target is hence quite ambitious and achieving it will require considerable effort. The group will thus work to maintain the high job satisfaction rate among its employees, while seeking to increase job satisfaction among the employees in the bottom quartile of the index.

Job satisfaction is measured twice annually. Once a year, the group conducts an extensive survey, comprising a number of questions related to management, corporate culture, image, development and commitment. The second survey is a smaller-scale, follow-up survey.

EXECUTING LEADERSHIP

Competent management is crucial for employee welfare and job satisfaction and, by extension, for the company's financial performance.

In 2010, new management skills were implemented followed by a training programme for all managers with the aim of creating a new management culture focused on action-oriented management. The training programme helps the individual managers develop their ability to manage the business, the employees and themselves. The initiative was well received and has produced positive results.

In 2013, the management training programme will build on the new corporate culture and focus on the leadership skills required to achieve our target of providing supreme customer service and maintaining a highly customer-centric approach in all of the group's priority areas.

CORPORATE VALUES TAILORED TO OUR CUSTOMERS

For 12 years, our corporate values have provided a solid foundation for the attitudes and conduct applied by our employees internally and externally and they have now come to truly permeate the group.

In connection with the implementation of the new group strategy, CUSTOMERS FIRST, the conduct descriptions have been aligned to reflect the strategy:

Ordinary common sense
- We identify with the customer
- We keep our promises
- We manage rules with common sense

Mutual respect
- We listen to our customers
- We respect our customers' experiences
- We draw on each other's knowledge and experience

Holism and proximity
- We care for our customers
- We take a holistic approach to the customer's situation
- We are accessible

Will to succeed
- We set ambitious and realistic goals
- We develop professionally and personally
- We create results together

THE ALM. BRAND ACADEMY

The Alm. Brand Academy is the anchor point of the group's development of employee and management skills. The range and complexity of financial products has grown significantly in recent years and the legislative basis is constantly changing. This puts pressure on the group's employees to continuously develop their skills to be able to provide customers with the best possible service and advice.

Alm. Brand invests considerable resources in in-house training of new and existing employees. The Alm. Brand Academy is intended to consolidate the opportunities for training in the group in order to build a visible platform for the group's training initiatives and to act as a showcase for the opportunities for development and training available to each individual employee.

In 2012, we developed a competence-building strategy that defines the principles of the group's competence-building work.

From 2013 onwards, we will be strongly focused on training all group employees in the part of the new strategy involving customer service.

REMUNERATION POLICY

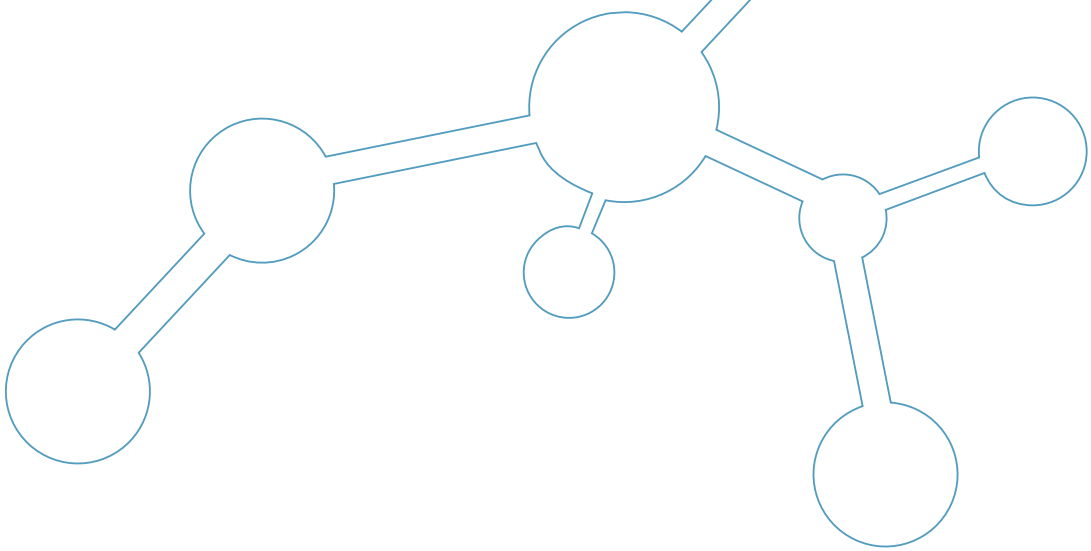
Board of Directors

Board members of Alm. Brand A/S receive a fixed annual remuneration reflecting the scope of the board work and the responsibility related to serving on the board. Ordinary board members receive DKK 200,000, the Chairman receives DKK 600,000 and the Deputy Chairman DKK 400,000. Board members who are members of the audit committee and of the boards of directors of Alm. Brand Bank A/S, Alm. Brand Forsikring A/S and Alm. Brand Liv og Pension A/S receive an additional amount of DKK 200,000. Moreover, an ordinary member of the Board of Directors of Alm. Brand A/S receives an additional amount of DKK 175,000 for serving on the boards of directors of Alm. Brand Bank A/S, Alm. Brand Forsikring A/S and Alm. Brand Liv og Pension A/S.

In accordance with the company's remuneration policy, board members are not remunerated by way of incentive plans.

Management Board

The members of the Management Board of Alm. Brand A/S are remunerated by way of a salary which is intended to be competitive with the remuneration of other, comparable positions in the financial sector. In addition to this salary, the company provides a pension contribution, and the remuneration also includes a company car, free telephone and other customary salary substitutes. As a fixed part of the fixed salary, a share option scheme for the Management Board was set up in 2012 in accordance with the group's remuneration policy. The remuneration of the Management Board is adjusted every two years.



The members of the Management Board received remuneration in the amount of DKK 7.7 million in 2012. The remuneration includes an anniversary bonus and the value of share options.

As part of the fixed salary, the Management Board received a total of 42,611 share options in 2012, representing an aggregate value of DKK 128,259 at the date of grant. In addition, share options in the amount of DKK 384,768 vested in the second half of 2012. In accordance with the guidelines, options will be granted in March 2013. The share option scheme was adopted at the annual general meeting in 2012 and replaces the former bonus scheme. No cash bonuses were paid to the Management Board in 2012.

Information on the remuneration policy is available at http://www.almbrand.dk/corporategovernance.

Other executives and specialists

In accordance with the group's remuneration policy, a share option scheme was set up for the group's senior executives (ABKO) as a fixed part of their salary in 2012. The scheme does not include the management of Alm. Brand Bank A/S.

For a number of years, the company has had a bonus scheme with both common and individual benchmarks for the group's other managers and specialists. The scheme covers up to 200 individuals and forms an integral part of the general salary adjustment for this group of employees.

In addition, a bonus scheme exists for the customer service centres, which is aimed at improving sales and service to private customers.

In 2011, the company complied with the remuneration policy described in the Annual Report 2011, and in 2012 it complied with the remuneration policy described above. These schemes will continue in 2013.

Share option scheme

At the ordinary general meeting held on 26 April 2012, a share option scheme for senior executives was adopted. The scheme replaces the former management bonus programme.

The following applies to the scheme:

- The remuneration programme involves the granting of share options as a fixed-salary component and cannot exceed 13% of the fixed salary.
- Eligible individuals are the members of the group's management team (ABKO), except for members of the management team who are employed with Alm. Brand Bank A/S. At 31 December 2012, 16 individuals were comprised by the programme.
- The time horizon of the remuneration programme is two years.
- Because this is a fixed-salary scheme, the granting of options is not subject to any targets or principles. The value depends solely on the performance of Alm. Brand A/S' shares.
- Share options are granted on the eighth trading day after the release of half-year interim reports and annual reports, the first time being in connection with the release of the interim report for the six months ended 30 June 2012 and the last time being in connection with the release of the interim report for the six months ending 30 June 2014.
- The exercise price is calculated as a simple average of the average price of a share in Alm. Brand A/S on the fifth, sixth and seventh trading day after release of the above-mentioned interim and annual reports plus a 10% premium.
- Calculated as 13% of two years' salary of the eligible individuals, the market value of the share-based remuneration represents DKK 8–9 million.
- The options granted vest at the date of grant. The options will lapse if they remain unexercised 50 months after the date of grant.

The first option grant took place on 4 September 2012, when a total of 328,130 options with an exercise price of DKK 15.39 per share were granted, representing an estimated fair value of DKK 3.01 per option at the date of grant. Options worth DKK 2 million vested in the second half of 2012, and these will be granted after the release on the Annual Report 2012 in accordance with the guidelines set out above.

See note 30 to the financial statements for additional information on the options granted.

Shareholder information

OBJECTIVES

The purpose of Alm. Brand's investor relations activities is to ensure relevant, precise and timely information to the market with a view to generating interest, regular trading and a fair pricing of Alm. Brand's shares. The investor relations department continually strives to have a profound insight into the group and its affairs, ensuring that questions from analysts and investors can be answered quickly and competently. The goal is for Alm. Brand to be perceived as reliable, accessible and professional by equity market stakeholders and to ensure that such stakeholders are given correct information about the company's financial position as well as the risks faced by and opportunities available to the company.

Alm. Brand's investor relations department communicates via:

- Meetings held with investors, analysts, etc.
- Roadshows in connection with the release of financial statements
- Participation at conferences, seminars, etc.
- The Alm. Brand website, which provides investor-oriented information and downloadable financial statements, presentations, etc.
- Distribution of a shareholder magazine for the company's registered Danish shareholders

ACTIVITIES

The Management Board gives priority to meeting with the company's investors and analysts in connection with the release of financial statements and interim financial statements and by hosting various conferences and seminars. In connection with the release of financial statements, the investor relations department and the Management Board go on roadshows. In 2012, they hosted roadshows in Denmark, the Nordic countries, the United States, the UK and a number of other European countries. In addition, we addressed professional investors in Denmark and internationally by holding a number of one-on-one meetings and presentations to large and small audiences. During the rest of the year, the investor relations department handles enquiries from investors and analysts.

At year-end 2012, Alm. Brand's shares were covered by four analysts. All of the company's regular analysts are based in Denmark. In addition to the regular analysts, the shares are covered on an ad hoc basis by a number of other equity analysts.

Investor presentations used in connection with roadshows, conferences, seminars, etc. are available from the company's website. Presentations of the company's full-year and interim financial reports are also webcast.

Analyst coverage

The Alm. Brand share is covered regularly by analysts with the companies listed below:

- Carnegie Bank
- Danske Bank
- Nordea
- SEB Enskilda

Contact details for the analysts are available from Alm. Brand's website. The company also publishes the analysts' recommendations and consensus estimates ahead of and after each announcement of financial results.

SHARE PERFORMANCE

The share price generally increased during 2012. The shares started the year at a price of DKK 8.15 and ended the year at a price of DKK 14.00. The share price was thus up by 71.8% in 2012. The highest price quoted in 2012 was DKK 15.50.

Recording an increase of more than 70% in 2012, Alm. Brand's shares outperformed the market in general, as the OMX C20 index gained 27%. In connection with the release if the group's Annual Report 2011, the share price rose by as much as 60%. The share price was relatively stable at around DKK 14 from August and ended the year at DKK 14.00.

The average daily turnover also developed favourably in 2012 compared to 2011. Especially in the second half of the year, the turnover was up-trending.

No dividends were distributed in 2012.

Financial ratios

- Price/NAV at 31 December 2012: 0.55
- Average daily turnover 2012: approx. DKK 2.2 million
- Average daily turnover 2011: DKK 1.5 million
- Market capitalisation at 31 December 2012: DKK 2.4 billion

The Alm. Brand share is a component of the NASDAQ OMX Mid Cap index.

The figure below shows the performance of Alm. Brand's shares in 2012 compared to the performance of the OMX C20 index.

CAPITAL TARGET

The capital target is based on expectations regarding future capital requirements according to Basel III (banks) and Solvency II (insurance companies). The capital target has an impact on the group's future dividend policy.

The final wording of the capital requirements under both Solvency II and Basel III may result in changes to the group's capital target.

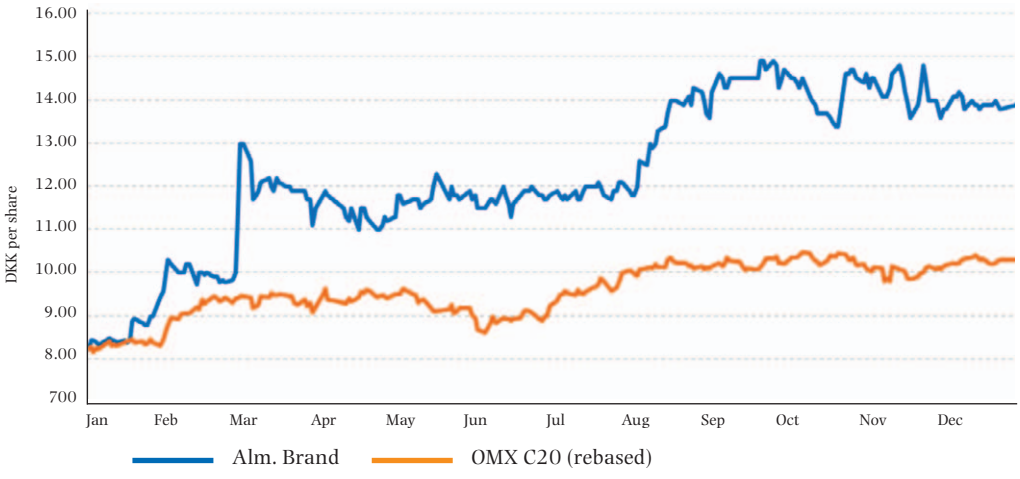
As a result of the group's capital target, the capital requirement is substantially higher than the statutory minimum capital requirements expected to be laid down in the new regulations. The capital target reflects management's intention for the group's capital resources to be sufficiently robust to absorb certain external events. Such external events could be for example extreme weather conditions or an extended period of economic downturn and resulting impairment writedowns of loans in the bank.

Furthermore, management aims for the group to be sufficiently robust to be capable of absorbing large structural declines in equity prices and fluctuating interest rates which may affect Life and Pension to a significant degree and which may also affect the group's other activities.

Capital targets of Non-life Insurance and Life and Pension

The capital targets of Non-life Insurance and Life and Pension are calculated on the basis of the expected level of Solvency Capital Requirements (SCR) under the Solvency II rules with the addition of a buffer calculated on the basis of a wish to ensure sufficient excess capital.

Perfomance of the Alm. Brand's shares in 2012 relative to perfomance of the OMX C20 index



In order to make the capital target operational in day-to-day management and transparent to the company's shareholders, the calculated capital target of Non-life Insurance has been translated into a fixed percentage of gross premiums.

As from end-2012, Alm. Brand Forsikring A/S will apply an internal capital model to calculate certain input for the calculation of individual solvency. The solvency requirement is lower by applying input from the internal capital model than by applying the standardised model, as the internal model is based on Alm. Brand's actual risk profile. For that reason, the capital target is lowered relative to the level prevailing throughout 2012.

The capital target of Non-life Insurance is lowered to 40% of gross premiums from previously 45%. As a result of the capital buffer, Non-life Insurance has, in addition to the prudence already comprised in the rules for calculating the solvency need, calculated capital excess coverage sufficient to withstand a 1:200-year loss event.

As for Life and Pension, the capital target is translated into a fixed percentage of life insurance provisions.

The capital target of Life and Pension totalled 9% of life insurance provisions at 31 December 2012 but was lowered to 8.75% effective 1 January 2013. Focus is on risk in the form of the volatility of provisions rather than calculating the capital target based on premium levels. In step with outflow on the portfolio's high guarantees and inflow of new insurances on low guarantees, the risk on the company's portfolio will diminish. The capital target of Life and Pension will therefore be adjusted, lowering it to 8% in 2016 by way of a gradual reduction of 0.25 of a percentage point per year.

The capital target of Life and Pension is considerably higher than the solvency need but has been fixed so as to ensure the desired excess relative to the solvency need under a number of specific stress scenarios. This means that Life and Pension will be able to withstand interest rate fluctuations without customer returns being unduly reduced through forced sales or an unnecessary and expensive hedging strategy.

Capital target of Alm. Brand Bank

The capital target of Alm. Brand Bank is calculated on the basis of management's wish to consistently maintain an excess capital adequacy relative to the individual solvency need or relative to the statutory minimum requirement of 8% of risk-weighted assets if the statutory minimum requirement proves higher than the individual solvency need defined. In addition, the capital target takes into account the estimated effects of the upcoming Basel III rules. The capital target is met through a combination of several capital components such as shareholders' equity, hybrid core capital and subordinated capital.

DKKm	Internal capital target at 31 December 2012	DKKm	Capital base at 31 December 2012
Non-life insurance (40% of gross premium income)	1,946	Consolidated equity	4,506
Life and Pension (9% of life insurance provisions)	1,065	Tax assets	- 665
Alm. Brand Bank parent (18,7% of risk-weighted assets) *)	1,858	Supplementary capital	1,654
Capital tied up minority interests	40	**Consolidated capital base**	**5,495**
Diversification effect	- 300		
Consolidated internal capital target	**4,609**		

*) Calculated as the individual solvency need at 31 December plus 3 percentage points

Statutory capital requirement for the group year-end 2012	**3,085**
Excess relative to statutory capital requirement	**2,410**
Excess relative to internal capital target	**886**

The Basel III rules are expected to introduce a requirement for an equity ratio of 10.5% of risk-weighted assets, including a capital conservation buffer. In addition, Basel III is expected to introduce a requirement for an additional 2.5% countercyclical buffer to protect the bank against future cyclical downturns. These requirements are not expected to apply until 2019 at the earliest.

The capital target of Alm. Brand Bank has been fixed at an excess capital adequacy corresponding to a solvency ratio of at least 13.0, always provided that the target must be at least 3 percentage points higher than the individual solvency need.

The group's overall capital resources and capital target
At 31 December 2012, the group had total capital resources of DKK 5,495 million for compliance with the capital target. DKK 1,654 million of this amount was supplementary capital in the form of hybrid core capital and subordinated loan capital.

The group's capital requirement under the existing solvency rules is DKK 3,085 million, which means that the group had excess coverage of DKK 2,410 million at 31 December 2012.

The internal capital target calculated at 31 December 2012 was DKK 4,609 million, corresponding to excess coverage for the group of DKK 886 million.

The group's dividend distribution possibilities are subject to the satisfaction of the group's capital target and the group's cash resources also have an impact on whether or not dividends are distributed. A part of the group's capital base consists of subordinated loan capital and hybrid capital, the aim is to repay the expensive state-funded hybrid core capital before any dividends are distributed.

As mentioned earlier, the bank will repay DKK 430 million of the state-funded hybrid core capital in spring 2013. The group will carefully monitor the capital excess coverage in the coming years and, when deemed prudent, the outstanding amount of the state-funded hybrid core capital will be repaid in full or in part following contribution of capital to the bank.

MANAGEMENT'S SHAREHOLDINGS

In 2012, the Board of Directors' and the Management Board's shareholdings in Alm. Brand A/S totalled:

	No. of shares at 1 Jan 2012		No. of shares at 31 Dec 2012	
Board of Directors	Personally	Related parties	Personally	Related parties
Jørgen H. Mikkelsen	75,369	66,439	115,369	106,439
Boris N. Kjeldsen	5,480	0	5,480	0
Arne Nielsen	2,500	10,000	2,500	11,600
Per V. Frandsen	21,000	0	21,000	0
Jørgen Henrik Christensen	0	12,750	0	12,750
Jan Skytte Pedersen	6,000	0	12,000	75,000
Per Dahlbom	4,020	100	4,020	100
Helle Låsby Frederiksen	2,400	0	2,400	0
Henning Kaffka	34,523	0	28,718	0
Susanne Larsen	10,503	0	11,048	0
Management Board				
Søren Boe Mortensen	32,632	1,173	34,697	1,173

THE ALM. BRAND SHARE

The company's share capital is DKK 1,735 million nominal value, divided into 173,500,000 shares of DKK 10 each. Each share carries one vote. Excluding Alm. Brand A/S' treasury shares, the number of shares is 172,789,917.

The securities identification code of Alm. Brand A/S shares is DK001525034-4 (ALMB).

OWNERSHIP

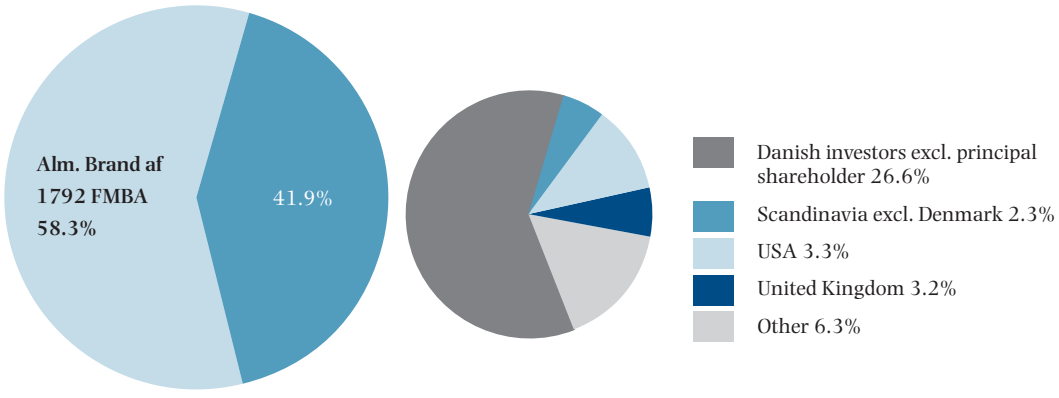
At 31 December 2012, 164,533,278 of the company's shares were registered. The only shareholder to report a shareholding of more than 5% was Alm. Brand af 1792 fmba, which held 58.1% of the shares in the company at 31 December 2012.

Registered shareholders represented 94.8% of the share capital. At 31 December 2012, shareholders based in Denmark held approximately 84.7% of the company's share capital, of which the principal shareholder accounted for 58.1%. During 2012, the company saw a slight decline in the number of foreign shareholders. US shareholders in particular sold Alm. Brand shares, while UK based shareholders increased their proportion of the aggregate share capital. US and UK based shareholders each account for approximately 3% of the share capital, while the other Scandinavian countries account for 2.3% of the share capital. The remaining shares are held primarily by shareholders resident in other European countries.

ANNUAL GENERAL MEETING

The annual general meeting of Alm. Brand A/S will be held at 11.00 a.m. on 25 April 2013 at the Crowne Plaza, Ørestads Boulevard 114-118, 2300 Copenhagen S, Denmark.

Ownership at 31 December 2012



COMPANY ANNOUNCEMENTS IN 2012

28 Feb 2012	Annual Report 2011
28 Feb 2012	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
29 Feb 2012	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
01 Mar 2012	Result of grant of employee shares
21 Mar 2012	Prepayment of state-guaranteed bonds in Alm. Brand Bank
27 Mar 2012	Change on the Board of Directors
2 Apr 2012	Notice of annual general meeting
26 Apr 2012	Result of annual general meeting
26 Apr 2012	Introduction of a share-based compensation programme
16 May 2012	Interim report Q1 2012
16 May 2012	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
11 June 2012	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
23 Aug 2012	Interim report H1 2012
23 Aug 2012	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
4 Sept 2012	Issue of options
4 Sept 2012	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
1 Oct 2012	Financial calendar 2013
22 Nov 2012	Interim report Q3 2012
22 Nov 2012	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
23 Nov 2012	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
23 Nov 2012	CORRECTION Report on transactions of executives and related parties of these with Alm. Brand A/S shares

COMPANY ANNOUNCEMENTS IN 2013

26 Feb 2013	Release of Annual Report 2012
25 Apr 2013	Annual general meeting
22 May 2013	Release of interim report Q1 2013
22 Aug 2013	Release of interim report H1 2013
21 Nov 2013	Release of interim report Q3 2013

CSR – or just ordinary common sense

Alm. Brand seeks to conduct its business in a responsible and sustainable manner. Our vision is that "We take care of our customers". "Taking care of" applies not only to customer relationships but also to employee relationships, environmental and climate matters and to matters concerning society in general.

The group's business and interaction with the surrounding society do not immediately involve weighty environmental issues or important human rights challenges that make special demands on Alm. Brand's social responsibility.

In 2009, Alm. Brand provided a formal report on its corporate social responsibility (CSR) efforts. As part of these efforts, Alm. Brand has defined specific goals for its future work and established systematic monitoring of its CSR performance and results.

Read more about Alm. Brand's CSR efforts at www.almbrand.dk under "About us" or "Investor".

Follow-up on goals

Alm. Brand's target for 2012 was to reduce the organisation's consumption of power and heating by 5% through Project FOOT. This target was achieved: The group reduced its power consumption by 208,683 kWh or 8.6%, translating into 95,994 kg of saved carbon dioxide.

Another target for Alm. Brand in 2012 was, as a pilot project, to offer private insurance customers who have reported a burglary during a specific period to have a burglar alarm installed free of charge. The customer paid for the subscription, but the extra charge was offset by a reduction in the insurance premium. The purpose was to take care of the customers and their assets by preventing new burglaries. A total of 180 customers chose to have an alarm installed.

The group had also pledged to intensify its efforts to combat insurance fraud in 2012. Today, Alm. Brand already checks 0.37% of the claims reported for insurance fraud. The group expects to increase the number of cases checked to 1.77% of claims reported. In mid-2012, Alm. Brand completed a 10-week pilot test of the Fraud Framework model. The model needs to be refined in order to further improve the search parameters and a new pilot test will be completed in early 2013. During the first quarter of 2013, it will be decided whether or not Fraud Framework will be implemented.

A final target for 2012 was for Alm. Brand to prepare a proposal for an overall CSR policy for all of the group's business areas and activities for presentation to the Board of Directors and subsequent implementation. However, this work has yet to be finalised.

CORPORATE RESPONSIBILITY

Alm. Brand seeks to take care of its customers by offering high-quality products and services that provide help in the case of injury or damage as well as management and advice concerning monetary and lending issues and savings products.

Alm. Brand provides its employees with a wide variety of options of a social, health and practical nature. Alm. Brand makes high professional and social demands on its employees but always takes into account all aspects of an employee's life. This creates the most sustainable solution for both parties.

Alm. Brand makes no distinction between its customers or employees with respect to gender, colour, social affiliation or political or religious conviction.

Customers

Alm. Brand's role as an insurance company is to replace what has been lost or restore what has been damaged in case a customer has incurred a covered claim. In the case of claims resulting from a sudden, acute traumatic incident, including fire, robbery, assault or traffic accidents, Alm. Brand offers psychological counselling to any of its plusKUNDER and dobbeltKUNDER in need of crisis therapy. In 2010 and 2011, 391 and 375 policyholders, respectively, applied for crisis therapy, compared to 333 in 2012.

Customers are offered competitive financial products, including savings and pension products. Alm. Brand focuses on providing advice based on the individual customer's situation.

Employees

The group's health policy is intended to promote health and well-being on the job and in the employees' spare time. Accordingly, the group offers financial support for a number of sporting activities and canteen and fruit services. Alm. Brand also emphasises a healthy working environment and has ergotherapists and architects as well as a special service desk available to prevent and relieve physical problems. In 2010, the Danish Working Environment Authority conducted seven control visits at Alm. Brand without such visits giving rise to any remarks. Alm. Brand received seven green smileys. In 2011, the Danish Working Environment Authority conducted two visits and gave Alm. Brand two smileys. In 2012, the Danish Working Environment Authority conducted four visits to the group, all of which resulted in green smileys.

The group's sickness policy is intended to ensure that employees have a good working life with a low sickness absenteeism and high well-being. For example, the group holds sickness absence interviews, provides stress prevention and stress management training for managers and offers health insurance for all employees. In 2010, the sickness absence rate was 3.60%, dropping to 3.40% in 2011. In 2012, the sickness absence rate declined further to 2.98%. Moreover, two stress management courses were held in 2011 in collaboration with a professional stress coach. A total of 38 employees participated in these courses. In 2012, there was no demand for stress management courses.

The group engages regularly with municipalities and job centres, accepts people in work test programmes and is generally open to offering flex jobs and scale-down jobs for people with impaired working ability. In 2010, Alm. Brand had 22 employees in flex jobs or wage subsidy jobs, against 20 in 2011 and 2012, respectively.

Each year, the group accepts primary and lower-secondary school students as well as post-secondary school students for work experience programmes. Alm. Brand had five trainee bachelors in finance in 2010 and nine in 2011. In 2012, the group had nine trainee bachelors in finance.

Alm. Brand's senior-age policy ensures that employees have the opportunity to plan their senior working life with the group well in advance. In addition to extra holidays, employees may choose to work fewer hours and adapt their working hours to their individual needs. In 2005, the senior-age scheme comprised seven employees. This number increased to 26 in 2009 and 21 in both 2010 and 2011. In 2012, the senior-age scheme comprised 18 employees.

New mothers and fathers are entitled to full pay during maternity/paternity and parental leave periods. Moreover, all employees are entitled to five care days in addition to the statutory five weeks holiday.

ENVIRONMENTAL AND CLIMATE RESPONSIBILITY

Alm. Brand seeks to take care of the environment and the climate. The group therefore works towards reducing its pollution footprint on the environment and the climate. For many years, Alm. Brand's environmental and climate efforts have been based on ordinary common sense rather than formalised environmental and climate policies.

Heating, cooling and power consumption

The group focuses on individual climate control in office areas and at building level. Today, Alm. Brand monitors and controls heating, cooling and ventilation in most properties and in leased premised that have their own climatic system.

At the turn of the year, Alm. Brand began to use the new, energy-saving facade with building integrated photovoltaics at its headquarters. The energy-saving facade provides thermal insulation and reduces the cooling requirement by around 20,000 kWh per year. The photovoltaic system, which is integrated in the facade, is designed for an annual power production of approximately 32,000 kWh.

Unwanted and environmentally harmful substances (such as CFC) in all existing cooling systems will gradually be eliminated and replaced with natural refrigerants as this becomes technically and financially possible. In future, Alm. Brand will focus on water-borne cooling systems and remote cooling options for the group's properties. Currently, more than 50% of the overall cooling base is non-CFC.

At the local office in Odense, a conventional, small capacity cooling system was replaced by a new high-technology, water-cooled system in 2012, resulting in improved indoor climate and lower energy consumption.

For several years, Alm. Brand has phased in energy-saving electrical products, including light bulbs, thin clients instead of desktop PCs, flat screens, printers, etc. Alm. Brand is also in the process of phasing in intelligent light control by means of motion and daylight sensors and automatic on/off functions. The group has implemented light control in 60% of its total floor space. In 2012, many of the conventional fluorescent tubes at the headquarters were replaced by LED lighting.

In connection with the insourcing of the entire group's server capacity in 2012, new IT machine rooms with new server technology were set up, focusing on optimised operations and lower energy consumption. One machine room is cooled by sea water and supplementary water-cooled systems. In addition, we have chosen pumps and other equipment with minimum energy consumption characteristics. The overall energy savings achievable by setting up an IT machine room are estimated at more than 1 million kWh per year.

The establishment of in-house machine rooms in 2012 changes the overall energy assumption estimates and actual consumption figures to such an extent that the 2012 energy accounts are stated exclusive of machine rooms. In future, the reported actual consumption will include machine rooms.

The overall energy consumption (power and heat) for office areas and building operations in 2012 was as follows:

Power consumption per employee (before establishment of in-house machine rooms)

Consumption per employee (kWh)	Electricity	Heating[1]
2011	1,475	2,250
2011 adjusted[2]	1,520	2,769
Target 2012	1,444	2,631
Actual 2012	1,389	2,880

Note 1: Heat consumption is calculated as the actual consumption and not as degree days adjusted
Note 2: The property floorage used has been adjusted in order to provide a fair presentation

The target for 2013 and the future reporting of the actual consumption includes machine rooms. Comparable figures for 2012 include the estimated consumption for the rest of 2012 based on the technology previously applied by the supplier.

Power consumption per employee (after establishment of in-house machine rooms)

Consumption per employee (kWh)	Electricity	Heating[1]
Actual 2012	1,754	2,880
Target 2013	1,701	2,794

Note 1: Heat consumption is calculated as the actual consumption and not as degree days adjusted

Since 2009, the group has participated in the World Wide Fund for Nature's annual, global turn-off-the-light event Earth Hour by turning off the light at the group's offices as well as turning off a large advertising sign in Rådhuspladsen in Copenhagen.

Water, paper, cleaning and waste

Water-saving fittings are gradually being installed in all properties where such installation is possible. The group currently does not have a precise measuring tool to document changes in water consumption across all group locations and has for the time being chosen not to allocate resources to document water consumption.

As part of the group's climate adjustments of its headquarters and the adjoining group-owned rental properties at Midtermolen in Copenhagen as well as the other privately owned properties situated on the cadastral plot, Alm. Brand in 2012 took steps in collaboration with the local owners' association to ensure that rainwater is led into the harbour instead of into the sewer system. This will contribute to preventing an overload of the sewer systems and wastewater treatment works.

Over the past four years, the group has replaced a large part of its paper consumption by electronic solutions, including statements of account, pay slips and invoices as well as the use of NemKonto for claims payments.

In 2010 and 2011, Alm. Brand has accelerated the process to achieve minimal paper consumption. The insurance company no longer sends out a full set of insurance terms to customers that have merely changed their coverage. Full sets of insurance terms will only be distributed if the insurance terms have been amended.

Through the group's online branch at www.almbrand.dk, the insurance company now also sends out digital insurance offers and digital policies, and customers can also accept offers online.

The group also works with paperless office solutions. This means that case files and letters are scanned in order to reduce paper consumption and enhance customer service. In the contact with both new and existing customers, the group requests to receive the customer's e-mail address in order that as much communication as possible can take place via e-mail.

The group launched a new digitalisation strategy in 2012, which aims for 33% of all customer interface processes to be fully digitalised by 2016. This will also contribute to reducing the group's paper consumption. Alm. Brand had a "digitalisation rate" of around 5% in 2012.

Previously, we were not able to measure the increased use electronic documents in our actual paper consumption. Such a system was set up in 2012 to measure consumption of A4 sheets, and in Project FOOT we subsequently defined the following targets for reducing our print and paper consumption in 2013.

The group's consumption of paper and print, generated in-house

Consumption	Paper (million sheets)	Paper (million prints)
Actual 2012	15.0	21.1
Target 2013	14.3	20.9

Note: Externally generated print and paper will be reported using 2012 as the base year

Most of Alm. Brand's marketing material, for example brochures and magazines, which are produced externally, are printed on paper which is both Swan-labelled (i.e. paper with minimum environmental and health impact relative to comparable paper products) and FCS-labelled (i.e. paper made from sustainable timber).

Since 2011, the group has been sharpening its focus on point-of-use sorting of paper, cardboard, bottles and construction waste, and household waste from our canteens is collected and used for biomass. Low-energy light bulbs and fluorescent tubes are collected for recycling because of their mercury content. Used batteries are also collected for safe disposal.

Since 2011, the group has been point-of-use sorting electronics waste distributed on three groups: Cable waste, IT/PC electronic waste and other electronic waste. Alm. Brand currently does not have a precise measuring tool to document the change in waste consumption across all group locations.

To the extent possible, the group only uses Swan-labelled detergents.

Carbon emission

The group seeks to reduce its carbon footprint, but currently no overall calculation of the group's emissions is available. Alm. Brand's initiatives include company bicycles, commuter schemes and increased use of video conferences.

A new car policy was implemented in 2009 and renewed in 2011. Alm. Brand's car policy comprises an incentive for employees with a company car to accept responsibility for and contribute to eco-friendly driving. Since its implementation, the car policy has motivated many employees to choose a more eco-friendly car when replacing their company car. In 2011, 79% of all new company cars were environment class A+, A or B cars. This figure was unchanged in 2012.

The group has introduced a number of carbon reducing solutions to its insurance customers. For instance, customers who have a small car or low mileage will get a cheaper insurance. Customers who have an EV car also obtain a particularly attractive motor insurance tariff as compared with the market in general. In addition, the group offers free cover for geothermal or solar heating systems over the customer's building insurance.

Alm. Brand Leasing provides advice to private customers regarding the environmental classification and carbon emissions of lease cars and provides solutions for commercial customers which comply with their corporate rules and carbon emission targets. Customers may also use the website to search for cars with the maximum carbon emission desired and see the environmental classification of each lease car. In late 2011, the group began to offer lease products for private customers, and in 2012 93% of all new cars leased by private customers were environment class A++ or A+, while the remaining 7% were environment class A or B.

Investment in environmental technology

Alm. Brand Bank and Alm. Brand Invest were the first in Denmark to offer their customers investment opportunities in sustainable energy, wastewater purification and waste sorting. The investment association's customers include Alm. Brand Liv og Pension, whose total investment of customer life insurance funds in Alm. Brand Invest Miljøteknologi amounted to DKK 56 million at 31 December 2012, an increase of 4% on 2011.

Project FOOT

At the end of 2011, the group launched "Project FOOT", the aim of which is to improve the indoor climate and the working environment for the employees, to lower electricity and heating expenses and to reduce the group's environmental footprint. Project FOOT links health, safety and environment efforts with CSR and is implemented by the compulsory occupational health and safety organisation, which is responsible for driving local behaviour change processes.

In 2011, Alm. Brand's occupational health and safety representatives were trained to be "CSR ambassadors" and in 2012 they also received communication training. The aim is to further equip them to perform their roles as CSR ambassadors and promoters of improvement to the indoor climate and environment in all departments and to pioneer change in the group's environmental behaviour.

In 2012, Project FOOT more than fulfilled the target of reducing group-wide power consumption by 5%, pledging to further reduce the group's power consumption in 2013. Moreover, Project FOOT has made Alm. Brand's paper consumption a key priority in 2013.

SOCIAL RESPONSIBILITY

Alm. Brand has carried on insurance business since its inception in 1792 by taking over risk from its customers and ensuring payment of compensation in the case of injury or damage. The group is focused on operating all its activities in a socially responsible manner.

Insurance fraud

Alm. Brand seeks to uphold the principle of solidarity on which the insurance system rests. This involves combating insurance fraud for the benefit of law-abiding customers. In 2006, Alm. Brand's claims assessors revealed insurance fraud in a total amount of DKK 15.3 million. In 2012, this figure had risen to DKK 45.4 million.

Ethical investments

Alm. Brand implemented an ethical investment policy at the beginning of 2010. This means that ethical criteria concerning aspects such as human rights, children's rights, right to unionize, employee health and safety and environmental considerations are included on an equal footing with other factors in the screening of companies.

The policy is primarily aimed at investment of the life insurance company's policyholder's funds in credit bonds, as Alm. Brand Bank invests according to the policy through an asset management agreement. Investments in emerging markets are made on the basis of a negative list of countries. Alm. Brand Liv og Pension and Alm. Brand Bank regularly discuss the negative list at investment meetings.

Gift policy

In 2009, Alm. Brand implemented a gift policy comprising all group employees. The employees were informed about the gift policy via the group's intranet, and new employees are informed about the corporate gift policy as part of their introduction course. The gift policy is also described in the staff manual and in the group's system of business procedures. The policy provides, among other things, that no employee may give or receive gifts, contributions or anything else that may be perceived as an attempt to bribe.

In 2010 and 2011, the compliance officer received three and two notifications, respectively, from employees concerning the gift policy. In 2012, four notifications were filed. None of these notifications have given rise to any comments.

Sponsorships

As a corollary of Alm. Brand's local presence through branches, sales centres and insurance agents, the group takes responsibility for the development of local business and local community organisations. Alm. Brand therefore supports numerous local sports clubs and other local causes through sponsorships.

Donations

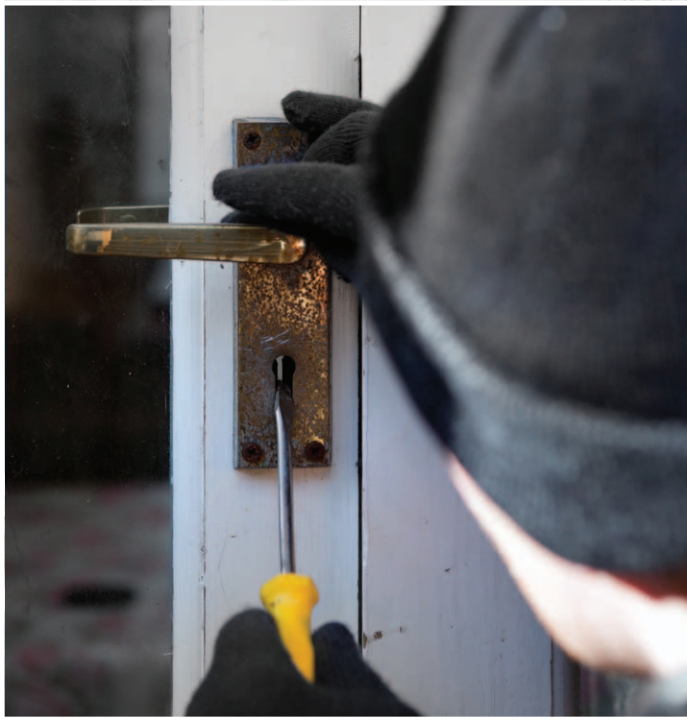
In 2012, Alm. Brand was the main sponsor of the Danish Cancer Society's nation-wide cycling event for companies, cycle clubs and private individuals. In addition to the sponsorship, Alm. Brand donated DKK 1 for each kilometre ridden by the group's customers and employees plus DKK 50 for each person accepting an individual challenge on the bicycle simulators near Alm. Brand's finish line tents in Copenhagen, Køge, Odense and Skanderborg. Thanks to the hard work of customers and employees, Alm. Brand donated DKK 78,000 to the Danish Cancer Society. The funds will be earmarked for cancer research and prevention and for support for cancer patients and their relatives.

Alm. Brand made a DKK 15,000 donation to the Christmas Seal Foundation again in 2012, contributing to improving the daily lives of 700 exposed children who lead a lonely and isolated life trying to combat obesity and bullying.

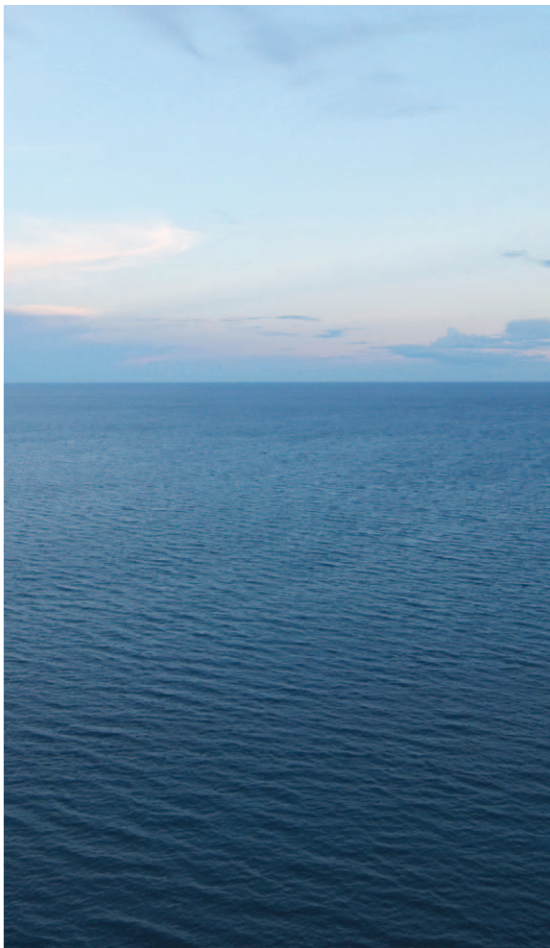
Moreover, Alm. Brand's employees initiated an in-house collection of warm clothes and sleeping bags for a project helping homeless people in Copenhagen and a collection of teddy bears for SOS Smile, an outreach programme for sick and lonely children in hospitals and orphanages in eastern Europe.











In 2011, Alm. Brand concluded an agreement with the company Baisikeli to buy stolen bicycles received by Alm. Brand in future. Baisikeli's objective is to create a sustainable bicycle industry in Africa. Half of the bicycles from Alm. Brand will be shipped to Mozambique and the other half will be sold in Denmark to fund Baisikeli's activities. Alm. Brand sold 197 bicycles to Baisikeli in 2011 and 332 in 2012.

Knowledge transfer for the benefit of society

Alm. Brand is represented in a number of different professional committees in the insurance and other industries. In these fora, the group's experts share their knowledge about subjects of relevance to policyholders specifically and citizens of society in general. These experts include:

- The Head of Commercial Insurance of Non-life Insurance, who is deputy chairman of the board of the Danish Terrorism Insurance Pool for Non-life Insurance. This board manages a terrorism insurance scheme for non-life insurers in Denmark covering NBCR terrorism risk (i.e. chemical and biological terrorism claims affecting policyholders). As a consequence of this directorship, the Head of Commercial Insurance holds a position as alternate of the Danish Terrorism Insurance Council, which manages state-guaranteed assistance in the event of a terrorist attack on Denmark.
- The Head of Insurance Fraud of Non-life Insurance is a member of the Insurance Fraud Committee of the Danish Insurance Association. The committee exchanges knowledge and experience regarding the combating of insurance fraud and the framework for such efforts. The Head of Insurance Fraud will be joining the Liaison Committee Police & Insurance of the Danish Insurance Association in 2013.
- The Director of Private Insurance of Non-life Insurance is a member of a working group under the Danish Insurance Association. The objective of this working group is to establish awareness of and communicate the industry's knowledge about precipitation claims, special risk areas and claims mitigation measures to authorities and Danish municipalities in particular. This is done in response to recent years' extreme weather conditions (including cloudbursts) and resulting insurance claims.
- In 2012, the group's CEO was a member of the national forum for climate adjustments set up by Danish Minister for the Environment Ida Auken. The forum convened three times in 2012 to discuss the development of new innovative climate adjustment solutions, including funding, and innovative and cross-sectoral collaboration.

FORWARD-LOOKING INITIATIVES

- Through Project FOOT, Alm. Brand aims in 2013 to reduce the group's consumption of print and paper generated in-house by 5%, the equivalent of 0.7 million sheets of paper and 1 million print pages. The reduction will lower the group's carbon emissions by 5,400 kg. The group's power consumption will also be reduced by an additional 3%, the equivalent of 66,000 kWh or 25,300 kg of carbon dioxide.
- In 2013, Alm. Brand plans to review all group-owned properties to identify relevant indoor climate-enhancing and energy and resource saving improvements. The review will result in an investment plan providing for the implementation of scheduled works in 2014. The overall goal is to improve the energy classification of each individual building.
- In 2013, Alm. Brand will ensure that the group's occupational health representatives receive additional communication training to further equip them to perform their roles as the group's CSR ambassadors.
- In 2013, Alm. Brand will formulate and implement an overall CSR policy that will apply to all of the group's business areas and activities.

Statement by the Management Board and the Board of Directors

The Board of Directors and the Management Board have today considered and approved the annual report of Alm. Brand A/S for the period 1 January to 31 December 2012.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The parent financial statements have been prepared in accordance with the Danish Financial Business Act. The management commentary has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the group's and the parent's financial position at 31 December 2012 as well as of the results of their operations and cash flows for the financial year 1 January to 31 December 2012.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein, together with a description of the principal risks and uncertainties that may affect the parent and the group.

We recommend the annual report for adoption at the annual general meeting.

MANAGEMENT BOARD
Copenhagen, 26 February 2013

Søren Boe Mortensen
Chief Executive Officer

BOARD OF DIRECTORS
Copenhagen, 26 February 2013

Jørgen Hesselbjerg Mikkelsen
Chairman

Boris Nørgaard Kjeldsen
Deputy Chairman

Henrik Christensen

Per Dahlbom

Per Viggo Hasling Frandsen

Arne Nielsen

Jan Skytte Pedersen

Helle Låsby Frederiksen

Henning Kaffka

Susanne Larsen

Auditors' report

INTERNAL AUDITORS' REPORT

Endorsement on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Alm. Brand A/S for the financial year ended 31 December 2012, comprising an income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including accounting policies, for the group as well as for the parent company, and a consolidated cash flow statement. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial enterprises. The parent company financial statements have been prepared in accordance with the Danish Financial Business Act.

Management is responsible for the consolidated financial statements and the parent company financial statements. Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements.

Basis of opinion

We conducted our audit on the basis of the Executive Order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with international auditing standards. This requires that we plan and perform our audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

We participated in auditing the critical audit areas.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements and parent company financial statements that give a true and fair view. The purpose of this is to design procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's assets, liabilities and financial position at 31 December 2012 and of the results of the group's operations and cash flows for the financial year 1 January to 31 December 2012 in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial enterprises.

Furthermore, in our opinion the parent company financial statements give a true and fair view of the parent company's assets, liabilities and financial position at 31 December 2012 and of the results of the parent company's operations for the financial year 1 January to 31 December 2012 in accordance with the Danish Financial Business Act.

Statement on the management's review

We have read the management's review as required by the Danish Financial Business Act. We performed no other work in addition to the conducted audit of the consolidated financial statements and the parent company financial statements.

On this basis, we believe that the information in the management's review is in accordance with the consolidated financial statements and the parent company financial statements.

Copenhagen, 26 February 2013

Poul-Erik Winther
Group Chief Auditor

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Alm. Brand A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Alm. Brand A/S for the financial year 1 January to 31 December 2012, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including the accounting policies, for the Group and the Parent, as well as the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The parent financial statements are prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies, and for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2012 and of the results of its operations and cash flows for the financial year 1 January to 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies.

In our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2012 and of the results of its operations for the financial year 1 January to 31 December 2012 in accordance with the Danish Financial Business Act.

Statement on the management commentary

Pursuant to the Danish Financial Business Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 26 February 2013

Deloitte
Statsautoriseret Revisionspartnerselskab

Henrik Wellejus
State-Authorised
Public Accountant

Jens Ringbæk
State-Authorised
Public Accountant

Financial statements, Group

Balance sheet

		Group	
DKKm	**Note**	**2012**	**2011**
Assets			
Intangible assets	1	0	0
Owner-occupied properties	2	1,059	1,085
Deferred tax assets	3	665	758
Investments in associates	4	44	51
Reinsurers' share of insurance contracts	5	164	362
Current tax assets	6	4	6
Other assets	7	1,299	1,514
Loans and advances	8	8,396	10,217
Investment properties	9	393	433
Investment assets	10	29,350	29,280
Balances due from credit institutions and central banks	11	879	1,068
Cash in hand and balances at call		306	139
Total assets		**42,559**	**44,913**
Liabilities and equity			
Share capital		1,735	1,735
Reserves, retained earnings, etc.		2,634	2,358
Minority interests		137	113
Consolidated shareholders' equity	12	**4,506**	**4,206**
Subordinated debt	13	1,829	1,829
Provisions for insurance contracts	14	19,678	19,197
Other provisions	15	28	28
Deferred tax liabilities	16	46	46
Issued bonds	17	2,032	6,032
Other liabilities	18	1,018	1,008
Deposits	19	11,240	7,956
Payables to credit institutions and central banks	20	2,182	4,611
Total liabilities and equity		**42,559**	**44,913**

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Income statement

DKKm	Note	Group 2012	Group 2011
Income			
Premium income	21	5,769	5,496
Interest income, etc.	22	1,414	1,582
Fee income, etc.	23	86	96
Other income from investment activities	24	25	9
Profit/loss from investments in associates	25	2	-1
Other income	26	51	36
Total income		**7,347**	**7,218**
Costs			
Claims expenses	27	-4,153	-4,902
Interest expenses	28	-550	-663
Other expenses from investment activities		-50	-44
Impairment of loans, advances and receivables, etc.	29	-309	-768
Acquisition costs and administrative expenses	30	-1,326	-1,276
Total costs		**-6,388**	**-7,653**
Profit/loss from business ceded	31	-83	208
Change in life insurance provisions	32	-495	-401
Change in collective bonus potential		-116	27
Value adjustments	33	297	125
Tax on pension investment returns	34	-151	-150
Profit/loss before tax		**411**	**-626**
Tax	35	-94	97
Profit/loss after tax		**317**	**-529**
The profit/loss before tax is allocated as follows:			
Share attributable to Alm. Brand		380	-601
Share attributable to minority interests	36	31	-25
The profit/loss before tax allocated		**411**	**-626**
The profit/loss after tax is allocated as follows:			
Share attributable to Alm. Brand		286	-503
Share attributable to minority interests	36	31	-26
The profit/loss after tax allocated		**317**	**-529**
Earnings per share, DKK		1.7	-3
Diluted earnings per share, DKK		1.7	-3
Comprehensive income			
Profit/loss for the year		317	-529
Revaluation of owner-occupied properties		21	-36
Transferred to collective bonus potential		-21	36
Total comprehensive income		**317**	**-529**
Proposed allocation of loss:			
Share attributable to Alm. Brand		286	-503
Share attributable to minority shareholders		31	-26
Total comprehensive income		**317**	**-529**
Technical result, Non-life Insurance	37		
Realised result, Life and Pension	38		

Statement of changes in equity

DKKm	Share capital	Contingency funds	Revaluation reserves	Other provisions	Retained profit	Shareholders' equity	Minority interests	Consolidated shareholders' equity
Shareholders' equity at 1 January 2011	**1,735**	**182**	**0**	**1,466**	**1,466**	**4,598**	**160**	**4,758**
Changes in shareholders' equity 2011:								
Profit/loss for the year					-503	-503	-26	-529
Reversed revaluation of owner-occupied properties					-36	-36		-36
Transferred to collective bonus potential					36	36		36
Tax on changes recognised in equity					0	0		0
Comprehensive income	0	0	0	0	-503	-503	-26	-529
Purchase and sale of treasury shares					2	2		2
Purchase and sale of treasury shares in subsidiaries					-4	-4	-4	-8
Tax on changes recognised in equity					0	0		0
Change in share attributable to minority interests					0	0	-17	-17
Changes in shareholders' equity	0	0	0	0	-505	-505	-47	-552
Shareholders' equity at 31 December 2011	**1,735**	**182**	**0**	**1,215**	**961**	**4,093**	**113**	**4,206**
Shareholders' equity at 1 January 2012	**1,735**	**182**	**0**	**1,215**	**961**	**4,093**	**113**	**4,206**
Changes in shareholders' equity 2012:								
Profit/loss for the year					286	286	31	317
Reversed revaluation of owner-occupied properties					21	21		21
Transferred to collective bonus potential					-21	-21		-21
Tax on changes recognised in equity						0		0
Comprehensive income	0	0	0	0	286	286	31	317
Share option scheme					3	3		3
Purchase and sale of treasury shares					-6	-6		-6
Purchase and sale of treasury shares in subsidiaries					-7	-7	-7	-14
Tax on changes recognised in equity					0	0		0
Change in share attributable to minority interests					0	0	0	0
Changes in shareholders' equity	0	0	0	0	276	276	24	300
Shareholders' equity at 31 December 2012	**1,735**	**182**	**0**	**1,215**	**1,237**	**4,369**	**137**	**4,506**

The contingency funds are allocated from untaxed funds and are required, according to the articles of association, to be used for the benefit of policyholders.
A deferred tax provision has been made for the contingency funds.

DKKm	2012	2011
Shareholders' equity at 31 December excluding minority interests	4,369	4,093
Consolidation of Pensionskassen under Alm. Brand A/S	-6	-4
Shareholders' equity according to the rules of the Danish Financial Supervisory Authority excluding minority interests	**4,363**	**4,089**

Pensionskassen under Alm. Brand A/S is consolidated in the financial statements of the Alm. Brand Group, which leads to a difference relative to the shareholders' equity of the parent company Alm. Brand A/S.

Cash flow statement

	Group	
DKKm	**2012**	**2011**
Cash flows from operating activities		
Premiums received	5,978	5,351
Claims paid	-4,551	-4,723
Interest, dividends, etc. received	1,435	1,551
Interest paid	-455	-505
Payments concerning reinsurance	117	33
Fee income received	116	131
Fee income paid	-31	-41
Expenses paid	-1,319	-1,357
Tax on pension investment returns paid	-151	-114
Acquisition of intangible assets, furniture, equipment, etc.	-66	-68
Other ordinary income received	39	37
Taxes paid/received	6	4
Cash flows from operating activities	**1,118**	**299**
Change in investment placement (net)		
Properties acquired or converted	-48	53
Sale/acquisition of equity investments	181	194
Sale/repayment of mortgage deeds and loans	1,416	1,282
Sale/purchase of bonds	432	131
Change in investment placement (net)	**2,022**	**1,660**
Change in financing		
Other provisions	0	-18
Sale/purchase of treasury shares and cost related to share issue	-3	2
Sale/acquisition of subsidiaries (change in minority interests)	-14	-25
Change in issued bonds	-4,000	0
Change in deposits	3,284	-647
Change in payables to credit institutions	-2,429	-1,980
Change in financing	**-3,162**	**-2,668**
Change in cash and cash equivalents	**-22**	**-709**
Cash and cash equivalents beginning of year	1,207	1,916
Cash and cash equivalents, year end	**1,185**	**1,207**
Cash and cash equivalents comprise the following items:		
Cash at bank and in hand	306	139
Amounts due from credit institutions and central bank, see Note 11	554	478
Amounts due from credit institutions and central bank, see Note 11	325	590
	1,185	**1,207**

Segment reporting, balance sheet

DKKm	Note	Non-life	Banking	Life	Other	Elimi-nation	2012 Total
Assets							
Intangible assets	1	0	0	0	0		0
Owner-occupied properties	2	0	0	0	0	1,059	1,059
Deferred tax assets	3	237	420	0	17	-9	665
Investments in associates	4	0	44	36	0	-36	44
Reinsurers' share of insurance contracts	5	143	0	21	0		164
Current tax assets	6	0	286	0	17	-299	4
Other assets	7	481	716	218	54	-170	1,299
Loans and advances	8	0	8,396	0	0	0	8,396
Investment properties	9	16	0	1,436	0	-1,059	393
Investment assets	10	9,642	7,182	12,523	3		29,350
Balances due from credit institutions and central banks	11	55	554	45	225	0	879
Cash in hand and balances at call		5	305	87	11	-102	306
Total assets		**10,579**	**17,903**	**14,366**	**327**	**-616**	**42,559**
Liabilities and equity							
Share capital		0	0	0	1,735		1,735
Reserves, retained earnings, etc.		2,441	996	946	-1,749	0	2,634
Minority interests		0	173	0	0	-36	137
Consolidated shareholders' equity	12	**2,441**	**1,169**	**946**	**-14**	**-36**	**4,506**
Subordinated debt	13	149	1,430	120	250	-120	1,829
Provisions for insurance contracts	14	7,215	0	12,463	0		19,678
Other provisions	15	19	9	0	0		28
Deferred tax liabilities	16	0	0	9	46	-9	46
Issued bonds	17	0	2,000	0	32		2,032
Current tax liabilities	6	280	0	19	0	-299	0
Other liabilities	18	241	573	258	13	-67	1,018
Deposits	19	0	11,325	0	0	-85	11,240
Payables to credit institutions and central banks	20	234	1,397	551	0	0	2,182
Total liabilities and equity		**10,579**	**17,903**	**14,366**	**327**	**-616**	**42,559**

DKKm	Note	Non-life	Banking	Life	Other	Elimi-nation	2011 Total
Assets							
Intangible assets	1	0	0	0	0		0
Owner-occupied properties	2	0	0	0	0	1,085	1,085
Deferred tax assets	3	171	579	0	21	-13	758
Investments in associates	4	0	51	28	0	-28	51
Reinsurers' share of insurance contracts	5	336	0	26	0		362
Current tax assets	6	0	156	0	8	-158	6
Other assets	7	695	774	208	43	-206	1,514
Loans and advances	8	0	10,217	0	0		10,217
Investment properties	9	22	0	1,496	0	-1,085	433
Investment assets	10	9,056	8,599	11,622	3	0	29,280
Balances due from credit institutions and central banks	11	0	888	105	75	0	1,068
Cash in hand and balances at call		23	129	139	16	-168	139
Total assets		**10,303**	**21,393**	**13,624**	**166**	**-573**	**44,913**
Liabilities and equity							
Share capital		0	0	0	1,735		1,735
Reserves, retained earnings, etc.		2,152	1,093	1,026	-1,913	0	2,358
Minority interests		0	141	0	0	-28	113
Consolidated shareholders' equity	12	**2,152**	**1,234**	**1,026**	**-178**	**-28**	**4,206**
Subordinated debt	13	149	1,430	120	250	-120	1,829
Provisions for insurance contracts	14	7,368	0	11,829	0		19,197
Other provisions	15	19	9	0	0		28
Deferred tax liabilities	16	0	0	13	46	-13	46
Issued bonds	17	0	6,000	0	32		6,032
Current tax liabilities	6	136	0	22	0	-158	0
Other liabilities	18	326	566	315	16	-215	1,008
Deposits	19	0	7,995	0	0	-39	7,956
Payables to credit institutions and central banks	20	153	4,159	299	0	0	4,611
Total liabilities and equity		**10,303**	**21,393**	**13,624**	**166**	**-573**	**44,913**

Segment reporting, income statement

DKKm	Note	Non-life	Banking	Life	Other	Elimi-nation	Total
							2012
Income							
Premiums	21	4,866	0	903	0		5,769
Interest income, etc.	22	250	728	438	1	-3	1,414
Fee income, etc.	23	0	124	0	0	-38	86
Other income from investment activities	24	1	0	85	0	-61	25
Profit/loss from investments in associates	25	0	2	8	0	-8	2
Other income	26	0	51	0	0		51
Total income		**5,117**	**905**	**1,434**	**1**	**-110**	**7,347**
Costs							
Claims expenses	27	-3,180	0	-973	0		-4,153
Interest expenses	28	-79	-457	-4	-13	3	-550
Other expenses from investment activities		-23	0	-33	-32	38	-50
Impairment of loans, advances and receivables, etc.	29	0	-309	0	0		-309
Acquisition costs and administrative expenses	30	-790	-518	-79	0	61	-1,326
Total costs		**-4,072**	**-1,284**	**-1,089**	**-45**	**102**	**-6,388**
Profit/loss from business ceded	31	-86	0	3	0		-83
Change in life insurance provisions	32	0	0	-495	0		-495
Change in collective bonus potential		0	0	-137	0	21	-116
Value adjustments	33	-106	-101	525	0	-21	297
Tax on pension investment returns	34	0	0	-151	0		-151
Profit/loss before tax		**853**	**-480**	**90**	**-44**	**-8**	**411**
Tax	35	-214	128	-19	11		-94
Profit/loss after tax		**639**	**-352**	**71**	**-33**	**-8**	**317**

DKKm	Note	Non-life	Banking	Life	Other	Elimi-nation	Total
							2011
Income							
Premiums	21	4,772	0	724	0		5,496
Interest income, etc.	22	268	877	438	4	-5	1,582
Fee income, etc.	23	0	131	0	0	-35	96
Other income from investment activities	24	1	0	82	0	-74	9
Profit from investments in joint ventures	25	0	-1	-6	0	6	-1
Other income	26	0	36	0	0		36
Total income		**5,041**	**1,043**	**1,238**	**4**	**-108**	**7,218**
Costs							
Claims expenses	27	-3,845	0	-1,057	0		-4,902
Interest expenses	28	-134	-513	-6	-15	5	-663
Other expenses from investment activities		-18	0	-28	-33	35	-44
Impairment of loans, advances and receivables, etc.	29	0	-768	0	0		-768
Acquisition costs and administrative expenses	30	-763	-517	-70	0	74	-1,276
Total costs		**-4,760**	**-1,798**	**-1,161**	**-48**	**114**	**-7,653**
Profit/loss from business ceded	31	207	0	1	0		208
Change in life insurance provisions	32	0	0	-401	0		-401
Change in collective bonus potential		0	0	63	0	-36	27
Value adjustments	33	-28	-430	547	0	36	125
Tax on pension investment returns	34	0	0	-150	0		-150
Profit/loss before tax		**460**	**-1,185**	**137**	**-44**	**6**	**-626**
Tax	35	-116	235	-32	10		97
Profit/loss after tax		**344**	**-950**	**105**	**-34**	**6**	**-529**

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Notes

DKKm	2012 Non-life	Banking	Life	Other	Total	2011 Non-life	Banking	Life	Other	Total
Note 1 Intangible assets										
Software	0				0	0				0
Intangible assets, year-end					**0**	**0**	**0**			**0**
Software										
Cost beginning of year	338				338	338				338
Additions during the year	0				0	0				0
Disposals during the year	-2				-2	0				0
Cost, year-end	336				336	338				338
Accumulated amortisation and impairment, beginning of year	-338				-338	-256				-256
Amortisation	0				0	-82				-82
Reversal of prior years' amortisation and impairment	2				2	0				0
Accumulated amortisation and impairment, year-end	-336				-336	-338				-338
Software, year-end	0				0	0				0

At 31 December 2011, the group had fully written down the investment in the non-life insurance system.

Note 2 Owner-occupied properties										
Cost beginning of year					1,069					1,062
Additions during the year					16					7
Disposals during the year					0					0
Cost, year-end					1,085					1,069
Accumulated revaluations beginning of year					35					71
Revaluations during the year					57					4
Reversal of prior year revaluation through shareholders' equity					-36					-40
Accumulated revaluations, year-end					56					35
Accumulated depreciation and impairment, beginning of year					-19					-103
Impairment for the year					-63					0
Reversal of prior year impairment through the income statement					0					84
Accumulated depreciation and impairment, year-end					-82					-19
Owner-occupied properties, year-end					**1,059**					**1,085**
Restated value beginning of year					1,085					1,030
Additions during the year					16					7
Disposals during the year					0					0
Value adjustment recognised through the income statement					-63					84
Value adjustment recognised through shareholders' equity					21					-36
Restated value, year-end					1,059	0				1,085
Average return, office property					5.98%					6.00%

The group's owner-occopied properties are classified as investment properties in the life group, so the reclassification has only been made in the consolidated balance sheet.

Note 3 Deferred tax assets										
Deferred tax assets beginning of year	171	579	-13	21	758	145	501	-6	20	660
Prior-year adjustment	0	-1	1	1	1	5	-6	0	0	-1
Change for the year	66	-158	3	-5	-94	21	84	-7	1	99
Deferred tax assets, year-end	**237**	**420**	**-9**	**17**	**665**	**171**	**579**	**-13**	**21**	**758**

DKKm	Non-life	Banking	Life	Other	2012 Total	Non-life	Banking	Life	Other	2011 Total
Deferred tax on intangible assets, etc.	127	2	0	6	135	64	2	0	7	73
Deferred tax on real estate	0	0	-10	0	-10	0	0	-14	0	-14
Deferred tax on goodwill	78	0	1	0	79	78	0	1	0	79
Deferred tax on lease assets	0	133	0	0	133	0	119	0	0	119
Deferred tax on provisions	32	3	0	2	37	29	0	0	2	31
Deferred tax on losses carried forward	0	282	0	9	291	0	458	0	12	470
Deferred tax assets, year-end	237	420	-9	17	665	171	579	-13	21	758

Deferred tax has been capitalised taking into account future earnings and the potential for utilisation. The group had total tax assets of some DKK 726 million at 31 December 2012, of which DKK 665 million has been capitalised.

Note 4 Investments in associates

Investments in associates					
Cost beginning of year	47	45	47	29	45	29
Additions	0	0	0	18	0	18
Disposals	-8	0	-8	0	0	0
Cost, year-end	39	45	39	47	45	47
Revaluations and impairment beginning of year	4	-17	4	6	-10	6
Dividends	-1	0	-1	-1	-2	-1
Profit/loss for the year	2	8	2	-1	-6	-1
Revaluation due to change in ownership interest	5	-9	5	4	-17	4
Revaluations and impairment, year-end	5	-9	5	4	-18	4
Investment in associates, year-end	**44**	**36**	**44**	**51**	**27**	**51**

Investments in associates comprise Nordic Corporate Investments A/S, Cibor Invest A/S and Hirlap Finans ApS. Alm. Brand's ownership interest is 25% in Nordic Corporate Investment A/S, 33% in Cibor Invest A/S and 25% in Hirlap Finans ApS. In addition, Alm. Brand Liv og Pension A/S' part of the affiliated company Alm. Brand Formue A/S is included. The investment is eliminated at group level. Alm. Brand's 50% ownership in Invest Administration A/S was sold in 2012.

Key figures of associates	Net income	Total assets	Total liabilities	Net income	Total assets	Total liabilities
Invest Administration A/S	-	-	-	14	14	3
Nordic Coorporate Investmensts A/S	21	198	63	18	185	60
Cibor Invest A/S	0	174	122	1	177	108
Hirlap Finans ApS	0	0	1	0	0	1

DKKm	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 5 Reinsurers' share of insurance contracts										
Reinsurers' share of life insurance provisions	0		19		19	0		24		24
Reinsurers' share of premium provisions	8		0		8	6		0		6
Reinsurers' share of claims provisions	135		2		137	330		2		332
Reinsurers' share of insurance contracts, year-end	**143**		**21**		**164**	**336**		**26**		**362**
Reinsurers' share of life insurance provisions										
Beginning of year			24		24			24		24
Change for the year			-5		-5			0		0
Reinsurers' share of life insurance provisions, year-end			19		19			24		24
Reinsurers' share of premium provisions										
Beginning of year	6		0		6	5		0	0	5
Premiums ceded	-289		0		-289	-338		0	0	-338
Payments to reinsurers	291		0		291	339		0	0	339
Discounting	0		0		0	0		0	0	0
Reinsurers' share of premium provisions, year-end	8		0	0	8	6		0	0	6

	2012					2011				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Reinsurers' share of claims provisions										
Beginning of year	330		2		332	158		3	0	161
Claims ceded	199		-27		172	540		-25	0	515
Payments received from reinsurers	-393		27		-366	-368		24	0	-344
Discounting	-1		0		-1	0		0	0	0
Reinsurers' share of premium provisions, year-end	135		2	0	137	330		2	0	332

Alm. Brand is automatically notified about any changes to the security rating of reinsurance companies and their financial figures. This provides an overview of the reinsurance market and allows the group to identify potential financial difficulties (run-off) in any of the companies with which it collaborates.

If the security rating of a reinsurer is downgraded to below the level prevailing at the signing of the contract, Alm. Brand has a contractual right to terminate the contract.

Any commutation proposals/agreements at less than 100% of the claims provisions are registered, and any disputes that the group might have with its reinsurers are taken into consideration.

Based on the above, at the balance sheet date, the group assesses whether there are any doubtful receivables from reinsurers. If that is the case, an impairment loss is recognised.

Alm. Brand has no significant concentrations of credit risks on reinsurers.

Reinsurance is calculated on the basis of gross claims incurred based on the given retention rates. See the section on risk for a more detailed description of retention rates. The sensitivity of reinsurance to changes in assumptions is similar to that for gross claims expenses.

There is a direct correlation between reinsurance and gross provisions, so the level of the reinsurance provisions is considered to be adequate at all times.

Note 6 Current tax assets										
Current tax assets beginning of year	-136	156	-22	8	6	-74	116	-48	8	2
Prior-year tax adjustment	0	2	0	-2	0	-5	6	0	0	1
Tax paid/received in respect of prior years	136	-158	22	-6	-6	79	-122	48	-8	-3
Tax paid during the year	0	0	4	0	4	1	3	3	0	7
Estimated tax on profit/loss for the year	-280	286	-23	17	0	-137	153	-25	8	-1
Current tax assets, year-end	**-280**	**286**	**-19**	**17**	**4**	**-136**	**156**	**-22**	**8**	**6**

Note 7 Other assets										
Receivables from policyholders	120	0	39	0	159	104	0	29	0	133
Receivables from insurance brokers	7	0	0	0	7	5	0	0	0	5
Receivables from insurance companies	7	0	10	0	17	122	0	2	0	124
Receivables from subsidiaries	159	0	0	12	0	172	0	0	8	0
Other receivables	22	0	1	36	60	98	0	1	31	104
Positive market value of derivatives	0	234	0	0	234	0	231	0	0	231
Furniture and equipment, computers, cars, etc.	13	158	0	0	171	28	97	0	0	125
Other assets	0	61	0	0	61	0	93	0	0	93
Pensionskassen under Alm. Brand A/S	0	0	0	6	6	0	0	0	4	4
Assets temporarily acquired	0	137	0	0	137	0	156	0	0	156
Interest receivable	131	120	153	0	404	142	190	160	0	492
Prepayments	22	6	15	0	43	24	7	16	0	47
Other assets, year-end	**481**	**716**	**218**	**54**	**1,299**	**695**	**774**	**208**	**43**	**1,514**
Furniture and equipment, computers, cars, etc.										
Cost beginning of year	116	126			242	222	68			290
Additions during the year	2	106			108	16	79			95
Disposals during the year	-7	-25			-32	-122	-21			-143
Cost, year-end	111	207		0	318	116	126		0	242
Accumulated depreciation and impairment, beginning of year	-88	-29			-117	-192	-21			-213
Depreciation for the year	-13	-33			-46	-9	-18			-27
Depreciation on disposals	3	12			15	113	10			123
Accumulated depreciation and impairment, year-end	-98	-50		0	-148	-88	-29		0	-117
Other balances regarding operating leases		1			1		0			0
Furniture and equipment, computers, cars, etc., year-end	13	158		0	171	28	97		0	125

DKKm	Non-life	Banking	Life	Other	2012 Total	Non-life	Banking	Life	Other	2011 Total
Future minimum lease payments for assets held under operating leases										
Term of 1 year or less		13			13		13			13
Term of 1-5 years		143			143		83			83
Term of 5 years or more		1			1		0			0
Total		157			157		96			96
Alm. Brand has hedged its pension commitments in Pensionskassen under Alm. Brand A/S										
Discount rate beginning of year					0.97%					2.10%
Expected return on plan assets beginning of year					2.20%					2.50%
Present value of commitment beginning of year					-130					-112
Interest expenses					-1					-2
Benefits paid					12					12
Actuarial gains/losses on commitment					-15					-28
Present value of commitment year-end					-134					-130
Fair value of plan assets beginning of year					134					120
Expected return on plan assets					3					3
Benefits paid					-12					-12
Actuarial gains/losses on plan assets					15					23
Fair value of plan assets year-end					140					134
Present value of commitment					-134					-130
Fair value of plan assets					140					134
Net asset recognised in the balance sheet					6					4
Interest expenses					-1					-2
Expected return on plan assets					3					3
Actuarial gains/losses recognised					0					-5
Costs recognised in the income statement					2					-4
Net asset beginning of year					4					8
Costs recognised in the income statement					2					-4
Net asset recognised in the balance sheet					6					4
Expected return on plan assets					3					3
Actuarial gains/losses on plan assets					15					23
Actual return on plan assets					18					26

Note 8 Loans and advances

Loans and advances at fair value	2,930	2,930	3,154	3,154
Loans and advances at amortised cost	5,466	5,466	7,063	7,063
Loans and advances, year-end	**8,396**	**8,396**	**10,217**	**10,217**
Loans and advances at fair value				
Mortgage deeds	2,930	2,930	3,154	3,154
Loans and advances at fair value, year-end	2,930	2,930	3,154	3,154

Mortgage deeds are measured at fair value, using a valuation method estimating the present value of expected future cash flows. The valuation is based on observable market data (interest rates) in combination with expectations as to future prepayment and loss rates.

Measurement at fair value is based on a swap yield curve plus 50 basis points and expected repayment of around 0.5%–15.5% depending on the remaining term to maturity and expected loss rates at the level of 0.75%–4.25% depending on property type and loan-to-value ratio.

Of the change in the consolidated fair value adjustment for the year, an amount of DKK 0.0 million was attributable to credit risk changes (loss rates). At 31 December 2012, credit risk (expected loss rates) affected the consolidated fair value adjustment adversely by a total amount of DKK 146.2 million.

Loans and advances at amortised cost				
Loans	6,942	6,942	8,559	8,559
Leases	74	74	116	116
	7,016	7,016	8,675	8,675
Impairment etc.	-1,550	-1,550	-1,612	-1,612
Loans and advances at amortised cost, year-end	5,466	5,466	7,063	7,063

DKKm	2012 Non-life	Banking	Life	Other	Total	2011 Non-life	Banking	Life	Other	Total
Gross investment in finance leases										
Term of less than one year		39			39		53			53
Term of between one and five years		38			38		68			68
Term of more than five years		1			1		4			4
		78			78		125			125
Unearned financial income		-4			-4		-9			-9
Net investment in finance leases, year-end		74			74		116			116
Net investment in finance leases										
Term of less than one year		38			38		51			51
Term of between one and five years		35			35		62			62
Term of more than five years		1			1		3			3
Net investment in finance leases, year-end		74			74		116			116
Of this, any unguaranteed residual value		-			-		-			-
Impairment of finance leases		1			1		4			4
Value of loans and advances for which there is an objective evidence of impairment										
Individual assessment										
Loans and advances before impairment		2,240			2,240		2,866			2,866
Impairment, etc.		-1,420			-1,420		-1,562			-1,562
Individual assessment, year-end		820			820		1,304			1,304
Group assessment										
Loans and advances before impairment		4,069			4,069		5,078			5,078
Impairment, etc.		-129			-129		-50			-50
Group assessment, year-end		3,940			3,940		5,028			5,028
Loans and advances after impairment, year-end		4,760			4,760		6,332			6,332

As part of the risk management efforts, the fair value of fixed-rate loans is periodically hedged through the use of derivative financial instruments, see note 47.

Note 9 Investment properties

Carrying amount beginning of year	22	1,496	433	24	1,457	451
Additions during the year	0	35	19	0	36	29
Disposals during the year	-6	-48	-54	0	-34	-34
Value adjustments	0	-47	-5	-2	37	-13
Investment properties, year-end	**16**	**1,436**	**393**	**22**	**1,496**	**433**
Average return, office property	6.73%	6.07%	6.33%	6.83%	6.09%	6.39%
Average return, residential property		6.00%	6.00%		6.00%	6.00%
Total average return	6.73%	6.07%	6.30%	6.83%	6.09%	6.36%

Some of the life group's investment properties are used by the group as owner-occupied properties, so the properties are classified as owner-occupied properties in the consolidated balance sheet. See note 2.

Note 10 Investment assets

Government bonds	537	0	1,753	0	2,290	534	0	2,000	0	2,534
Mortgage bonds	8,533	6,612	8,641	0	23,786	8,014	7,999	8,025	0	24,038
Other fixed-rate instruments	244	30	521	0	795	147	51	382	0	580
Other floating-rate instruments	98	0	92	2	192	236	0	34	2	272
Listed shares	0	350	670	0	1,020	0	365	576	0	941
Unlisted shares	9	190	209	1	409	8	184	210	1	403
Other	221	0	637	0	858	117	0	395	0	512
Investment assets, year-end	**9,642**	**7,182**	**12,523**	**3**	**29,350**	**9,056**	**8,599**	**11,622**	**3**	**29,280**

The group's holding of listed and unlisted shares had a market value of DKK 1,429 milion at 31 December 2012 (2011: DKK 1,344 million). A significant part of the group's equity exposure is achieved through the use of derivatives such as options and futures. The aggregate equity exposure, including derivatives, was DKK 2,011 million at 31 December 2012 (2011: DKK 1,936 million).

The bank's portfolio of financial instruments is recognised under other assets and other liabilities. Please refer to the bank's annual report for further details on the positions.

DKKm	Non-life	Banking	Life	Other	2012 Total	Non-life	Banking	Life	Other	2011 Total
Note 11 Balances due from credit institutions and central banks										
Balances at notice with central banks	0	0	0	0	0	0	400	0	0	400
Balances due from credit institutions	55	554	45	225	879	0	488	105	75	668
Balances due from credit institutions and central banks, year-end	**55**	**554**	**45**	**225**	**879**	**0**	**888**	**105**	**75**	**1,068**
By term to maturity:										
Balances at call	0	554	0	0	554	0	478	0	0	478
Up to and including 3 months	55	0	45	225	325	0	410	105	75	590
Over 3 months and up to and including 1 year	0	0	0	0	0	0	0	0	0	0
Year-end	55	554	45	225	879	0	888	105	75	1,068
Receivables in connection with genuine purchase and resale transactions:										
Due from credit institutions and central banks		0			0		0			0
Other debtors		0			0		0			0
Year-end		0			0		0			0

Note 12 Consolidated shareholders' equity

	2012	2011
Share capital, year-end	1,735	1,735

The share capital consists of 173,500,000 shares of DKK 10 each and has been fully paid up.

The following shareholder has announced that it holds more than 5% of the share capital:
Alm. Brand af 1792 fmba
Midtermolen 7
DK-2100 Copenhagen
Denmark

DKKm	2012	2011	2010	2009	2008
Share capital beginning of year	1,735	1,735	1,388	1,476	1,668
Reduction of capital on 11 November 2010	0	0	-1,215	0	0
Share issue on 30 December 2010	0	0	1,562	0	0
Cancellation of treasury shares	0	0	0	-88	-192
Share capital, year-end	1,735	1,735	1,735	1,388	1,476

Reference is made to the statement of changes in equity.

DKKm	2012	2011
Solvency		
Tier 1 capital after deductions	4,417	3,970
Capital base after deductions	4,210	3,879
Weighted items subject to credit risks	10,647	11,676
Weighted items subject to market risks	2,024	1,851
Weighted items subject to operational risks	520	534
Total weighted items	13,191	14,061
Tier 1 capital after deductions as a percentage of total weighted items	33.5%	25.5%
Solvency ratio	31.9%	27.6%

The risk-weighted items have been prepared in accordance with the Danish Financial Business Act.

No. of shares		
Reconciliation of the no. of shares (1,000)		
Issued shares beginning of year	173,500	173,500
Treasury shares beginning of year	-298	-421
No. of shares beginning of year	173,202	173,079

DKKm	2012	2011
Employee shares issued	325	579
Shares acquired/sold during the year	-737	-456
Issued shares year end	173,500	173,500
Treasury shares year end	-710	-298
No. of shares at year end	172,790	173,202
Treasury shares		
Carrying amount beginning of year	0	0
Value adjustment	-7	3
Acquired during the year	12	3
Sold during the year	-5	-6
Treasury shares, year-end	0	0
Nominal value beginning of year	3	4
Acquired during the year	9	5
Sold during the year	-5	-6
Nominal value, year-end	7	3
Holding (no. of shares) beginning of year	298	421
Acquired during the year	893	456
Sold during the year	-481	-579
Holding (no. of shares), year-end	710	298
Percentage of share capital, year-end	0.4%	0.2%

	2012					2011				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Note 13 Subordinated debt										
Subordinated loan capital										
Floating rate bullet loans maturing 2013.05.09	0	100	0	0	100	0	100	0	0	100
Floating rate bullet loans maturing 2014.05.09	0	100	0	0	100	0	100	0	0	100
Floating rate bullet loans maturing 2015.12.03	0	200	0	0	200	0	200	0	0	200
Floating rate bullet loans maturing 2020.03.15	0	0	120	0	0	0	0	120	0	0
Floating rate bullet loans maturing 2020.03.15	149	0	0	0	149	149	0	0	0	149
Floating rate bullet loans maturing 2017.09.07	0	0	0	250	250	0	0	0	250	250
Subordinated loan capital, year-end	149	400	120	250	799	149	400	120	250	799
Hybrid loan capital										
Fixed rate bullet loans in DKK with indefinite terms		175			175		175			175
State-funded capital injection, bullet loan i DKK with an indefinite term		855			855		855			855
Hybrid loan capital, year-end		1,030			1,030		1,030			1,030
Hedging of interest rate risk at fair value					0		0			0
Subordinated debt, year-end	**149**	**1,430**	**120**	**250**	**1,829**	**149**	**1,430**	**120**	**250**	**1,829**
Interest on subordinated debt	4	116	3	12	132	5	117	4	14	136
Of which amortisation of costs incurred on raising	0	1	0	0	1	0	1	0	0	1
Extraordinary instalments	0	0	0	0	0	0	0	0	0	0
Costs incurred in connection with the raising of the subordinated debt	0	0	0	0	0	0	0	0	0	0

The subordinated loan capital in the non-life insurance segment carries interest at a floating rate of three-month EURIBOR plus 1.80 basis points.
The subordinated loan capital in the banking segment carries interest at a floating rate of three-month CIBOR plus 2.10-2.20 percentage points or six-month CIBOR plus 2.50 percentage points.

The subordinated loan capital in the life insurance segment carries interest at a floating rate of three-month EURIBOR plus 1.80 basis points.

The hybrid loan capital of DKK 175 million was issued on 12 October 2006 and is subject to a rate of interest for the first ten-year term of 5.855%. Subsequently, the capital certificates cary interest at 3M CIBOR plus 2.70 percentage points. As a part of the risk management efforts, the fair value of the hybrid Tier 1 capital is hedged by way of derivate financial instruments. See note 47.

	2012					2011				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**

The state-funded capital injection in the form of hybrid Tier 1 capital was issued on 24 September 2009 at an interest rate of 11.01%. During the period from 25 September 2012 to 24 September 2014, the capital injection may be redeemed at par.

The subordinate loan capital in the segment Other carries a floating rate of interest of 3M CIBOR plus 4.0 percentage points.

In connection with the calculation of the capital base, DKK 1,829 million of the group's subordinated capital of DKK 1,654 million was recognised in accordance with the applicable rules.

Note 14 Provisions for insurance contracts

Unearned premium provisions	1,877		0		1,877	1,831		0		1,831
Life insurance provisions	0		11,832		11,832	0		11,332		11,332
Outstanding claims provisions	5,338		45		5,383	5,537		43		5,580
Collective bonus potential	0		586		586	0		454		454
Provisions for insurance contracts, year-end	**7,215**		**12,463**		**19,678**	**7,368**		**11,829**	**0**	**19,197**
Unearned premium provisions										
Beginning of year	1,831				1,831	1,831				1,831
Premiums received	4,897				4,897	4,746				4,746
Premuims recognised as income	-4,866				-4,866	-4,772				-4,772
Discounting, all years	4				4	7				7
Value adjustment, all years	11				11	19				19
Unearned premium provisions, year-end	1,877				1,877	1,831				1,831

DKKm	**2012**	**2011**
Life insurance provisions		
Life insurance provisions, end of preceding year	11,332	10,931
Change in the use of bonus potential on paid-up policies, beginning of year	4	0
Life insurance provisions beginning of year	11,336	10,931
Accumulated value adjustments, end of preceding year	-1,294	-766
Change in the use of bonus potential on paid-up policies, beginning of year	-4	0
Accumulated value adjustments beginning of year	-1,298	-766
Retrospective provisions, end of preceding year	10,038	10,165
Opening adjustment due to contribution move etc.	2	0
Retrospective provisions beginning of year	10,040	10,165
Adjustment negative bonus	0	0
Change in share of provisions in Forenede Gruppeliv	-4	-4
Gross premiums	903	724
PAL compensation (gross)	0	0
Interest	353	371
Resetting negative bonus	12	10
Claims and benefits	-974	-1,063
Expense supplement after addition of expense bonus	-80	-84
PAL cost	0	0
Risk gain after addition of risk bonus	-74	-92
Change as a result of changes in the level of interest rates and mortality rates (annuities)	0	0
Other changes	-5	11
Retrospective provisions, year-end	10,171	10,038
Accumulated value adjustments, year-end	1,661	1,294
Life insurance provisions, year-end	11,832	11,332
Guaranteed benefits	10,386	10,153
Bonus potential on future premiums	931	786
Bonus potential on paid-up policy benefits	515	393
Life insurance provisions, year-end	11,832	11,332

DKKm	Garanteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	2012 Total
Life insurance provisions per basis				
Yield group 0	1,867	831	401	3,099
Yield group 1	1,874	66	70	2,010
Yield group 2	1,366	23	31	1,420
Yield group 3	5,135	11	13	5,159
Portfolios with bonus entitlement, year-end	10,242	931	515	11,688
Yield group L66/U74	144	0	0	144
Portfolios without bonus entitlement, year-end	144	0	0	144
Life insurance provisions year-end	10,386	931	515	11,832

DKKm				2011
Life insurance provisions per basis				
Yield group 0	-42	106	18	82
Yield group 1	3,333	577	323	4,233
Yield group 2	1,598	59	40	1,697
Yield group 3	5,115	44	12	5,171
Portfolios with bonus entitlement year-end	10,004	786	393	11,183
Yield group L66/U74	149	0	0	149
Portfolios without bonus entitlement year- end	149	0	0	149
Life insurance provisions, year-end	10,153	786	393	11,332

Provisions in Alm. Brand Liv og Pension A/S are stated at market value based on an expected cash flow discounted using the Government bond-adjusted yield curve published by the Danish Financial Supervisory Authority.

Guaranteed benefits include a supplement pursuant to sections 66(5) of the executive order on the presentation of financial reports by insurance companies, to the effect that the minimum value provided is equal to the guaranteed surrender value.

DKKm	2012	2011
The supplement has been calculated taking into account the probability of surrender and totals	123	62
Without taking into account the probability of surrender, the supplement amounts to	123	62
When calculating life insurance provisions at market value, a risk premium has been included, which amounts to	12.00%	12.00%

	2012					2011				
DKKm	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Outstanding claims provisions										
Beginning of year	5,537		43		5,580	5,089		45		5,134
Claims paid regarding current year	-1,765		-971		-2,736	-2,220		-1,059		-3,279
Claims paid regarding previous years	-1,874		0		-1,874	-1,531		0		-1,531
Change in claims regarding current year	3,248		973		4,221	4,058		1,057		5,115
Change in claims regarding previous years	-68		0		-68	-207		0		-207
Discounting	70		0		70	121		0		121
Value adjustment, all years	209		0		209	189		0		189
Hedging of inflation risk	-19		0		-19	38		0		38
Outstanding claims provisions, year-end	5,338		45		5,383	5,537		43		5,580

The determination of expected future inflation is explained in the accounting policies. For provisions for workers' compensation the inflation factor applied for 2012 is 3.37%.

DKKm	2007	2008	2009	2010	2011	2012	Total
Run-off triangle, gross							
Estimated accumulated claims							
Year-end	3,241	3,604	3,756	3,887	4,126	3,268	
1 year later	3,511	3,684	3,737	3,810	4,271		
2 years later	3,558	3,661	3,777	3,866			
3 years later	3,536	3,723	3,783				
4 years later	3,523	3,673					
5 years later	3,517						
	3,517	3,673	3,783	3,866	4,271	3,268	22,378
Paid to date	-3,247	-3,309	-3,267	-3,244	-3,421	-1,728	-18,216
Provisions before discounting effect, year-end	270	364	516	622	850	1,540	4,162
Discounting effect	-1	-1	-2	-3	-6	-9	-22
Accumulated value change, health and personal accident insurance	7	10	10	10	9	16	62
	276	373	524	629	853	1,547	4,202
Provisions from 2006 and prior years							1,136
Gross outstanding claims provisions, year-end							5,338

Run-off triangle, net of reinsurance							
Estimated accumulated claims							
Year-end	3,234	3,589	3,703	3,811	3,559	3,246	
1 year later	3,498	3,671	3,680	3,768	3,542		
2 years later	3,540	3,639	3,712	3,817			
3 years later	3,520	3,704	3,722				
4 years later	3,510	3,661					
5 years later	3,509						
	3,509	3,661	3,722	3,817	3,542	3,246	21,497
Paid to date	-3,241	-3,300	-3,255	-3,215	-2,753	-1,720	-17,484
Provisions before discounting effect, year-end	268	361	467	602	789	1,526	4,013
Discounting effect	-1	-1	-1	-3	-6	-9	-21
Accumulated value change, health and personal accident insurance	9	12	11	9	9	18	68
	276	372	477	608	792	1,535	4,060
Provisions from 2006 and prior years							1,143
Outstanding claims provisions year-end, net of reinsurance							5,203

The table indicates the historical development of the assessed final liability (the sum of payments and provisions) for each claim year from 2007 to 2012. The stated liabilities were calculated excluding discounting, thus eliminating fluctuations due to changes in discount rates and discounting methods. Worker's compensation and health and personal accident insurance are, however, calculated including discounting. The development is presented gross as well as net of reinsurance.

	2012					2011				
DKKm	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Undiscounted expected cash flows										
Life insurance provisions										
Cash flow 1 year or less			502		502			394		394
Cash flow 1-5 years			1,552		1,552			1,617		1,617
Cash flow 5 years or more			12,361		12,361			12,746		12,746
Gross claims provisions										
Cash flow 1 year or less	1,563		45		1,608	1,823		43		1,866
Cash flow 1-5 years	1,535		0		1,535	1,587		0		1,587
Cash flow 5 years or more	1,575		0		1,575	1,500		0		1,500
Collective bonus potential										
Beginning of year			454		454			517		517
Provisions for the year through profit or loss			137		116			-63		-27
Contribution group move, beginning of year			-5		-5			0		0
Transferred from revaluation reserves from equity			0		21			0		-36
Collective bonus potential, year end			586		586			454		454

DKKm	Beginning of year	Change relative to beginning of year*	Provi-sions during the year	Quota change	2012 Year end
Collective bonus potential per interest rate group					
Yield group 0	0	188	85	0	273
Yield group 1	308	-171	65	0	202
Yield group 2	82	-20	10	0	72
Yield group 3	59	-2	-27	0	30
Risk groups	5	0	5	0	10
Collective bonus potential, year end	454	-5	138	0	587

DKKm					2011
Collective bonus potential per interest rate group					
Yield group 1	280	0	28	0	308
Yield group 2	104	0	-22	0	82
Yield group 3	133	0	-74	0	59
Risk groups	0	0	5	0	5
Collective bonus potential, year end	517	0	-63	0	454

* Moves between contribution groups and change in bonus potential used on paid-up policies

Bonus rate per interest rate group		
Yield group 0	8.9%	0.0%
Yield group 1	10.7%	7.4%
Yield group 2	5.7%	5.1%
Yield group 3	0.8%	1.5%

Calculation of claims provisions

For all lines except workers' compensation, the future inflation rate is estimated and recognised implicitly in the provison models. The future inflation rate forecast used in the calculation of provisions in relation to workers' compensation consists of an inflation element and a real wage element.

The cash flow regarding payment of provisions for the past ten claims years is estimated for all lines and discounted using the government bond-adjusted yield curve of the Danish Financial Supervisory Authority. In workers' compensation, provisions relating to claims years more than ten years back are also discounted.

Sensitivity of provisions

Social inflation may have a great impact on our results and the size of outstanding claims provisions. Social inflation can be a tendency for the courts to increase claims payments, changed case handling procedures with the public authorities which lead to higher claims and legislative changes that affect benefit levels, also with retro-active effect.

Social inflaion has a particular impact on claims levels within workers' compensation, vehicle and liability insurance.

When discounted provisions are made, expectations of the future inflation and discount rates on long-tail business are sensitive to changes.

Adequacy of provisions

The outstanding claims provisions are calculated using actuarial methods and with due consideration to avoiding run-off losses and run-off gains. At the time they are calculated, the provisions represent the best estimate of future claims expenses in respect of the current and earlier claims years. The outstanding claims provisions are recalculated every month, which means that the level is considered adequate at all times.

					2012					2011
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Note 15 Other provisions										
Provisions for jubilees, severance payments, etc.	19	2			21	19	2			21
Provisions for losses on guarantees	0	7			7	0	7			7
Other provisions, year-end	**19**	**9**		**0**	**28**	**19**	**9**		**0**	**28**
Provisions for jubilees, severance payment, etc., beginning of year	19	2			21	21	2			23
New and adjusted provisions	-1	-1			-2	-5	-1			-6
Net provisions recognised during the year	-1	0			-1	-2	0			-2
Reversed provisions during the year	-1	0			-1	-1	0			-1
Discounting effect	3	1			4	6	1			7
Provisions for jubilees, severance payment, etc., year-end	19	2			21	19	2			21

	2012					2011				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Provisions for losses on guarantees beginning of year		7			7		108			108
Provisions for the year		5			5		7			7
Reversed provisions for the year		-5			-5		0			0
Reversed provisions during the year		0			0		-108			-108
Provisions for losses on guarantees, year-end		7			7		7			7

Other provisions cover provisions for: Provisions for jubilees, severance of service, etc. have been calculated using an estimated likelihood of disbursement.

Note 16 Deferred tax liabilities

Deferred tax on contingency funds				46	46				46	46
Deferred tax liabilities, year-end				**46**	**46**				**46**	**46**

The company is liable to pay a possible tax amount in Denmark in respect of recaptured losses in foreign entities. The liability amounts to a maximum of DKK 316 million.

The amount will fall due for payment if the foreign operations exit from the joint taxations scheme before 2015.

Note 17 Issued bonds

Floating-rate loan in DDK with expiry on 2013.06.30		2,000		0	2,000		6,000		0	6,000
Employee bonds		0		32	32		0		32	32
Issued bonds, year-end		**2,000**		**32**	**2,032**		**6,000**		**32**	**6,032**

Note 18 Other liabilities

Payables to policyholders	14	0	0	0	14	15	0	0	0	15
Payables related to direct insurance	1	0	10	0	11	0	0	10	0	10
Payables related to reinsurance	3	0	1	0	4	0	0	1	0	1
Payables to subsidiaries	17	44	6	1	1	129	54	6	2	2
Negative market value of derivatives	0	350	0	0	350	0	324	0	0	324
Liabilities temporarily acquired	0	37	0	0	37	0	50	0	0	50
Other payables	205	141	241	12	599	182	136	298	14	604
Deferred income	1	1	0	0	2	0	2	0	0	2
Other liabilities, year-end	**241**	**573**	**258**	**13**	**1,018**	**326**	**566**	**315**	**16**	**1,008**

Note 19 Deposits

Deposits at call		3,377			3,321		3,430			3,399
At notice		6,549			6,549		3,563			3,563
Time deposits		4			-25		11			3
Special categories of deposits		1,395			1,395		991			991
Deposits, year-end		**11,325**			**11,240**		**7,995**			**7,956**

Note 20 Payables to credit institutions and central banks

Central banks	0	1,001	0		1,001	0	0	0		0
Credit institutions	234	396	551		1,181	153	4,159	299		4,611
Payables to credit institutions and central banks, year-end	**234**	**1,397**	**551**		**2,182**	**153**	**4,159**	**299**		**4,611**
Of which falling due after more than five years	0	0	0		0	0	0	0		0

Debt arising from genuine purchase and resale transactions:

Debt to credit institutions and central banks					0		0			0

Note 21 Premium income

Gross premium	4,897		903		5,800	4,746		724	0	5,470
Change in unearned premium provisions	-31		0		-31	26		0	0	26
Total premium income	**4,866**		**903**		**5,769**	**4,772**		**724**	**0**	**5,496**

Direct insurance is exclusively written in Denmark

	2012					2011				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Premium income, life insurance										
Regular premiums			618		618			603		603
Single premiums			285		285			121		121
Total premium income, life insurance			903		903			724		724
Individually written insurance			446		446			349		349
Insurance written in employment relationship			278		278			203		203
Group life schemes			179		179			172		172
Total premium income, life insurance			903		903			724		724
Number of policies ('000)										
Individually written insurance			67		67			70		70
Insurance written in employment relationship			7		7			7		7
Group life schemes			64		64			65		65

All policies written include a bonus arrangement.
The life insurance company only writes direct Danish insurance.

Note 22 Interest income, etc.

Equity investments	0	0	21	0	21	2	0	14	0	16
Bonds	218	211	362	0	791	233	264	373	0	870
Loans secured by mortgages	0	202	0	0	202	0	180	0	0	180
Other loans	0	342	0	0	342	0	455	0	0	455
Deposits in credit institutions	1	4	0	1	6	4	19	2	4	28
Other investment assets	31	-31	55	0	52	29	-41	49	0	33
Total interest income, etc.	**250**	**728**	**438**	**1**	**1,414**	**268**	**877**	**438**	**4**	**1,582**

Note 23 Fee income, etc.

Securities trading and deposits		104			66		116			81
Payment transfers		5			5		5			5
Loan fees		0			0		1			1
Commission fees		6			6		6			6
Other fees and commissions		34			34		35			35
Dividends		6			6		11			11
Fees paid		-31			-31		-43			-43
Total fee income, etc.		**124**			**86**		**131**			**96**

Note 24 Other income from investment activities

Rental income	2		130		46	2		109		7
Operation and maintenance - occupied leases	-1		-38		-14	-1		-20		9
Operation and maintenance - vacant leases	0		-7		-7	0		-7		-7
Total other income from investment activities	**1**		**85**		**25**	**1**		**82**		**9**

Note 25 Profit/loss from investments in associates

Investments in associates		**2**	**8**		**2**		**-1**	**-6**		**-1**

Profit/loss from investments in associates comprises the group's share of the profit in Invest Administration A/S, Nordic Corporate InvestmentsA/S, Cibor Invest A/S and Hirlap Finans ApS. Alm. Brand Liv og Pension A/S's share of the sister company Alm. Brand Formue A/S is recognised under investment in associates. The share is eliminated at group level.

Note 26 Other income

Other		51			51		36			36
Total other income		**51**			**51**		**36**			**36**

Note 27 Claims expenses

Claims paid	-3,639		-971		-4,610	-3,751		-1,058		-4,809
Change in outstanding claims provisions	459		-2		457	-94		1		-93
Total claims expenses	**-3,180**		**-973**		**-4,153**	**-3,845**		**-1,057**		**-4,902**
Run-off result, gross	67				67	206				206
Run-off result, ceded business	168				168	-53				-53
Run-off result, net	235				235	153				153

	2012					2011				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
The run-off result includes value adjustment of inflation swaps used to hedge inflation risk related to workers' compensation.										
Claims and benefits paid, life insurance										
Insurance sums on death			-86		-86			-85		-85
Insurance sums on critical illness			-18		-18			-17		-17
Insurance sums on disability			-7		-7			-7		-7
Insurance sums on expiry			-131		-131			-211		-211
Pension and annuity benefits			-304		-304			-309		-309
Surrenders			-308		-308			-336		-336
Cash bonus payments			-117		-117			-93		-93
Total claims and benefits, life insurance			-971		-971			-1,058		-1,058
Note 28 Interest expenses										
Credit institutions and central banks	0	-36	0	0	-36	0	-106	0	0	-106
Deposits and other payables	0	-228	0	0	-228	0	-125	0	0	-124
Issued bonds	0	-76	0	-1	-77	0	-163	0	-1	-164
Subordinated debt	-4	-116	-3	-12	-132	-5	-117	-4	-14	-136
Other interest expenses	-2	-1	-1	0	-4	-2	-2	-2	0	-6
Discounting insurance contracts	-73	0	0	0	-73	-127	0	0	0	-127
Total interest expenses	**-79**	**-457**	**-4**	**-13**	**-550**	**-134**	**-513**	**-6**	**-15**	**-663**
Note 29 Impairment of loans, advances and receivables, etc.										
Individual assessment:										
Impairment and value adjustments, respectively, during the year		-436			-436		-776			-776
Reversal of impairment in previous years		240			240		88			88
Total individual assessment		-196			-196		-688			-688
Group assessment:										
Impairment and value adjustments, respectively, during the year		-105			-105		-23			-23
Reversal of impairment in previous years		25			25		65			65
Total group assessment		-80			-80		42			42
Losses not previously provided for		-52			-52		-152			-152
Bad debts recovered		19			19		30			30
Other losses and provisions		0			0		0			0
Total impairment of loans, advances and receivables, etc.		**-309**			**-309**		**-768**			**-768**
Note 30 Acquisition costs and administrative expenses										
Acquisition commission, etc.	-153	0	-4	0	-157	-147	0	-1	0	-148
Other acquisition costs	-395	0	-38	0	-433	-362	0	-33	0	-395
Administrative expenses	-242	-518	-37	0	-736	-254	-517	-36	0	-733
Total acquisition costs and administrative expenses	**-790**	**-518**	**-79**	**0**	**-1,326**	**-763**	**-517**	**-70**	**0**	**-1,276**
Salaries and wages					935					906
Pension					135					131
Payroll tax, etc.					101					100
Share-based payment					1					0
Total salaries and wages, pension, etc.					1,172					1,137
Part of the payroll expenses for the year have been allocated as claims handling costs and are therefore included under claims incurred.										
Average number of employees					1,592					1,572

DKKm	2012	2011
From this:		
Remuneration to the Management Board (DKK '000)		
Salaries	5,663	5,024
Pension plans	1,537	1,322
Share-based payment	513	0
Total remuneration to the Management Board	7,713	6,346
Remuneration to the Board of Directors (DKK '000)		
Directors' fees	3,175	3,240
Total remuneration to the Board of Directors	3,175	3,240

Remuneration to the members of the Management Board comprises remuneration to Chief Executive Officer Søren Boe Mortensen. An anniversary bonus was paid in 2012.
Alm. Brand has decided to provide all employees of the group, including the Management Board, with defined contribution pension plans. The group's expenses in relation to the Management Board's pension plans are shown in the above note.

The notice of termination between Alm. Brand and the Management Board is 12 months for either party. If a member of the Management Board is given notice by Alm. Brand, he is entitled to a severance payment equalling 36 months' salary.

Remuneration to key employees (DKK '000)		
Fixed salary	13,560	17,512
Pension	2,516	2,126
Share-based payment	919	0
Total remuneration to key employees	16,995	19,638
No. of key employees	**6**	**6**

The remuneration paid in 2011 comprises salary and severance payment for a former CFO. No bonus was paid to key employees.

Share-based payment
A share option scheme has been established for the senior executives of the Alm. Brand Group, with the exception of the management of Alm. Brand Bank A/S. The scheme, which can only be exercised by purchasing the relevant shares (equity-based scheme), entitles the holders to purchase a number of shares in Alm. Brand A/S at a pre-determined price. The options granted vest at the date of grant. The options will lapse if they remain unexercised 50 months after the date of grant.

The share option scheme forms part of the fixed salary and cannot exceed 13% thereof. The time horizon of the scheme is two years. The exercise price is calculated as a simple average of the market price of Alm. Brand A/S on the fifth, sixth and seventh trading day after release of annual reports or half-year interim reports plus a 10% premium.

Breakdown of outstanding share options:

	Number of share options held	Exercise price	Fair value at date of grant
Granted on 4 September 2012	328,130	15.39	3.01
Share options outstanding, end of year	328,130	15.39	3.01

The share options granted are exercisable during the period 4 August 2015 to 4 November 2016.

The remaining contractual term is three years, ten months and four days.

The company bought 710,083 shares in connection with the option scheme.

The estimated fair value at the date of grant has been calculated by applying the Black & Scholes model for measuring options. The valuation is based on the following assumptions:

Share price at the date of grant (DKK per share)	13.99
Exercise prise (DKK per share)	15.39
Expected volatility (%)	35.87
Risk-free rate of interest (%)	0.60
Expected dividend yield (%)	0.00
Term to maturity (number of years)	3

The expected volatility is calculated based on the historical volatility of the price of the parent company's shares seen over the past twelve months. Term to maturity is calculated based on the earliest possible exercise of the share option.

Share-based payment recognised in the income statement attributable to equity-based scheme	3

DKK 2 million of this amount concerns the period 1 July 2012 to 31 December 2012. The grant for this period will take place in March 2013.

	2012					2011				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Audit fees (DKK '000)										
Deloitte - Audit	1,618	1,457	594	625	4,294	1,641	1,411	588	625	4,265
Deloitte - Engagements other than audits and reviews	614	445	96	0	1,155	507	578	51	0	1,136
Deloitte - Tax consultancy	0	44	0	479	523	0	13	0	464	477
Deloitte - Non-audit services	686	585	122	182	1,575	283	9,424	34	251	9,992
Total audit fees	2,918	2,531	812	1,286	7,547	2,431	11,426	673	1,340	15,870
Note 31 Profit/loss from business ceded										
Reinsurance premiums ceded	-288		-23		-311	-337		-25		-362
Reinsurers' share received	392		28		420	368		24		392
Change in reinsurers' share of insurance contracts	-195		-5		-200	172		-1		171
Commissions and profit shares from reinsurance companies	5		3		8	4		3		7
Total loss from business ceded	**-86**		**3**	**0**	**-83**	**207**		**1**		**208**
Note 32 Change in life insurance provisions										
Guaranteed benefits			-233		-233			-881		-881
Bonus potential on future premiums			-145		-145			298		298
Bonus potential on paid-up policies			-117		-117			182		182
Change in share of provisions in Forenede Gruppeliv			0		0			0		0
Total change in life insurance provisions			**-495**		**-495**			**-401**		**-401**
Note 33 Value adjustments										
Investment assets										
Equity investments	1	58	200	0	259	-1	-109	-141	0	-251
Unit trust units	0	2	4	0	6	0	-2	-17	0	-19
Bonds	31	-16	117	0	132	87	-17	338	0	408
Shares in collective investments	0	0	0	0	0	0	0	0	0	0
Loans secured by mortgages	0	-77	0	0	-77	0	-98	0	0	-98
Other investment assets	82	-60	256	0	278	97	-193	311	0	215
Exchange rate adjustments	0	-8	0	0	-8	0	-11	0	0	-11
	114	-101	577	0	590	183	-430	491	0	244
Land and buildings										
Investment properties	0	0	-52	0	-10	-2	0	56	0	6
Owner-occupied properties	0	0	0	0	-63	0	0	0	0	84
	114	-101	525	0	517	181	-430	547	0	334
Discounting insurance contracts	-220	0	0	0	-220	-209	0	0	0	-209
Total value adjustments	**-106**	**-101**	**525**	**0**	**297**	**-28**	**-430**	**547**	**0**	**125**
Change in fair values based on valuation models and recognised in the income statement										
Mortgage deeds	0	61	0	0	61	0	127	0	0	127
Unlisted shares	0	0	2	0	2	-1	0	16	0	15
Investment properties	0	0	-52	0	-10	-2	0	56	0	6
Owner-occupied properties	0	0	0	0	-63	0	0	0	0	84
Total change in fair values		61	-50		-10	-3	127	72		232

DKKm	2012 Non-life	Banking	Life	Other	Total	2011 Non-life	Banking	Life	Other	Total
Note 34 Tax on pension investment returns										
Tax on pension investment returns regarding prior years			0		0			-1		-1
Tax on pension investment returns regarding current year			-151		-151			-149		-149
Total tax on pension investment returns			**-151**		**-151**			**-150**		**-150**
Note 35 Tax										
Estimated tax on profit/loss for the year	-280	286	-23	17	0	-137	153	-25	8	-1
Adjustment of tax relating to prior years	0	1	1	-1	1	0	0	0	0	0
Final withholding tax paid	0	-1	0	0	-1	0	-2	0	0	-2
Adjustment of deferred tax relating to prior years	66	-158	3	-5	-94	21	84	-7	2	100
Total tax	**-214**	**128**	**-19**	**11**	**-94**	**-116**	**235**	**-32**	**10**	**97**
Effective tax rate:										
Current tax rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Adjustment of deferred tax relating to prior years	0.0%	-0.2%	-1.5%	0.3%	-0.4%	-0.8%	-0.5%	-0.2%	-0.7%	-0.3%
Adjustment of tax relating to prior years	0.0%	0.3%	0.2%	-0.3%	0.0%	0.8%	0.5%	0.2%	0.7%	0.3%
Tax adjustment	0.1%	1.6%	-2.6%	-1.1%	-1.6%	0.2%	-5.2%	-1.6%	0.0%	-9.4%
Total effective tax rate	25.1%	26.7%	21.1%	23.9%	23.0%	25.2%	19.8%	23.4%	25.0%	15.6%
Note 36 Share attributable to minority interests										
Share of profit/loss before tax attributable to minority interests										
Alm. Brand Formue A/S		39			31		-31			-25
Alm. Brand Pantebreve A/S		0			0		0			0
Total share of profit/loss before tax attributable to minority interests		**39**			**31**		**-31**			**-25**
Share of profit/loss after tax attributable to minority interests										
Alm. Brand Formue A/S		39			31		-32			-26
Alm. Brand Pantebreve A/S		0			0		0			0
Total share of profit/loss after tax attributable to minority interests		**39**			**31**		**-32**			**-26**

Note 37 Technical result, Non-life Insurance

DKKm	Health and accident insurance	Workers' compen-sation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, com-mercial	Liability insurance	Other direct insurance	2012 Total
Gross premiums	563	275	546	847	1,115	1,230	97	224	4,897
Gross premium income	561	273	546	837	1,102	1,204	95	248	4,866
Gross claims expenses	-328	-93	-398	-449	-763	-951	-8	-190	-3,180
Gross operating expenses	-94	-42	-46	-184	-191	-177	-15	-41	-790
Profit/loss from business ceded	-6	-3	-2	0	-15	-57	-1	-2	-86
Investment return on insurance business	1	1	1	2	3	3	0	1	12
Total technical result	**134**	**136**	**101**	**206**	**136**	**22**	**71**	**16**	**822**
No. of claims	10,984	2,625	13,520	40,559	70,195	25,115	2,013	23,537	188,548
Frequency of claims	0.037	0.093	0.037	0.134	0.170	0.205	0.043	0.102	0.104
Average damages paid for claims incurred, DKK '000	27	76	28	11	11	33	21	8	17

DKKm	Health and accident insurance	Workers' compen-sation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, com-mercial	Liability insurance	Other direct insurance	2011 Total
Gross premiums	547	268	544	832	1,076	1,172	91	216	4,746
Gross premium income	553	268	543	833	1,076	1,160	91	248	4,772
Gross claims expenses	-292	-116	-505	-406	-923	-1,364	-72	-167	-3,845
Gross operating expenses	-88	-43	-45	-175	-177	-175	-15	-45	-763
Profit/loss from business ceded	-4	-3	-2	0	59	159	-1	-1	207
Investment return on insurance business	4	2	5	7	9	10	1	2	40
Total technical result	**173**	**108**	**-4**	**259**	**44**	**-210**	**4**	**37**	**411**
Numbers of claims	11,323	2,376	14,186	42,557	84,280	34,561	2,059	25,548	216,890
Frequency of claims	0.036	0.083	0.039	0.142	0.203	0.284	0.044	0.110	0.119
Average damages paid for claims incurred, DKK '000	29	107	29	11	11	40	28	8	19

Direct insurance is written only in Denmark

DKKm	2012	2011
Note 38 Realised result, Life and Pension		
Technical result of life and pension activities	78	116
Transfer of investment return	45	64
Tax on pension investment return	151	150
Change in collective bonus potential	137	-63
Change in bonus potential on paid-up policies	0	-4
Result of portfolios without bonus entitlement	9	-24
Addition of bonus	82	68
Return equity deposit	-12	-21
Health and accident insurance deposits	-41	-52
Realised result	449	234
Return requirement for shareholders' equity		
Unconditional shares:		
Actual investment return before tax on pension investment return	12	21
Result of portfolios without bonus entitlement	-9	24
Result of health and accident insurance	2	22
Total unconditional shares	5	67
Conditional shares:		
Risk premium of 0.1% of the average life insurance provisions	11	11
100% of expense result, net of reinsurance	3	16
100% of risk result, net of reinsurance	77	70
Total conditional shares	91	97
Profit/loss for the year before tax	96	164
Transferred to shadow account	-4	-5
Profit/loss for the year before tax including health and accident insurance	92	159
Profit/loss for the year before tax excluding health and accident insurance	90	137

Return on equity principles

The Executive Order on the Contribution Principle issued by the Danish Financial Supervisory Authority lays down the guidelines for return on equity.

The return on equity principles applied in 2012 are unchanged from 2011.

The return on equity is composed of the direct return on shareholders' equity funds and a risk premium.

Customers have been divided into a number of contribution groups based on rate of interest, insurance risk and expenses. The risk premium on shareholders' equity is calculated separately for each group. Similarly, any shadow account, collective bonus potential, transfer and surrender charge, etc. will be determined separately for each contribution group.

DKKm	2012	2011

The risk premium for 2012 has been determined as follows:

- Interest rate groups: 0.1% of average life insurance provisions net of reinsurance exclusive of collective bonus potential and any use of the bonus potential on paid-up policies
- Insurance risk groups: 100% of the risk result net of reinsurance after bonuses
- Expense groups: 100% of the expense result net of reinsurance after bonuses

The risk premium is calculated exclusively on the basis of the portfolio of policies with bonus entitlement. For policies without bonus entitlement, including life-long annuities without bonus entitlement, the result, positive or negative, is fully allocated to equity.

The Danish Financial Supervisory Authority lays down guidelines on when the risk premium may be included in the profit/loss for a specific financial year. Whether the risk premium for a contribution group can be recognised as income depends on the profit/loss reported for the group. The allocation of risk premium to interest rate groups is hence conditional on the investment return (including any changes in additional provisions to cover guaranteed benefits) being higher than the average rate of interest on which the guaranteed benefits provided to customers of the specific interest rate group are based.

If the results achieved in a contribution group do not allow for recognition of the risk premium, the return on equity shortfall is taken to a "shadow account". The shadow account may be regarded as a receivable, which is transferred to shareholders' equity as and when made possible by the financial results achieved in subsequent years.

Note 39 Contingent liabilities, guarantees and lease agreements

Guarantee commitments	1,473	1,545

The group's companies have made lease and rental agreements for computer equipment and premises with total annual payments of DKK 48 million allocated over a five-year period.

The Alm. Brand Group has made forward currency contracts to hedge foreign exchange and interest rate risk.

As part of its ordinary banking operations, Alm. Brand Bank has a number of contingent liabilities, which in accordance with IFRS are not recognised in the balance sheet. Financial guarantees and loss guarantees in respect of mortgage loans were mainly provided in connection with the business partnership agreements with Totalkredit, DLR Kredit and BRF Kredit, and other contingent liabilities include guarantees provided to the Private Contingency Association and the Danish Guarantee Fund for Depositors and Investors. Alm. Brand Bank has off-balance sheet guarantee commitments in the form of finance gurarantees, loss guarantees in respect of mortgage loans, etc. totalling DKK 1.0 billion.

Alm. Brand Ejendomsinvest A/S, Copenhagen, has incurred a VAT adjustment liability of DKK 9 million relating to property.

Forsikringsselskabet Alm. Brand Liv og Pension A/S, Copenhagen, has a VAT adjustment obligation in respect of properties totalling DKK 2 million.

Alm. Brand A/S has provided a guarantee to ILU (Institute of London Underwriters) covering contracts written on behalf of the Copenhagen Reinsurance Company (U.K.) Ltd. (Cop. Re UK Ltd.), Copenhagen Re's UK subsidiary. The guarantee covers insurance contracts relating to Marine Aviation and Transport (MAT) written through ILU in the period from 3 April 1989 to 1 July 1997. In connection with the divestment of the Copenhagen Re Group in 2009, the buyer has undertaken to indemnify Alm. Brand A/S against the guarantee commitments.

Alm. Brand A/S has issued a guarantee commitment in respect of Pensionskassen under Alm. Brand af 1792 (pensionsafviklingskasse). Alm. Brand A/S has issued a commitment to pay any such ordinary and extraordinary contributions as may be determined in the pension scheme regulations or as agreed with the Danish Financial Supervisory Authority. Alm. Brand af 1792 fmba has undertaken to indemnify the Comany for any and all costs the Company may incur from time to time in respect of these obligations.

Alm. Brand A/S is jointly and severally liable with the other jointly taxed and jointly registered group companies for the total tax liability.

For Danish tax purposes, the company is taxed jointly with Alm. Brand A/S as administration company. As from 1 July 2012, the company is therefore jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends on behalf of the jointly taxed companies.

Being an active financial services group, the Group is a party to a number of lawsuits. The cases are reviewed on an ongoing basis, and the necessary provisions are made. Management believes that these cases will not inflict further losses on the Group.

	2012					2011				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Note 40 Collateral security										
Carrying amounts of assets provided as collateral security for technical provisions										
Cash	0		397		397	0		472		472
Bonds	6,914		11,244		18,158	7,090		10,623		17,713
Equity investments and units in unit trusts	0		879		879	0		786		786
Interest receivable	32		107		139	44		119		163
Properties, mortgage deeds	0		72		72	0		85		85
Investments in subsidiaries	0		708		0	0		596		0
Collateral security, year-end	6,946		13,407		19,645	7,134		12,681		19,219

Monetary-policy counterparties with the Danish Central Bank can obtain credit only against security through the mortgaging of approved securities.
As part of the ongoing business, in 2012 the bank provided bonds as security vis-à-vis the Danish Central Bank at a market value of DKK 1,704 million (2011: DKK 899 million).

Note 41 Related parties

The Alm. Brand A/S Group considers the following to be related parties:

- Alm. Brand af 1792 fmba (parent company)
- Alm. Brand Formue A/S (subsidiary, not wholly owned)
- Nordic Corporate Investment A/S (associate)
- Cibor Invest A/S (associate)
- Hirlap Finans ApS (associate)
- The Management Board and Board of Directors of Alm. Brand Group
- Key employees

Related parties also include related family members of the Management Board, Board of Directors and key employees as well as companies in which these persons have significant interests.

The Alm. Brand Group handles administrative tasks for Alm. Brand af 1792 fmba.

An agreement has been made on interest accruing on accounts between Alm. Brand af 1792 fmba and the Alm. Brand A/S Group. Furthermore, Alm. Brand af 1792 fmba has acquired hybrid capital issued by Alm. Brand A/S.

Alm. Brand af 1792 fmba has injected subordinated loan capital into Alm. Brand A/S.

An overview of subsidiaries and associates, etc. is provided in the corporate overview.

The Group has intra-group functions that solve joint administrative tasks for the companies of the Group, and in this connection administrative agreements are in place between the respective Group companies ensuring that the rules on intra-group trancsctions are observed.

Alm. Brand Bank is the Alm. Brand Group's primary banker. This involves the conclusion of a number of agreements between the bank and the group's other enterprises, and a number of transactions are regularly made between the company and the rest of the group. All agreements and transactions between the group and the bank are made on an arm's length or cost-recovery basis in accordance with applicable legislation for intra-group transactions.

In addition, the Alm. Brand Group has made an asset management agreement with Alm. Brand Bank, according to which a substantial proportion of the group's assets are under management with the bank. The consideration paid for this administrative function is fixed on an arm's length basis or, where there is no specific market, on a cost-recovery basis.

Reinsurance cover for the Alm. Brand Group is taken out on a group-wide basis.

Forming part of its general investment activities, the Company's subsidiary Alm. Brand Liv og Pension has acquired a minority in Dades A/S of a market value just under DKK 209 million, corresponding to an ownership interest below 5%. The CEO of Dades A/S is deputy chairman of the Company and a member of the board of directors of Alm. Brand Liv og Pension. The investment is comprised by section 78 of the Danish Financial Business Act and has been approved and is monitored by the board of directors of Alm. Brand Liv og Pension.

In addition, the Company has entered into a general management agreement with Datea A/S, a company wholly owned by Dades A/S, in which Boris Nørgaard Kjeldsen is chairman of the board of directors. In accordance with the agreement, Datea A/S manages properties owned by the Company's subsidiaries, including administration, accounting and reporting, rentals, supervision and technical assistance. The annual fee paid to the company is in the region of DKK 2 million. Management believes that the overall administration agreement was made on an arm's length basis.

Reference is made to the note concerning acquisition costs and administrative expenses, which sets out further details on remuneration paid to the group's Board of Directors, Management Board and other senior executives.

In addition to the remuneration paid to members of the Board of Directors, Management Board, etc. in the financial year, the following transactions took place between the Alm. Brand Group and the related parties:

DKKm					2012
	Alm. Brand af 1792 fmba	Alm. Brand subsidiaries (not wholly owned)	Key employees	Management Board and Board of Directors of A/S	Companies controlled by members of the Board of Directors
Sale of services	47	1,210	2	2	1
Purchase of services	5	1,020	1	1	0
Interest and fee income	0	16	0	0	0
Interest and fee expenses	16	0	1	1	1
Receivables	0	550	1	6	17
Debt	315	0	25	37	0
Collateral	0	0	2	1	16
Interest rates			1,7-3,3%	1,7-4,5%	1,7-5,3%
					2011
Sale of services	44	638	-	2	1
Purchase of services	11	825	-	0	0
Interest and fee income	0	21	-	0	0
Interest and fee expenses	18	0	-	1	1
Receivables	0	325	-	6	17
Debt	320	0	-	32	0
Collateral	0	0	-	1	16
Interest rates				2,2-5,5%	2,95-3,2%

Other than the above, no material intra-group transactions have taken place.

The purchase and sale of services comprising insurance services and delivery of banking products in the form of loans, guarantees, credit facilities and the purchase/sale of bonds, mortgage deeds, etc. are effected on the Group's usual arm's lenght terms. However, employee-elected board members are offered usual employee terms. Debt comprises deposits in Alm. Brand Bank, pension funds in Alm. Brand Bank and Alm. Brand Liv og Pension, etc. No losses have been charged to and no impairment writedowns have been made on any balances owing to or by related parties.

	2012			2011		
DKKm	Fair value	Amortised cost	Total	Fair value	Amortised cost	Total
Note 42 Classification of financial instruments						
Financial assets						
Government bonds	2,290	0	2,290	2,534	0	2,534
Mortgage bonds	23,786	0	23,786	24,038	0	24,038
Other fixed-rate instruments	795	0	795	580	0	580
Other floating-rate instruments	192	0	192	272	0	272
Listed shares	1,020	0	1,020	941	0	941
Unlisted shares	409	0	409	403	0	403
Other investment assets	858	0	858	512	0	512
Receivables from policyholders	0	159	159	0	133	133
Receivables from insurance brokers	0	7	7	0	5	5
Receivables from insurance companies	0	17	17	0	124	124
Other receivables	0	60	60	0	104	104
Positive market value of derivative financial instruments	234	0	234	231	0	231
Other assets	0	61	61	0	93	93
Pensionskassen under Alm. Brand A/S	0	6	6	0	4	4
Assets temporarily acquired	0	137	137	0	156	156
Interest receivable	404	0	404	492	0	492
Prepayments	0	43	43	0	47	47
Balances due from credit institutions and central banks	0	879	879	0	1,068	1,068
Cash in hand and demand deposits	0	306	306	0	139	139
Loans and advances	2,930	5,466	8,396	3,154	7,063	10,217
Financial assets, year-end	32,918	7,141	40,059	33,157	8,936	42,093

DKKm	2012 Fair value	2012 Amortised cost	2012 Total	2011 Fair value	2011 Amortised cost	2011 Total
Financial liabilities						
Subordinated debt	0	1,829	1,829	0	1,829	1,829
Issued bonds	0	2,032	2,032	0	6,032	6,032
Payables to policyholders	0	14	14	0	15	15
Payables related to direct insurance	0	11	11	0	10	10
Payables related to reinsurance	0	4	4	0	1	1
Payables to subsidiaries	0	1	1	0	2	2
Negative market value of derivative financial instruments	350	0	350	324	0	324
Other payables	45	554	599	45	559	604
Deferred income	0	2	2	0	2	2
Deposits	0	11,240	11,240	0	7,956	7,956
Payables to credit institutions and central banks	0	2,182	2,182	0	4,611	4,611
Financial liabilities, year-end	395	17,869	18,264	369	21,017	21,386

DKKm	2012 Non-life	2012 Banking	2012 Life	2012 Other	2012 Total	2011 Non-life	2011 Banking	2011 Life	2011 Other	2011 Total
Fair value measurement of financial instruments										
Quoted prices										
Financial assets										
Loans and advances	0	0	0	0	0	0	0	0	0	0
Bonds	9,359	6,642	9,372	2	25,375	8,878	8,050	9,114	2	26,044
Shares	0	350	670	0	1,020	0	365	433	0	798
Other assets	0	0	2	0	2	1	0	104	0	105
Total financial assets	9,359	6,992	10,044	2	26,397	8,879	8,415	9,651	2	26,947
Financial liabilities										
Other payables	0	0	0	0	0	0	0	0	0	0
Total financial liabilities	0	0	0	0	0	0	0	0	0	0
Observable data										
Financial assets										
Loans and advances	0	0	0	0	0	0	0	0	0	0
Bonds	0	0	1,486	0	1,486	0	0	1,186	0	1,186
Shares	0	0	0	0	0	0	0	0	0	0
Other assets	352	354	657	0	1,363	259	421	370	0	1,050
Total financial assets	352	354	2,143	0	2,849	259	421	1,556	0	2,236
Financial liabilities										
Other payables	0	395	0	0	395	0	369	0	0	369
Total financial liabilities	0	395	0	0	395	0	369	0	0	369
Non-observable data										
Financial assets										
Loans and advances	0	2,930	0	0	2,930	0	3,154	0	0	3,154
Bonds	53	0	149	0	202	53	0	141	0	194
Shares	9	190	209	1	409	8	184	353	1	546
Other assets	0	0	131	0	131	0	0	80	0	80
Total financial assets	62	3,120	489	1	3,672	61	3,338	574	1	3,974
Financial liabilities										
Other payables	0	0	0	0	0	0	0	0	0	0
Total financial liabilities	0	0	0	0	0	0	0	0	0	0

Loans, advances and other receivables at fair value comprises mortgage deeds measured at fair value using a valuation model. Bonds at fair value comprises corporate bonds valued at quoted prices or based on observable data. Shares, etc. comprises listed shares valued at quoted prices and unlisted shares for which the input is not based on directly observable market data. Other assets comprises interest receivable and positive values of derivative financial instruments valued based on observable data. Other liabilities comprises interest payable and negative values of derivative financial instruments valued based on observable data.

Rating of bonds										
Rated AAA	8,645	6,087	9,862	0	24,594	8,115	6,721	8,568	0	23,404
Rated AA- to AA+	500	320	245	0	1,065	632	959	1,353	0	2,944
Rated A- to A+	267	26	461	0	754	184	328	230	0	742
Others	0	209	439	0	648	0	42	290	0	332
Bonds at fair value, year-end	9,412	6,642	11,007	0	27,061	8,931	8,050	10,441	0	27,422

DKKm	2012 Fair value	2012 Assets at amortised cost	2012 Debt at amortised cost	2012 Total	2011 Fair value	2011 Assets at amortised cost	2011 Debt at amortised cost	2011 Total
Note 43 Return on financial instruments								
Interest income, etc.	948	466	0	1,414	992	590	0	1,582
Fee income etc. management	38	0	0	38	41	0	0	41
Fee income etc. other	19	29	0	48	27	28	0	55
Other income	0	51	0	51	-36	36	0	36
Total income	1,005	546	0	1,551	1,024	654	0	1,714
Interest expenses	-94	0	-456	-550	-150	0	-513	-663
Value adjustments excluding credit losses on mortgage deeds	452	0	0	452	354	-3	0	351
Credit losses on mortgage deeds	-155	0	0	-155	-226	0	0	-226
Impairment of loans, advances and receivables, etc.	0	-309	0	-309	0	-768	0	-768
Profit/loss before tax	1,208	237	-456	989	1,002	-117	-513	408

DKKm	Fair value	Recognised amount	Fair value	Recognised amount
Note 44 Fair value of financial instruments				
Financial assets at fair value through profit or loss				
Government bonds	2,290	2,290	2,534	2,534
Mortgage bonds	23,786	23,786	24,038	24,038
Other fixed-rate instruments	795	795	580	580
Other floating-rate instruments	192	192	272	272
Listed shares	1,020	1,020	941	941
Unlisted shares	409	409	403	403
Other investment assets	858	858	512	512
Receivables from policyholders	159	159	133	133
Receivables from insurance brokers	7	7	5	5
Receivables from insurance companies	17	17	124	124
Other receivables	60	60	104	104
Positive market value of derivative financial instruments	234	234	231	231
Other assets	61	61	93	93
Pensionskassen under Alm. Brand A/S	6	6	4	4
Assets temporarily acquired	137	137	156	156
Interest receivable	404	404	492	492
Prepayments	43	43	47	47
Balances due from credit institutions and central banks	879	879	1,068	1,068
Cash in hand and demand deposits	306	306	139	139
Loans and advances	8,395	8,396	10,228	10,217
Fair value of financial instruments, year-end	40,058	40,059	42,104	42,093

DKKm	2012 Fair value	2012 Recognised amount	2011 Fair value	2011 Recognised amount
Financial liabilities at fair value through profit or loss				
Subordinated debt	1,829	1,829	1,829	1,829
Issued bonds	2,032	2,032	6,032	6,032
Reinsurance deposits	0	0	0	0
Payables to policyholders	14	14	15	15
Payables related to direct insurance	11	11	10	10
Payables related to reinsurance	4	4	1	1
Payables to subsidiaries	1	1	2	2
Negative market value of derivative financial instruments	350	350	324	324
Other payables	599	599	604	604
Deferred income	2	2	2	2
Deposits	11,553	11,240	8,314	7,956
Payables to credit institutions and central banks	2,182	2,182	4,611	4,611
Financial liabilities at fair value through profit or loss, year-end	18,577	18,264	21,744	21,386

Cash in hand and balances at call with central banks are relatively short term, and recognised amounts at amortised cost are assumed to equal fair values.

Balances with credit institutions are recognised at amortised cost. The difference between the recognised value and fair value is assumed to be the interest rate-dependent value adjustment, calculated by comparing current market rates with the market rates applying when the balances were established.

Loans, advances and receivables at fair value, bonds at fair value, shares etc. and derivatives are measured at fair value in the financial statements so that recognised values equal fair values.

The difference between the fair value and the recognised value of Loans, advances and receivables at amortised cost is assumed to equal the interest rate-dependent value adjustment, calculated by comparing current market rates with the market rates applying when the loans were established. Changes in the credit quality are not taken into account as these are assumed to be included in impairment on loans for recognised values as well as fair values.

The fair value of deposits and other payables is assumed to equal the interest rate level-dependent value adjustment calculated by comparing current market rates with the market rates prevailing when the deposits were established.

Issued bonds and subordinated debt are measured at amortised cost. The difference between this and fair value is assumed to be the interest rate-dependent value adjustment, calculated by comparing current market rates with the market rates applying when the issues were made. Changes in fair values due to changes in the bank's own credit rating are not taken into account.

Fair value adjustments of financial assets and liabilities represent a total unrecognised unrealised gain of DKK 503,0 million at the end of 2012.
This adjustment was mainly attributable to Subordinated debt.

In the accounting policies, the calculation of fair values is described further for items recognised at fair value.

					2012					2011
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Note 45 Financial instruments by term to maturity										
Bonds										
Expiry within 1 year	2,271	1,221	1,002	0	4,494	1,603	3,814	350	0	5,767
Expiry between 1 year and 5 years	4,754	2,352	1,695	0	8,801	5,012	1,376	2,597	0	8,985
Expiry after more than 5 years	2,387	3,069	8,310	2	13,768	2,316	2,860	7,494	2	12,672
Bonds, year-end	9,412	6,642	11,007	2	27,063	8,931	8,050	10,441	2	27,424
Cash in hand and balances at call										
Expiry within 1 year	5	305	87	11	306	23	129	139	16	139
Expiry between 1 year and 5 years	0	0	0	0	0	0	0	0	0	0
Expiry after more than 5 years	0	0	0	0	0	0	0	0	0	0
Cash in hand and balances at call, year-end	5	305	87	11	306	23	129	139	16	139
Loans, advances and receivables										
Expiry within 1 year	189	3,144	94	225	3,652	231	4,548	136	75	4,990
Expiry between 1 year and 5 years	0	1,402	0	0	1,402	0	1,427	0	0	1,427
Expiry after more than 5 years	0	4,404	0	0	4,404	0	5,130	0	0	5,130
Loans, advances and receivables, year-end	189	8,950	94	225	9,458	231	11,105	136	75	11,547
Deposits and payables to credit institutions and central banks										
Expiry within 1 year	252	11,483	562	0	12,241	168	11,294	310	0	11,741
Expiry between 1 year and 5 years	0	226	0	0	197	0	156	0	0	148
Expiry after more than 5 years	0	1,013	0	0	1,013	0	704	0	0	704
Deposits and payables to credit institutions and central banks, year-end	252	12,722	562	0	13,451	168	12,154	310	0	12,593
Issued bonds										
Expiry within 1 year		2,000		0	2,000		0		0	0
Expiry between 1 year and 5 years		0		32	32		6,000		32	6,032
Issued bonds, year-end		2,000		32	2,032		6,000		32	6,032

The actual expiry dates may deviate from the contractual expiry dates as the issuers of the specific instruments may be entitled to repurchase the instrument before it expires. See note 14, which includes the expected cash flow for the group's claims and life insurance provisions.

DKKm	2012 Non-life	Banking	Life	Other	Total	2011 Non-life	Banking	Life	Other	Total
Note 46 Credit risk										
Credit risk by type of financial asset										
Government bonds	537	0	1,753	0	2,290	534	0	2,000	0	2,534
Mortgage bonds	8,533	6,612	8,641	0	23,786	8,014	7,999	8,025	0	24,038
Other fixed-rate instruments	244	30	521	0	795	147	51	382	0	580
Other floating-rate instruments	98	0	92	2	192	236	0	34	2	272
Other investment assets	221	0	637	0	858	117	0	395	0	512
Reinsurance deposits	143	0	21	0	164	336	0	26	0	362
Receivables from policyholders	120	0	39	0	159	104	0	29	0	133
Receivables from insurance brokers	7	0	0	0	7	5	0	0	0	5
Receivables from insurance companies	7	0	10	0	17	122	0	2	0	124
Other receivables	22	0	1	36	60	98	0	1	31	104
Positive market value of derivative financial instruments	0	234	0	0	234	0	231	0	0	231
Other assets	0	61	0	0	61	0	93	0	0	93
Interest receivable	131	120	153	0	404	142	190	160	0	492
Balances due from credit institutions and central banks	55	554	45	225	879	0	888	105	75	1,068
Cash in hand and demand deposits	5	305	87	11	306	23	129	139	16	139
Loans and advances	0	8,396	0	0	8,396	0	10,217	0	0	10,217
Maximum credit risk	10,123	16,312	12,000	274	38,608	9,878	19,798	11,298	124	40,904

The group's exposure to credit risk primarily involves financial receivables such as mortgage deeds and other loans and advances as well as credit risk on the portfolio of credit bonds. The portfolio of credit bonds in the life insurance company forms part of customer investment assets. 97% of the portfolio of credit bonds carries an Investment Grade-rated (BBB and higher). Overdue receivables in the non-life company are written off after nine months.

Total receivables written down in connection with insurance operations:

Impairment beginning of year	73				73	58				58
Impairment during the year and reversal of impairment	13				13	15				15
Impairment, year-end	86	0	0	0	86	73	0	0	0	73

DKKm	2012 Non-life	Banking	Life	Other	Total	2011 Non-life	Banking	Life	Other	Total
Loans and guarantees distributed by sector and industry										
Public authorities		0.0%			0.0%		0.0%			0.0%
Business sectors:										
Agriculture, hunting, forestry and fishery		10.2%			10.2%		9.7%			9.7%
Manufacturing and raw materials extraction		0.1%			0.1%		0.2%			0.2%
Energy supplies		0.2%			0.2%		0.0%			0.0%
Construction		0.3%			0.3%		0.5%			0.5%
Trade		0.4%			0.4%		0.6%			0.6%
Transport, restaurant and hotel industry		0.1%			0.1%		0.2%			0.2%
Information and communications		0.0%			0.0%		0.0%			0.0%
Credit and financing and insurance		5.0%			5.0%		8.2%			8.2%
Property administration and trading, business services		18.8%			18.8%		21.5%			21.5%
Other business		8.3%			8.3%		6.4%			6.4%
Business total		43.4%			43.4%		47.3%			47.3%
Private customers		56.6%			56.6%		52.7%			52.7%
Total		100.0%			100.0%		100.0%			100.0%
Impairment										
Individual assessment										
Impairment beginning of year		1,570			1,570		1,304			1,304
Impairment during the year		436			436		777			777
Reversal of impairment		-240			-240		-88			-88
Loss (written off)		-339			-339		-423			-423
Impairment individual assessment, year-end		1,427			1,427		1,570			1,570

DKKm	Non-life	Banking	Life	Other	2012 Total	Non-life	Banking	Life	Other	2011 Total
Group assessment										
Impairment beginning of year		50			50		91			91
Impairment during the year		105			105		23			23
Reversal of impairment		-26			-26		-64			-64
Impairment group assessment, year-end		129			129		50			50
Total impairment		1,556			1,556		1,620			1,620
Value of security for loans found to be impaired based on individual assessments		12			12		16			16
Reasons for individual impairment writedowns										
Loans, advances and other receivables before impairment										
Estate administration		144			144		208			208
Debt collection		102			102		89			89
Uncollectible claims		2,006			2,006		2,577			2,577
Total		2,252			2,252		2,874			2,874
Impairment, etc.										
Estate administration		141			141		134			134
Debt collection		82			82		63			63
Uncollectible claims		1,204			1,204		1,373			1,373
Total		1,427			1,427		1,570			1,570
Loans, advances and other receivables after impairment		825			825		1,304			1,304
Value of security for loans which in an individual assesment have been found to be impaired		992			992		1,339			1,339
Description of security										
Value of security										
Real property, private		45			45		49			49
Real property, commercial		896			896		908			908
Cash, deposits and highly marketable securities		13			13		312			312
Cars		5			5		29			29
Other security		33			33		41			41
Value of security, year-end		992			992		1,339			1,339

Collateral security is valued on the following basis:
Real property; Estate agent valuation, reasoned internal assessment or public assessment considering type of property, location, condition and estimated marketability.
Cash and cash equivalents; Official price where available and otherwise the transaction price obtainable in a transaction between independent parties.
Goods, cars; Assessment from BilpriserPro considering type, model and age.
Personal property, other collateral; based on individual assessments.

The collateral security stated is unstressed. In the calculation of impairment writedowns on agricultural and property exposures in financial difficulty, the value of collateral security is calculated on the basis of realisable value upon a sale within six months.

Realised security, including conditions										
Value of realised security										
Real property, private		42			42		74			74
Real property, commercial		0			0		31			31
Current-asset investments		142			142		1,210			1,210
Cars		8			8		13			13
Total value of realised security		192			192		1,328			1,328

Forced realisation of collateral becomes necessary if the bank cannot induce the creditor or the provider of collateral security to enter into a voluntary agreement on realisation. The bank always seeks to maximise the value of collateral by way of forced realisation. Before forced realisation of collateral is initiated, the debtor and/or the provider of collateral will receive typically eight days' notice, however, shorter notice may be given in case of an obvious risk of imminent impairment of the value of the collateral. Particularly in case of loans and credits secured against security-based investments, the company establishes so-called stop-loss clauses allowing the bank to initiate forced ralisation immediately, unless additional collaterel is provided. Typically, such clauses will enter intor force if the value of the collateral drops to a certain level of the loan, typically 105-110%.

DKKm	Non-life	Banking	Life	Other	2012 Total	Non-life	Banking	Life	Other	2011 Total
Loans, advances and other receivables, etc. in arrears										
How much in arrears										
Up to three months		30			30		13			13
Three to six months		0			0		2			2
Six to twelve months		1			1		10			10
More than twelve months		5			5		2			2
Arrears year-end		36			36		27			27
Value of collateral security for loans in arrears		792			792		462			462
Description of security										
Value of security										
Real property, private		130			130		122			122
Real property, commercial		583			583		266			266
Cash and marketable securities		35			35		24			24
Cars		11			11		21			21
Other security		33			33		29			29
Value of security, year-end		792			792		462			462

DKKm	Non-life	Banking	Life	Other	2012 Total	Non-life	Banking	Life	Other	2011 Total
Total value of security at the balance sheet date		6,671			6,671		6,605			6,605
Description of security										
Value of security										
Real property, private		2,779			2,779		2,278			2,278
Real property, commercial		3,290			3,290		3,445			3,445
Cash and marketable securities		293			293		435			435
Cars		204			204		326			326
Other security		105			105		121			121
Value of security, year-end		6,671			6,671		6,605			6,605

Credit quality

The credit quality is quantified on the basis of the credit quality categories of the Danish Financial Supervisory Authority, according to which loans and advances with normal credit quality are categorised in 2a and 3, loans and advances with certain indications of weakness are categorised in 2b, loans and advances with substantial weaknesses are categorised in 2c and loans and advances with an objective evidence of impairment are categorised in category 1.

Loans, advances and other receivables at fair value – by credit quality category										
Loans and advances with normal credit quality		1,628			1,628		1,791			1,791
Loans and advances with certain indications of weakness		203			203		258			258
Loans and advances with substantial weaknesses		343			343		345			345
Loans that are neither due nor impaired		2,174			2,174		2,394			2,394
Loans and advances with an objective evidence of impairment		1,471			1,471		1,659			1,659
Total residual debt before value adjustment etc.		3,645			3,645		4,053			4,053
Value adjustments etc.		-715			-715		-899			-899
Loans, advances and other receivables at fair value, year-end		6,575			6,575		7,207			7,207
Loans, advances and other receivables at amortised cost – by credit quality category										
Loans and advances with normal credit quality		2,117			2,117		3,840			3,840
Loans and advances with certain indications of weakness		1,521			1,521		1,296			1,296
Loans and advances with substantial weaknesses		799			799		63			63
Loans that are neither due nor impaired		4,437			4,437		5,199			5,199
Loans and advances with an objective evidence of impairment		2,579			2,579		3,476			3,476
Total residual debt before value adjustment etc.		7,016			7,016		8,675			8,675
Value adjustments etc.		-1,550			-1,550		-1,612			-1,612
amortised cost, year-end		5,466			5,466		7,063			7,063

	2012					2011				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Guarantee debtors – by credit quality category										
Guarantee debtors with normal credit quality		299			299		755			755
Guarantee debtors with certain indications of weakness		512			512		104			104
Guarantee debtors with substantial weaknesses		29			29		6			6
Guarantee debtors that are neither due nor impaired		840			840		865			865
impairment		137			137		169			169
Total guarantee debtors before provisions etc.		977			977		1,034			1,034
Provisions etc.		-6			-6		-7			-7
Guarantee debtors, year-end		971			971		1,027			1,027

An overview of lending developments pursuant to the Danish Act on State-Funded Capital Injections is available from the group's website, www.almbrand.dk//bankpakkeII.

Note 47 Hedge accounting

As part of the risk management efforts, the fair value of certain financial assets and liabilities is hedged through the use of derivative financial instruments.
No hedge accounting was concluded at 31 December 2012.

Nature of the hedged item										
Fixed-rate loans in DKK										
At amortised cost		0			0		10			10
At adjusted amortised cost (carrying amount)		0			0		10			10
Payables to credit institutions denominated in EUR										
At amortised cost		0			0		2,267			2,267
At adjusted amortised cost (carrying amount)		0			0		2,268			2,268
Hybrid Tier 1 capital in DKK										
At amortised cost		0			0		0			0
At adjusted amortised cost (carrying amount)		0			0		0			0
Nature of hedging instruments										
For fixed-rate loans in DKK										
Interest rate swaps in DKK										
Fair value		0			0		0			0
Synthetic principal		0			0		10			10
For payables to credit institutions denominated in EUR										
Currency swaps i DKK/EUR										
Fair value		0			0		0			0
Synthetic principal		0			0		2,267			2,267
For hybrid Tier 1 capital in DKK										
Interest rate swaps in DKK										
Fair value		0			0		0			0
Synthetic principal		0			0		0			0
Recognised through profit and loss										
Value adjustment of hedged assets and liabilities		0			0		-3			-3
Value adjustment of hedging instruments		0			0		3			3

Fair value hedging has been highly effective throughout the term. "Highly effective" means that the value adjustments of the hedging instruments correspond to the value adjustments of the hedged items within a range of 80-125%.

DKKm	Non-life	Banking	Life share-holders' equity	Other	2012 Total	% of share-holders' equity
Note 48 Sensitivity information						
Sensitivity information, group						
Risk on shareholders' equity in case of specific events:						
Interest rate increase of 0.7 percentage point	-17	50	-7	0	26	0.6%
Interest rate fall of 0.7 percentage point	-18	-50	7	0	-61	-1.4%
Share price fall of 12%	-2	-47	0	0	-49	-1.1%
Fall in property prices of 8%	-1	-9	0	0	-10	-0.2%
Maximum exchange rate loss of 99.5% probability of 10 days	0	0	0	0	0	0.0%
Loss on counterparties of 8%	-5	-18	0	0	-23	-0.5%
Loss on credit of 8%	-83	-45	-6	1	-133	-3.0%
Caststrophe events:						
- one "100-year event"	-220	0	0	0	-220	-4.9%
- two "100-year events"	-375	0	0	0	-375	-8.3%

*) The bank's interest rate risk for accounting purposes in case of an interest rate movement of 0.7 of a percentage point totalled DKK 72 million at 31 December 2012. The bank's property risk concerns properties held directly.

The table lists the most important risks to which the Alm. Brand Group is exposed. The order of the risk factors is not an indication of the size or importance of each risk factor. The risk factors relating to the life group's shareholders' equity do not include risks related to securities owned by the policyholders. Note 50, Risk management, contains a description of the risks assumed by the group.

Sensitivity information, life company

DKKm	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum effect on bonus potential on paid-up policies benefits before change in applied bonus potential on paid-up policies	Maximum effect on applied bonus potential on paid-up policies
Event:				
Interest rate increase of 0.7 percentage point	-4	22	252	0
Interest rate fall of 0.7 percentage point	-60	-127	-211	5
Share price fall of 12%	0	-159	0	0
Fall in property prices of 8%	-6	-88	0	7
Exchange rate risk (VaR 99.5%)	0	-28	0	0
Loss on counterparties of 8%	-31	-78	0	7
Fall in mortality intensity of 10%	-45	0	4	0
Increase in mortality intensity of 10%	40	0	-4	0
Increase in disability intensity of 10%	-30	0	-11	0

	2012	2011	2010	2009	2008
Note 49 Key ratios for the banking group					
Solvency ratio	18.5%	16.8%	18.8%	16.0%	12.6%
Tier 1 ratio	13.9%	11.0%	16.2%	12.9%	6.8%
Return on equity before tax	-41.6%	-94.5%	-67.2%	-321.7%	-45.4%
Return on equity after tax	-30.6%	-75.8%	-50.0%	-243.7%	-37.2%
Income/cost ratio	0.42	0.08	0.31	0.17	0.14
Interest rate risk	1.5%	-0.9%	1.1%	8.4%	11.6%
Foreign exchange position	7.1%	5.3%	4.6%	3.0%	43.3%
Foreign exchange risk	0.1%	0.2%	0.1%	0.1%	0.5%
Loans and advances as a percentage of deposits	87.8%	148.0%	160.2%	149.8%	159.2%
Gearing of loans and advances	7.2	8.3	7.1	9.3	14.0
Annual growth in lending	-17.8%	-18.2%	-15.8%	-14.3%	1.0%
Excess cover relative to statutory liquidity requirement	248.7%	319.6%	256.8%	104.1%	93.0%
Total amount of large exposures	60.9%	68.0%	69.1%	73.9%	163.0%
Impairment ratio for the year	2.8%	6.0%	4.3%	7.9%	1.7%

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation of financial reports by credit institutions and investment companies etc.

NOTE 50 Risk management

Managing the Alm. Brand Group's risk exposure is a key executive focus, because uncontrolled developments in different risks may have a substantial impact on the group's financial performance and solvency and hence its future business potential.

The Board of Directors defines and approves the group's overall policy for assuming risk and sets up the overall risk guidelines as well as the reporting requirements. On this basis, the management boards of the individual subsidiaries determine the operational risk management.

The Alm. Brand Group assumes a number of risks. These include the large variation of business risks related to operating the different business areas as well as the more consistent and uniform financial risks related to handling the group's cash flows and comprehensive investment strategy

Alm. Brand has set up a group risk committee to ensure coordination and uniformity in the group companies with respect to accepting, calculating and reporting risk. In addition, a group investment committee has been set up to ensure that the group's investments and market risks are within the limits defined by the Board of Directors and in compliance with the policies laid down by the individual companies.

The Board of Directors has defined a benchmark and an investment limit for each individual asset class in order to maintain the desired risk profile. The management boards of the individual companies lay down the final investment policy within the scope of this risk profile.

In addition, an approval committee for financial products has been set up. This committee is responsible for ensuring adequate business procedures, processing routines, etc. within the area before new products or activities are implemented.

Business risks are managed in the individual business areas. The management of each business area is hence responsible for identifying, quantifying and monitoring all risks relevant to their business area and for defining and implementing relevant risk management controls and strategies.

Current identification and monitoring of market risks take place in interaction between the individual business areas and the group risk management department, which has a coordinating responsibility for the management of market risk at group level. The risk management department performs daily market risk calculations and verifications for the individual business areas.

This group compliance function has been established to ensure that Alm. Brand observes applicable legislation, regulations, internally defined rules and guidelines as well as ethical standards.

Independently of the controls defined, the internal auditors conduct regular independent reviews of the group's control procedures and monitor compliance with management's guidelines.

INDIVIDUAL SOLVENCY NEED

The boards of directors of Alm. Brand A/S, Alm. Brand Forsikring A/S, Alm. Brand Liv og Pension A/S and Alm. Brand Bank A/S consider the companies' individual solvency needs on a regular basis.

In 2012, Alm. Brand Forsikring A/S and Alm. Brand Liv og Pension A/S used the QIS standardised model for calculation of Pillar I risks (insurance risk, market risk and operational risk) as well as a number of stress tests for the quantification of the solvency need for other risks. The process implies that a diversification effect is deducted in the calculation of the aggregate risks, as the probability of all risks occurring at the same time is minimal.

For Alm. Brand Liv og Pension, only the results attributable to the unconditional shares are offset, i.e. the company's return on equity and the portfolio of insurances without bonus entitlement. The reason why Alm. Brand Liv og Pension does not deduct conditional shares, i.e. the company's risk premium, is that they will probably be forfeited in the year in question if the solvency scenarios materialise. In particular, life insurance companies may furthermore deduct collective bonus potential and to a certain extent bonus on paid-up policies from the aggregate individual solvency need.

The Solvency I requirement of Alm. Brand Liv og Pension is deducted from the statement of capital base of Alm. Brand Forsikring. There is no need to reserve capital for the risk in Alm. Brand Liv og Pension in the individual solvency need of Alm. Brand Forsikring, as this is already included through a reduction of the capital base.

Alm. Brand Forsikring has developed an internal capital model, which as from end-2012 will be used to calculate the individual solvency need of Alm. Brand Forsikring through input for "Premium and reserve risk" and "Natural catastrophes". The internal capital model is based on Alm. Brand's own data and thus developed to most accurately reflect Alm. Brand Forsikring's risk scenario.

The individual solvency need of Alm. Brand Bank A/S is calculated on the basis of a stress test based on the probability method.

NOTE 50 Risk management - continued

The bank calculates a conservative risk of loss on the following customer segments:

- customers with slightly impaired credit quality (certain indications of weakness)
- customers with substantial weaknesses but without impairment and/or provisioning
- customers marked for objective evidence of impairment with or without impairment/provisioning
- mortgage deeds and mortgage financing

According to the Danish Financial Supervisory Authority's Guidelines on Adequate Capital Base and Solvency Needs for Credit Institutions, an additional premium is calculated for concentration risks. It should be noted that impairment and provisions are deducted from the calculation of the individual solvency in order to prevent a double impact on the bank.

The calculation of the individual solvency need on positions with market risk is also based on the Danish Financial Supervisory Authority's Guidelines on Adequate Capital Base and Solvency Needs for Credit Institutions. Risks related to properties are calculated in Alm. Brand Bank under the credit risk area, whereas other risks are calculated under the market risk area.

The calculation of operational risk is based on the basic indicator method, which calculates operational risk as 15% of average net interest income and non-interest-related net income for the past three years.

Alm. Brand Bank will begin using the Danish Financial Supervisory Authority's "8% +" approach effective 31 March 2013, but the impact from the transition is expected to be negligible.

The Alm. Brand Group has calculated the aggregate capital requirement at DKK 3,085 million. The principles for calculating the individual solvency needs of Alm. Brand Bank, Alm. Brand Liv og Pension and Alm. Brand Forsikring, respectively, are set forth in the Alm. Brand Group's Risk and Capital Management 2012 report, which is available at http://www.almbrand.dk/abdk/ OmAlmBrand/Investor/Risiko-ogkapitalstyring/index.htm

The individual solvency need has not been audited.

GOALS AND STRATEGY

We take various types of calculated risk in support of the group's long-term business objectives. The risks encountered in the various business areas differ considerably, but generally risk parameters can be divided into four main types of risk:

- Business risk
- Financial risk
- Liquidity risk
- Operational risk

DKKm	Non-life	Bank	Life Shareholders' equity	Other	Total	% of Shareholders' equity
Sensitivity information, group						
Risk on shareholders' equity in case of specific events:						
Interest rate increase of 0.7 pct, point	- 17	50	- 7	0	26	0.6%
Interest rate fall of 0.7 pct, point	- 18	- 50	7	0	- 61	- 1.4%
Equity price fall of 12%	- 2	- 47	0	0	- 49	- 1.1%
Fall in property prices of 8%	- 1	- 9	0	0	- 10	- 0.2%
Maximum exchange rate loss of 99.5% probability of 10 days	0	0	0	0	0	0.0%
Loss on counterparties of 8%	- 5	- 18	0	0	- 23	- 0.5%
Loss on credit of 8%	- 83	- 45	- 6	1	- 133	- 3.0%
Caststrophic events:						
- one "100-year event"	- 220	0	0	0	- 220	- 4.9%
- two "100-year events"	- 375	0	0	0	- 375	- 8.3%

The bank's interest rate risk for accounting purposes in case of an interest rate movement of 0.7 of a percentage point totalled DKK 72 million at 31 December 2012.
The bank's property risk concerns properties held directly.

NOTE 50 Risk management - continued

An overview of sensitivity information for the group's principal business risks and financial risks is provided in note 48 to the financial statements.

BUSINESS RISK

Alm. Brand focuses on identifying, measuring and managing business risk and defines precise guidelines for the size of the risks each business area is authorised to accept.

NON-LIFE INSURANCE

Alm. Brand writes insurances for private customers, small and medium-sized business enterprises, property owners and administrators as well as agricultural and public sector customers. In all significant areas, it has been considered what the desired risk profile of Non-life Insurance is. Business procedures and controls in that respect have been designed and reports are submitted to the Board of Directors and Management Board of Alm. Brand Forsikring on a regular basis.

The primary risks are premium risks (upon acceptance of the policy), reserve risks (risk of provisions being too low relative to the cost of the loss) and catastrophe risks (extreme events costs).

Premium risk is the risk that expenses related to claims and costs exceed premium income. The risk is reduced by using reinsurance and by frequently monitoring trends in tariff parameters. Another way to reduce premium risk is to ensure that acceptance and writing rules are available at customer and product level.

Reserve risk is the risk that the claims provisions made are too low relative to the ultimate cost of claims incurred. At the end of the financial year, the company reserves funds for payment of reported but not settled claims and incurred but not reported claims. The company's claims provisions are estimated by actuaries. The payments and other liabilities to the policyholders may at a later stage prove greater than assumed at the beginning of the year and, in such case, the company will incur a loss.

Catastrophe risk is risk related to extreme events. Catastrophe risk is covered through reinsurance. The purpose of the reinsurance programme is to ensure that a single loss event or a random accumulation of large losses does not lead to an unacceptable loss of capital and, moreover, to reduce the size of fluctuations in technical results.

The largest single risks in the non-life insurance company are natural catastrophes and terrorist attacks. The risk of natural catastrophes is assessed by means of a number of scenarios based on the portfolio's exposure and on a calculated probability. These show that the current reinsurance programme will provide cover at least for losses resulting from a 1:200-year storm.

For 2013, Alm. Brand purchased catastrophe reinsurance up to DKK 4.1 billion with retention of DKK 75 million. The reinsurance programme covers property losses up to DKK 500 million and personal injury on personal accident and workers' compensation losses up to DKK 700 million. Retention is DKK 30 million and DKK 20 million per insured event, respectively. Moreover, the company has taken out frequency cover on major property claims covering large fire losses between DKK 5 million and DKK 30 million. However, the cover will not take effect until Alm. Brand has incurred claims in the amount of at least DKK 150 million in this range.

Alm. Brand has also purchased reinsurance cover for "medium-size" cloudburst and snow load claims up to DKK 200 million. This will cover losses between DKK 7.5 million and DKK 75 million after an aggregate claims payment of DKK 100 million. Motor (comprehensive and liability) and liability claims in general are covered together with retention of DKK 20 million.

The risk in the event of a terrorist attack is considered to be covered by the so-called terrorism pool and the government guarantee scheme covering nuclear, biological or chemical loss events and by the relevant parts of the reinsurance programme after retention under the relevant programmes or to be exempted in the risks insured. Alm. Brand has taken out specific coverage for selected buildings in relation to conventional terrorist attacks.

NOTE 50 Risk management - continued

BANKING

Alm. Brand Bank's strategy is focused on lending to private customers, financial markets and lease operations, which is reflected in the types of risk accepted by the bank. Overall, the risks accepted by the bank may be divided into business risks derived from operations, financial risks derived primarily from asset management operations and liquidity risks arising in connection with the financing of operating activities.

Alm. Brand Bank makes it a priority to identify, measure and manage the risks that attach specifically to banking, particularly credit risks. For this purpose, guidelines are drawn up for the bank's lending operations and described in a credit policy.

Credit policy

The banking group's credit policy and related guidelines describe the risk profile and the framework constituting the foundation of the granting of loans and the provision of guarantees as well as of the acceptance of other credit risks. The guidelines for providing credit aim to ensure that the banking group is perceived as a responsible and bona fide bank by all customers, business partners, public authorities and competitors. The banking group's credit secretariat has the overall responsibility for assessing and following up on the bank's credit exposure, both in terms of individual customers and in terms of loan portfolios.

The credit policy and the guidelines are adapted to the bank's strategy. The guidelines contain specific limits for the individual products offered by the bank and for the customer segments buying the bank's loan products. The bank aims for its earnings on the individual products and customer segments to offset the related risks and the required return on capital.

The banking group's future lending strategy targets private customers but the portfolio still contains loans to commercial and agricultural customers. The commercial and agricultural customer portfolios will be phased out in the years ahead.

The bank's loans to private customers are based on disposable amount calculations and to a wide extent on the use of credit scoring models which have been developed over a number of years and which are constantly being developed and improved on the basis of empirical data and cyclical changes.

If the changes in individual exposures and objective indicators are considered to warrant impairment of the value of an exposure, the necessary impairment charges will be effected in accordance with the rules in force and based on an assessment of the realisable value of any collateral provided and the expected date of realisation.

As a result of recent years' substantial impairment writedowns and discontinuance of business areas, the lending terms have been significantly tightened and the business areas which the bank intends to pursue in the future similarly narrowed down.

As described in the section on banking, impairment writedowns on Alm. Brand Bank's loans and mortgage deeds will remain subject to significant uncertainty in the years ahead.

LIFE AND PENSION

It is standard policy with Alm. Brand Liv og Pension that customers must always provide personal health information. This means that the company has deliberately opted not to write typical labour market pensions, as such pensions may be set up without personal health information. Moreover, the biometric risks are limited through a reinsurance programme which mitigates the effects of losses incurred on large customers. The reinsurance programme also comprises catastrophe cover in the event of several customers/lives being hit by the same event. Alm. Brand Liv og Pension has a relatively small exposure to life expectancy, as the company's portfolio is predominantly composed of capital and instalment pensions.

FINANCIAL RISK

Financial risk is handled by each individual business area but monitored by the group risk management function.

Market risk

The Alm. Brand Group's investment assets are measured at fair value on an ongoing basis. This means that developments in the financial markets influence the group's equity and performance. The group is exposed to various types of market risk in connection with trading and investing and as part of its ongoing cash management. The group uses derivative financial instruments to manage and reduce market risk on an ongoing basis.

NOTE 50 Risk management - continued

The purpose of financial risk management is to offset the overall financial risk exposure against both assets and liabilities in order to strike a satisfactory balance between risk and return. The risk management target is defined in the market risk policy and the associated guidelines, while the implementation thereof takes place by means of business procedures, instructions and exposure limits for different types of financial risk. The investment and risk management policy for the individual group companies has been adjusted to the conditions in which the companies operate.

The investment asset portfolio is subject to market risk, among other things in the form of interest rate risk, currency risk and price risk, for example resulting from changes in equity prices or real property prices.

Alm. Brand Liv og Pension's principal market risks are related to insurances with guaranteed benefits. Until 1994, Alm. Brand Liv og Pension wrote policies with average guaranteed benefits calculated by means of an interest rate of 4.5% after PAL. From 1994 to 1999, an interest rate of 2.5% after PAL was used, and from 1999 the rate was 1.5%. With effect from 1 April 2011, the interest rate was lowered once again to stand at 0.5%.

In compliance with the Executive Order on the Contribution Principle, Alm. Brand Liv og Pension's portfolio is divided into four groups corresponding to the four levels of guaranteed benefits. As a result of this division, the buffers can only be used to cover losses within the specific group and no longer throughout the portfolio. Seen in isolation, this has increased the company's risk. However, this risk is countered by an individual hedging programme for each interest rate contribution group. The risk is measured specifically for each of the four groups. Each group also has its own investment composition which is adjusted to the liabilities.

Alm. Brand Liv og Pension is focused on hedging the guaranteed benefits provided, applying derivative instruments to ensure that interest rate exposures on assets and liabilities are aligned. Changes in the value of investment assets resulting from changes in interest rates are therefore partly offset by corresponding changes in the value of the technical provisions and the collective bonus potential. However, shareholders' equity may be significantly affected if the average return generated over the life of the insurances fails to cover the guaranteed benefits. The investment assets that correspond to Alm. Brand Liv og Pension's equity are held in a separate escrow account. At 31 December 2012, this account had a relatively short duration, limiting the risk of price falls triggered by interest rate fluctuations.

Interest rate risk

Interest rate risk is the risk of fluctuations in the value of interest-bearing financial instruments as a result of interest rate movements. Management of the group's interest rate risk seeks to appropriately match interest rate risk on assets and liabilities.

In Alm. Brand Forsikring and Alm. Brand Liv og Pension the interest rate exposure on assets is aligned to the interest rate exposure on provisions by means of interest rate swaps. However, over the past few years, the group has chosen to not fully align its investment portfolio with the declining yield level. Alm. Brand Liv og Pension has developed an Asset Liability Management model to manage the correlation between assets and liabilities, which includes risk tolerance limits.

In the Alm. Brand Bank Group, risks due to interest rate changes may be divided into (i) fluctuations in the value of fixed-rate interest-bearing financial instruments, (ii) accounting interest rate risks related to floating-rate instruments, (iii) the re-investment risk on fixed-rate instruments and (iv) the risk of only a part of an interest rate increase being passed on to customers holding loans. These risks are managed by appropriately matching the development in the value of assets and liabilities and future cash inflows and outflows.

Currency risk

The group's investment strategy is to have only limited net positions in foreign currency. Positions are generally hedged using forward exchange contracts and currency swaps.
The currency exposure is primarily limited to the activities in the listed subsidiary Alm. Brand Formue and a small number of open currency positions in the bank.

NOTE 50 Risk management - continued

The bank's loans are primarily denominated in Danish kroner and are therefore not subject to currency risk to any significant extent.

Price risk

The group accepts a calculated exposure to equity risk which is determined on the basis of the investment strategy and the capital base. The equity exposure is composed of listed and unlisted equity investments and derivative financial instruments (futures and options). The exposure to equity risk is mainly restricted to equity holdings in the group's life insurance company and the Alm. Brand Bank Group.

The group is also exposed to changes in prices of real property through property investments held by the group's life insurance and non-life insurance companies. Similarly, the group is indirectly exposed to property prices through loans granted by the bank secured against a mortgage on real property.

Most of the property investments are in owner-occupied properties, but the group also makes direct property investments, mainly in office property, and invests in property sector equities. The risk profile when buying and selling property is focused on obtaining a high degree of security and stable returns on a long-term horizon. The risk management of property investments is rooted in guidelines for the overall property investments and guidelines for exposure to individual properties. A description of the risks relating to the bank's indirect exposure to properties is provided in the credit policy.

Inflation risk

Alm. Brand Forsikring determines payments for future workers' compensation claims on the basis of wage developments. Provisions for workers' compensation claims are calculated by applying expected future wage index developments. This produces exposure to inflation risk as stronger inflation will lead to higher wages, translating into higher claims. To mitigate this risk, Alm. Brand Forsikring enters into inflation swaps that hedge most of the inflation risk on workers' compensation provisions, assuming a stable development in real wages.

Other types of credit risk

The group seeks to limit credit risk by restricting the exposure to individual counterparties and to groups of counterparties with an identical profile.

The Alm. Brand Group has substantial amounts due from policyholders and reinsurers on an ongoing basis. Receivables from policyholders are secured through diversification on a very large group of policyholders, whereas receivables from reinsurers are secured through a minimum rating requirement from recognised rating agencies. Receivables deemed to be unrecoverable are written down or written off.

The Alm. Brand Group makes very limited investments in corporate bonds, the majority of which are investment grade (AAA to BBB). This ensures a limited credit risk exposure to the investment assets.

LIQUIDITY RISK

Liquidity risk is limited in Alm. Brand Forsikring and Alm. Brand Liv og Pension. The greatest liquidity risk for Alm. Brand Liv og Pension is the risk of a large number of customers wanting to move their pension savings at the same time. Should this scenario materialise, the risk may be mitigated to a certain extent by introducing a transfer and surrender charge.

Weather-related events put the non-life insurance company's liquidity the most under pressure. However, liquidity risk is limited because the companies' premiums are pre-paid. However, both companies have very good additional possibilities of procuring capital by realising assets.

The bank determines its liquidity management on the basis of a prudent risk profile. The bank manages and monitors liquidity on a day-to-day basis based on short-term and long-term liquidity requirements.

The short-term liquidity management is intended to ensure that Alm. Brand Bank complies with the statutory requirements at all times, including the guideposts of the Danish Financial supervisory Authority's supervisory diamond. This is achieved partly by neutralising imminent liquidity effects, thereby maintaining liquidity within the limits defined by the Board of Directors, and partly by securing financial resources in the form of certificates of deposit and undrawn money market lines with major market players.

The long-term liquidity management is intended to ensure that Alm. Brand Bank does not find itself in a situation where the cost of funding the bank's operations becomes disproportionately high.

The funding composition is based on high equity and capital base ratios, ensuring a solid capital base with a high solvency ratio. Moreover, the bank aims to have a funding base founded on deposits with interbank funding being used to the extent necessary. Other funding sources may be used if the price of funding makes it attractive.

In 2012, deposits were the largest funding source by far. Syndications were repaid in 2012, and bond issues under the Bank Package II guarantee were reduced by DKK 4 billion to stand at DKK 2 billion at 31 December 2012. In September 2012, the bank made use of the three-year credit facility made available by Danmarks Nationalbank by borrowing DKK 1 billion secured against bonds. In December, the bank replaced DKK 530 million worth of bonds by loans.

The bank aims to have excess liquidity coverage of at least 75% relative to section 152 of the Danish Financial Business Act. The bank has defined a detailed policy for its liquidity risks and a contingency plan in case liquidity falls below the 75% excess coverage target. At no time during 2012 did the bank fall below the excess liquidity coverage target.

OPERATIONAL RISK

The Alm. Brand Group's operational risks are monitored on an ongoing basis in order to ensure that the necessary security measures, controls and resources are in place. The extent of these measures is balanced against the expenses they involve. Security measures are assessed relative to potential threats and their assessed probability of occurrence as well as the potential business consequences, should such threats materialise.

The Alm. Brand Group has a number of control procedures in the form of work routines, business procedures and reconciliation processes, performed locally and centrally throughout the organisation. Combined with the segregation of controlling and operational functions within the organisation and the training of staff, these procedures help minimise operational risks.

The group's consistent information security efforts are anchored in an IT security policy defined, adopted and annually revised by the Board of Directors. The policy defines general IT security requirements to ensure that the overall use of IT is secure and controlled. The IT policy is implemented in security guidelines and user guidance in the form of technical and administrative measures and business procedures.

The key banking systems are developed and operated by Bankdata. The group's other IT systems are developed in-house and operated mainly by in-house staff. In the event a contingency situation involving a long-term physical or IT breakdown, Alm. Brand has prepared plans to ensure that operations may continue and that the group's key business functions are restored. These efforts are based on a number of contingency objectives defined for the group and approved by the Board of Directors.. The objectives have been implemented in the form of a centrally managed contingency organisation, evacuation plans, contingency manuals in the individual departments, a robust basic technical IT setup as well as a focus on standardisation of processes as well as IT.

As part of its duties, the internal audit department performs an audit to ensure that defined work routines, business procedures and controls have been satisfactorily prepared, implemented and observed. As a supplement to the internal audit, an external IT audit is performed on the group's IT systems, and in that connection audit statements are obtained from Bankdata.

The group's risk profile and risk management are described in detail at http://www.almbrand.dk/abdk/OmAlmBrand/Investor/Risiko-ogkapitalstyring/index.htm.

NOTE 51 Significant accounting estimates, assumptions and uncertainties

The consolidated and parent company financial statements have been prepared on the basis of certain special assumptions involving the use of accounting estimates. Such estimates are made by the company's management in accordance with the accounting policies and on the basis of historical experience and assumptions, which management considers prudent and realistic.

The most significant estimates concern insurance liabilities, the calculation of fair values of unlisted financial instruments, measurement of deferred tax assets, provisions and loans, advances and receivables.

In addition to these assumptions, the banking group is exposed to special risks and uncertainties in respect of impairment write-downs on loans and provision for losses on guarantees, which may cause actual results to differ from such estimates.

NON-LIFE INSURANCE

Provisions

Provisions for workers' compensation were affected by the act on a reform of flex jobs and incapacity pension, which came into force on 1 January 2013. The act entails that persons who have suffered an occupational injury and have been awarded a flex job due to that injury will receive a lower income from their flex job in future. The loss of income will instead be compensated by their workers' compensation insurance in order that the injured person may retain the same level of income before and after the introduction of the act. Extra compensation is conditional on the injured person being employed in the flex job after commencement of the act. This means that persons employed in flex jobs before 1 January 2013 will not be covered by the act.

Moreover, a commission has been set up to consider a revision of the Danish Act on Industrial Injuries prompted by the amended flex job rules. The outcome of this work is uncertain as are the claims expenses resulting from a revision of the act.

Against this background, Alm. Brand has made an additional reserve to cover the direct additional costs resulting from the amendment of the act. The estimate is based on calculations made by the Danish Ministry of Employment in connection with the introduction of the bill.

LIFE AND PENSION

Alm. Brand Liv og Pension is focused on hedging the guaranteed benefits provided, applying derivative instruments to ensure that interest rate exposures on assets and liabilities are aligned. Changes in the value of investment assets resulting from changes in interest rates are therefore partly offset by corresponding changes in the value of the technical provisions and the collective bonus potential. However, shareholders' equity may be significantly affected if the average return generated over the life of the insurances fails to cover the guaranteed benefits.

Tax reform

On 13 September 2012, the Danish parliament passed a new act on capital pension, which came into force on 1 January 2013, entailing that new payments made into capital pension schemes are no longer tax deductible. The act also introduced a new type of pension scheme called retirement pension (Alderspension).

Up to around one third of the company's premium portfolio and existing savings were affected by the new rules. How many customers will choose to reduce or entirely cease payments into their pension scheme due to the tax reform will not be clarified until during 2013. As a result, developments in premium income and profit for the year are subject to uncertainty.

BANKING

Impairment of loans

In respect of impairment of loans, advances and other receivables, significant estimates have been applied in quantifying the risk that not all future payments may be received, including estimates related to determining whether a customer should be marked for objective evidence of impairment. If it can be determined that not all future payments will be received, the determination of the amount of the expected payments, including realisation values of any collateral and expected dividend payments from estates, involves significant estimates.

Continuing adverse and unforeseen economic developments may affect the payment ability of individual customers. For example, the values of the collateral forming the basis of the calculation of the bank's collateral may give rise to additional impairment write-edowns especially on loans for activities concerning the funding of real property and agriculture.

NOTE 51 Significant accounting estimates, assumptions and uncertainties - continued

In addition, changes are regularly made to the rules that form the basis of the calculation of impairment writedowns in the bank. Changes that are subsequently introduced may trigger higher impairment writedowns on the bank's loans, regardless of the fact that no events would seem to have occurred in relation to the customers' ability to pay or collateral that would warrant such higher impairment writedowns.

Capitalisation

At 31 December 2012, Alm. Brand Bank A/S had a solvency ratio of 19.4 and an individual solvency need of 15.7%. Relative to the statutory requirement, the bank thus had excess coverage of DKK 373 million.

On 28 February 2012, Alm. Brand A/S contributed DKK 300 million in equity to Alm. Brand Bank A/S.

On 26 February 2013, the parent company Alm. Brand A/S injected DKK 700 million equity into Alm. Brand Bank A/S. The capital increase is made to ensure that the bank has adequate capital excess coverage and will be used to repay DKK 430 million of the state-funded hybrid core capital, which currently amounts to DKK 855 million.

Repayment will take place when permission is in place and will entail a substantial reduction of the bank's future funding costs and hence have a favourable impact on the bank's earnings and interest margin.

In the summer of 2010, Alm. Brand A/S made a commitment to contribute sufficient capital to Alm. Brand Bank A/S to ensure that Alm. Brand Bank would meet the higher of the solvency requirement and the individual solvency need of Alm. Brand Bank. This commitment has been maximised to DKK 2 billion and has thus lapsed.

Management believes that the bank has adequate capitalisation to withstand the business risks inherent in the bank's operations, including potential additional future impairment writedowns.

Cash resources

To secure adequate cash resources until June 2013 and onwards, the bank has worked according to a detailed plan encompassing reduction of loans, attracting new deposits and, on a certain scale, raising of loans with Danmarks Nationalbank by pledging credit claims as collateral in accordance with the rules thereon. The implementation of these activities is progressing according to plan.

DKKm	Non-life	Bank	Life Shareholders' equity	Other	Total	% of Shareholders' equity
Sensitivity information, group						
Risk on shareholders' equity in case of specific events:						
Interest rate increase of 0.7 pct, point	- 17	50	- 7	0	26	0.6%
Interest rate fall of 0.7 pct, point	- 18	- 50	7	0	- 61	- 1.4%
Equity price fall of 12%	- 2	- 47	0	0	- 49	- 1.1%
Fall in property prices of 8%	- 1	- 9	0	0	- 10	- 0.2%
Maximum exchange rate loss of 99.5% probability of 10 days	0	0	0	0	0	0.0%
Loss on counterparties of 8%	- 5	- 18	0	0	- 23	- 0.5%
Loss on credit of 8%	- 83	- 45	- 6	1	- 133	- 3.0%
Caststrophic events:						
- one "100-year event"	- 220	0	0	0	- 220	- 4.9%
- two "100-year events"	- 375	0	0	0	- 375	- 8.3%

The bank's interest rate risk for accounting purposes in case of an interest rate movement of 0.7 of a percentage point totalled DKK 72 million at 31 December 2012.
The bank's property risk concerns properties held directly.

NOTE 51 Significant accounting estimates, assumptions and uncertainties - continued

In 2012, the bank repaid funding in a total amount of DKK 7.7 billion and in September 2012 the bank made use of the three-year credit facility made available by Danmarks Nationalbank. The bank borrowed DKK 1 billion and provided security in the form of bonds. On 28 December 2012, the bank replaced DKK 530 million worth of bonds by loans.

Management monitors the cash position closely, applying stress testing to the expected future cash flow performance to prevent significant deviations from the defined assumptions from causing liquidity problems for the bank.

Funding totalling DKK 2.1 billion, including state-guaranteed bonds of DKK 2.0 billion, will fall due for repayment in 2013.

SENSITIVITY INFORMATION

We take various types of calculated risk in support of the long-term business objectives. The most important business risks and financial risks are listed in the table below.

The individual risks are described in note 50, Risk management, on pages 120 to 126.

Change in accounting estimates

On 12 June 2012, the Danish Insurance Association (F&P) and the Danish Ministry of Business and Growth entered into an agreement on an easing of the provisioning requirement. Technically speaking, the easing was effected by increasing the yield curve used for calculating provisions for durations of 20 years or more. The agreement had an impact on the calculation of technical provisions in Alm. Brand Forsikring A/S and Alm. Brand Liv og Pension A/S.

Seen in isolation, the change resulted in a DKK 68 million easing in June for Alm. Brand Liv og Pension A/S. The lower provisions were offset by a corresponding increase in the collective bonus potential. In addition, provisions for health and personal accident insurance were positively affected by approximately DKK 9 million. For Alm. Brand Forsikring A/S, the change reduced provisions by DKK 11 million. Overall, the changes increased Alm. Brand A/S' equity by around DKK 15 million at the time of transition.

NOTE 52 Accounting policies

GENERAL

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU. The parent company financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the executive order on financial reports presented by insurance companies and lateral pension funds. In addition, the financial statements have been presented in accordance with additional Danish disclosure requirements for listed financial enterprises.

Additional Danish disclosure requirements for annual financial statements are for the group set out in the Danish Statutory Order on Adoption of IFRS for financial enterprises issued pursuant to the Danish Financial Business Act and by NASDAQ OMX Copenhagen A/S. For the parent company, the disclosure requirements are defined in the Danish Financial Business Act and by NASDAQ OMX Copenhagen A/S.

The annual financial statements are presented in Danish kroner (DKK), which is considered the primary currency of the group's activities and the functional currency of the parent company.

The accounting policies applied in the consolidated financial statements are described in the following. The accounting policies of the parent company are described in connection with the parent company's financial statements.

CHANGE IN ACCOUNTING ESTIMATES

On 12 June 2012, the Danish Insurance Association (F&P) and the Danish Ministry of Business and Growth entered into an agreement on an easing of the provisioning requirement. Technically speaking, the easing was effected by increasing the yield curve used for calculating provisions for durations of 20 years or more. The agreement had an impact on the calculation of technical provisions in Alm. Brand Forsikring A/S and Alm. Brand Liv og Pension A/S.

Seen in isolation, the change resulted in a DKK 68 million easing in June for Alm. Brand Liv og Pension A/S. The lower provisions were offset by a corresponding increase in the collective bonus potential. In addition, provisions for health and personal accident insurance were positively affected by approximately DKK 9 million. For Alm. Brand Forsikring A/S, the change resulted in a DKK 11 million reduction of provisions. Overall, the changes increased Alm. Brand A/S' shareholders' equity by around DKK 15 million at the time of transition.

IMPLEMENTATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Annual Report 2012 is presented in accordance with the new and amended standards (IFRS/IAS) and interpretations (IFRIC) which apply for financial years starting on or after 1 January 2012. The implementation of the other new and amended standards and interpretations did not result in any changes in accounting policies affecting the profit for the year, the balance sheet or financial information.

STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

At the date of publication of these annual financial statements, the following new or amended standards and interpretations have not yet entered into force, and are therefore not included in these annual financial statements:

- IFRS 9, Financial instruments: Classification and measurement (Financial assets) (November 2009). IFRS 9 concerns the accounting treatment of financial assets in relation to classification and measurement. Pursuant to IFRS 9, the "held-to-maturity" and "available-for-sale" categories are eliminated. A new optional category is defined for equity instruments which are not held for sale and which at initial recognition are classified in the category "fair value through other comprehensive income". In future, financial assets will thus be classified either as "measured at amortised cost" or "measured at fair value through profit or loss" or – in case of qualifying equity instruments – as "measured at fair value through other comprehensive income". The standard comes into force for financial years starting on or after 1 January 2015. The standard has not yet been adopted for use in the EU.

- IFRS 9, Financial instruments: Classification and measurement (Financial liabilities) (October 2010). The amendment to IFRS 9 adds provisions on the classification and measurement of financial liabilities and derecognition. The majority of the provisions of IAS 39 on recognition and measurement of financial liabilities are unchanged in IFRS 9. However, IFRS does introduce the following amendments:

    - The exemption in IAS 39 providing that derivative financial instruments related to unquoted assets may in some cases be measured at cost is eliminated. According to IFRS 9, all derivative financial instruments must be measured at fair value.
    - Under IFRS 9, when a company elects to measure financial liabilities at fair value (fair value option) the portion of the fair value adjustment for the period attributable to changes in the company's own credit rating should be presented in other comprehensive income.

NOTE 52 Accounting policies - continued

The derecognition provisions of IAS 39 are unchanged in IFRS 9. The standard is effective for financial years starting on or after 1 January 2015. The standard has not yet been adopted for use in the EU.

- IFRS 10, Consolidated Financial Statements (May 2011). IFRS 10 specifies the principles for consolidation of an entity. The standard supersedes the sections on consolidation in IAS 27, Consolidated and Separate Financial Statements. In certain areas, this standard provides significantly more guidance with a view to establishing whether an investor controls an investee. IFRS 10 determines that an investor controls an investee if and only if the investor has all of the following elements:

  - power over the investee
  - exposure, or rights, to variable returns from its involvement with the investee
  - the ability to use its power over the investee to affect the amount of the investor's return.

The standard comes into force for financial years starting on or after 1 January 2014. The standard has not yet been adopted for use in the EU.

- IFRS 11, Joint Arrangements (May 2011). IFRS 11 concerns the accounting treatment of joint ventures. Proportional consolidation in the consolidated financial statements is no longer allowed, as joint ventures are to be recognised using the equity method in future. The standard comes into force for financial years starting on or after 1 January 2014. The standard has been adopted for use in the EU.

- IFRS 12, Disclosure of Interests in Other Entities (May 2011). IFRS 12 specifies disclosure requirements for consolidated and unconsolidated entities, joint ventures and associates. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the basis of control, any restrictions concerning consolidated assets and liabilities, risks associated with interests in unconsolidated entities and the involvement of non-controlling interests in the activities of consolidated entities. The standard comes into force for financial years starting on or after 1 January 2014. The standard has been adopted for use in the EU.

- IFRS 13, Fair Value Measurement (May 2011). IFRS 13 sets out a single framework for measuring fair value. This standard supersedes the guidance on fair value measurement provided in other standards. IFRS 13 thus provides a uniform definition of fair value. The standard comes into force for financial years starting on or after 1 January 2013. The standard has not yet been adopted for use in the EU.

- IAS 32, Financial Instruments: Presentation (December 2011). The amendment clarifies the criteria for offsetting of financial assets and financial liabilities. The amendment comes into force for financial years starting on or after 1 January 2014. The standard has been adopted for use in the EU.

At the date of publication of these annual financial statements, there are a number of additional new or amended standards and interpretations which have not yet entered into force and which are therefore not included in these annual financial statements. Management believes that these new and amended standards and interpretations will not have any material impact on the annual financial statements for the coming financial years.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the parent company and subsidiaries in which the parent company holds the majority of the voting rights or otherwise holds a controlling interest. Companies in which the group holds between 20% and 50% of the voting rights or otherwise exercises a significant but not a controlling influence are considered associates.

The consolidated financial statements have been prepared by consolidating items of a uniform nature in the income statements and balance sheets of each company. Intercompany income, expenses, intra-group accounts, shareholdings and gains and losses on transactions between the consolidated enterprises are eliminated.

The financial statements of subsidiary undertakings that present annual reports under other jurisdictions have been restated to the accounting policies applied by the group.

In the preparation of the consolidated financial statements, accounting items of subsidiaries are fully recognised, regardless of the percentage of ownership. The proportionate shares of the results and equity of subsidiary undertakings attributable to minority interests are recognised as separate items in the income statement and the balance sheet.

The consolidated financial statements of Alm. Brand A/S are included in the consolidated financial statements of Alm. Brand af 1792 fmba, Copenhagen.

ACQUISITIONS

Subsidiary undertakings newly acquired or disposed of are recognised in the consolidated financial statements from the date of acquisition and until the date of disposal respectively. Comparatives are not adjusted.

Acquisitions are accounted for using the purchase method, according to which the acquired enterprise's identifiable assets, liabilities and contingent liabilities are recognised in the balance sheet at fair value at the time of acquisition.

Where the cost exceeds the fair value of the acquired net assets, the excess amount is capitalised as goodwill under intangible assets. Goodwill is tested for impairment annually.

If the measurement of acquired identifiable assets, liabilities or contingent liabilities is subject to uncertainty at the time of acquisition, initial recognition will be made on the basis of a preliminary calculation of fair values. If it later turns out that the identifiable assets, liabilities or contingent liabilities had another fair value at the time of acquisition than that originally assumed, goodwill will be adjusted until 12 months after the acquisition. The effect of the adjustment will be recognised in the opening shareholders' equity, and comparative figures will be restated accordingly.

INTRA-GROUP TRANSACTIONS

Intra-group services are settled on market terms or on a cost recovery basis. Intra-group accounts carry interest on market terms. Intra-group transactions in securities and other assets are settled at market prices.

FOREIGN CURRENCY

Assets and liabilities denominated in foreign currency are recognised at the rate of exchange published by Danmarks Nationalbank at the balance sheet date. Income and expenses denominated in foreign currency are recognised at the rates of exchange ruling at the transaction date. Exchange gains and losses are recognised in the income statement.

On consolidation, the income statements of foreign subsidiaries are translated at average exchange rates for each month and balance sheet items are translated at the exchange rates prevailing at the balance sheet date.

Foreign currency translation adjustments arising on translation of foreign subsidiaries' opening equity using the exchange rates prevailing at the balance sheet date are recognised in equity through other comprehensive income. Differences arising on translation of foreign subsidiaries' income statement items at average exchange rates and balance sheet items at the exchange rates prevailing at the balance sheet date are also recognised in equity through other comprehensive income.

GENERAL RECOGNITION AND MEASUREMENT POLICIES

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group and the value of the asset can be reliably measured. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the group and the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below in respect of each individual item.

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to the financial year. Value adjustments of financial assets and liabilities are recorded in the income statement unless otherwise described in the accounting policies.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report and which confirm or invalidate conditions existing at the balance sheet date.

In connection with the acquisition or sale of financial assets and liabilities, the settlement date is used as the recognition date. Changes to the value of the asset acquired or sold during the period from the transaction date to the settlement date are recognised as a financial asset or a financial liability. If the acquired item is measured at cost or amortised cost after initial recognition, any value changes during the period from the transaction date to the settlement date are not recognised.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus the accumulated amortisation of any difference between cost and the nominal amount. This method allocates capital gains and losses over the term to maturity.

BALANCE SHEET

Intangible assets

Goodwill

On initial recognition, goodwill is recognised at fair value, determined as the difference between acquisition cost and fair value of the acquired net assets. An impairment test is conducted annually, and any impairment losses are recognised in the income statement.

NOTE 52 Accounting policies - continued

Software
Software is measured at the lower of cost less accumulated amortisation and impairment and the recoverable amount. Software is amortised on a straight-line basis over an expected useful life not exceeding five years.

In determining cost, all costs directly attributable to the development of the software and that will probably generate economic benefits for the group are recognised. All other costs are expensed as incurred. Amortisation and impairment are recognised as administrative expenses.

Land and buildings
Land and buildings owned by the group are classified as either investment properties or owner-occupied properties. Owner-occupied properties comprise properties which Alm. Brand generally uses for administrative purposes. Other properties are classified as investment properties.

The fair value of land and buildings is assessed in-house on an annual basis.

Investment properties
Investment properties are measured at a fair value calculated in accordance with the guidelines issued by the Danish Financial Supervisory Authority. The fair value is calculated on the basis of the yield method, which involves a valuation of each individual property on the basis of an expected normal operating budget and a rate of return. The calculated value is adjusted for short-term circumstances which change the earnings of the property. The adjusted calculated value corresponds to the fair value.

Adjustments of the value of investment properties are recognised in the income statement in the financial year when the change occurred.

Owner-occupied properties
Owner-occupied properties are measured at a revalued amount corresponding to the fair value at the revaluation date less accumulated depreciation and value adjustments. The fair value is calculated on the basis of the Danish Financial Supervisory Authority's guidelines on the yield method, which involves the measurement of each individual property on the basis of an expected normal operating budget and a rate of return. The calculated value is adjusted for short-term circumstances which change the earnings of the property. The adjusted calculated value corresponds to the fair value.

Owner-occupied properties are depreciated on a straight-line basis over the expected useful lives of the properties, which are estimated to be 60 years. Depreciation is calculated with due consideration to the expected residual value and is recognised in the income statement under administrative expenses.

Revaluations with the addition or deduction of the tax effect, including properties classified as owner-occupied properties, are made in shareholders' equity as revaluation reserves. If a revaluation can no longer be maintained, it is reversed. Writedowns that do not offset previous revaluations are made in the income statement.

The part of the revaluations that can be attributed to insurance contracts with bonus entitlement is subsequently transferred to collective bonus potential in accordance with the contribution rules filed.

The yield method
The operating budget recognises rental income from full letting, as any rent for vacant premises or other lack of rental income is offset against the estimated value. Accordingly, the operating budget recognises normal maintenance of the property. Any major anticipated renovation work, restoration work or repair is offset against the estimated value.

The rate of return is determined based on current market conditions for the type of property taking into account the state of repair, location, use, leases etc.

Investments in associates
Investments in associates are recognised and measured in the consolidated financial statements according to the equity method, which means that the investments are measured at the parent company's proportionate share of the company's net asset value at the balance sheet date, calculated according to the group's accounting policies.

Reinsurers' share from insurance contracts
The reinsurers' share of the technical provisions is calculated as the amounts expected to be received from reinsurance companies under the applicable reinsurance contracts.

The group regularly assesses its reinsurance assets for impairment. If there is a clear indication of impairment, the carrying amount of the asset is written down.

Operating equipment
Operating equipment is measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets taking into account the expected residual value. The expected useful lives are assessed to be:

• Cars	5 years
• Furniture and equipment	3-5 years
• Computers	3-5 years

Cost comprises acquisition cost and directly attributable costs.

Leasehold improvements are capitalised and amortised over their estimated useful lives, up to five years, taking into account the expected residual value.

Investment assets
Investment assets comprise financial assets measured at fair value. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this at every reporting date.

The measurement of financial instruments depends on whether the instruments are part of the group's trading portfolio. Generally, the group's financial instruments form part of the trading portfolio, not including unlisted shares and part of the portfolio of mortgage deeds.

Financial instruments included in the trading portfolio are measured at fair value, and value adjustments are taken to the income statement. For financial instruments not included in the trading portfolio it is assessed whether the fair value can be determined reliably.

For the majority of the unlisted shares and the portfolio of mortgage deeds, it is assessed that the fair values can be measured sufficiently reliably using recognised valuation methods. These assets are on this basis measured at fair value and value adjustments are taken to the income statement. The unlisted shares for which it is assessed that the fair value cannot be determined sufficiently reliably are measured at cost less any impairment.

The measurement of financial instruments at fair value is consistent with the group's internal risk management, which is based on market exposure of assets and liabilities subject to risk.

Financial assets are recognised or derecognised at the settlement date.

Listed financial assets are measured at fair value based on the closing price at the balance sheet date, or, in the absence of a closing price, another public price deemed to be most similar thereto.

Unlisted financial assets are measured at fair value using recognised valuation methods. For unlisted assets that are managed by external fund managers, these calculate an estimated market value based on the estimated present value of expected future cash flows.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through income are included in the income statement in the period in which they arise.

Securities sold under agreements to repurchase at a later date (repo transactions) remain in the balance sheet. Amounts received are included as amounts owed to the purchaser and are subject to interest at the agreed rate.

The securities are measured as if they were still included in the balance sheet, and market value adjustments and interest etc. are recognised in the income statement. Securities purchased under agreements to resell at a later date (reverse transactions) are not recognised in the balance sheet. Amounts paid are recognised as a receivable and are subject to interest at the agreed rate.

Derivative financial instruments
As part of the risk management efforts, the fair value of certain fixed rate assets and liabilities is hedged through the use of derivatives. Derivatives are measured at cost on initial recognition. Subsequently, derivatives are measured at fair value at the balance sheet date.

Changes in the fair value of derivatives designated as and qualifying for recognition as fair value hedges of a recognised asset or a liability are recognised in the income statement together with changes in the fair value of the hedged asset or hedged liability that can be attributed to the hedged risk.

For derivatives that do not qualify for hedge accounting, changes in fair value are recognised as financial items in the income statement as they occur.

Loans, advances and receivables
Loans, advances and receivables for which the price is fixed in active markets are measured at fair value. The loans, advances and other receivables involved must be measured at fair value on initial and subsequent recognition. The fair value is calculated using a valuation technique which is in accordance with generally recognised methods of pricing financial instruments.

NOTE 52 Accounting policies - continued

Other loans and advances and other receivables are measured at amortised cost. On initial recognition, the portfolio is measured at fair value plus transaction costs less fees and commissions received that are directly related to the acquisition or issue of the financial instrument. On subsequent recognition, such loans, advances and other receivables will be adjusted to amortised cost on a current basis.

An ongoing evaluation takes place to detect any objective evidence of impairment of the company's loans, advances and other receivables determined at amortised cost. If there is any objective evidence of impairment, the need to write down the loan, advance or receivable is assessed. Any impairment losses are calculated based on the difference between the carrying amount before the impairment and the present value of expected future payments from the loan, advance or receivable.

However, a realisation principle is used for distressed property and exposures.

Collective impairment charges
Loans, advances and receivables that are not written down individually are subject to a collective assessment of whether there is any indication of impairment for the group as a whole. A collective assessment involves groups of loans, advances and receivables with uniform credit risk characteristics.

The collective assessment is based on a segmentation model developed by the Association of Local Banks in Denmark, which is responsible for the ongoing maintenance and development of the model. The segmentation model determines the correlation in the individual groups between actual losses and a number of significant explanatory macroeconomic variables by way of a linear regression analysis. The explanatory macroeconomic variables include unemployment, housing prices, interest rates, number of bankruptcies/forced sales, etc.

The macroeconomic segmentation model is generally calculated on the basis of loss data for the entire banking sector. The bank has therefore assessed whether the model estimates need to be adapted to the bank's portfolio of loans and advances.

This assessment has entailed an adjustment of the model estimates to the bank's own circumstances, and these adjusted estimates form the basis of the calculation of collective impairment charges. An estimate has been calculated for each individual group of loans, advances and receivables, which expresses the percentage impairment of the specific group of loans, advances and receivables at the balance sheet date. The individual loans and advances' impact on the group impairment is calculated by comparing the original risk of loss of the individual loans and advances with the risk of loss of the loans and advances at the beginning of the current reporting period. The impairment is calculated as the difference between the carrying amount and the discounted value of the expected future payments.

Balances due from credit institutions
Balances due from credit institutions are measured at fair value on initial recognition and subsequently at amortised cost and comprise all receivables from credit institutions and central banks, including receivables in connection with genuine purchase and resale transactions.

Cash in hand and balances at call
Cash in hand and balances at call are measured at fair value on initial recognition and subsequently at amortised cost.

Contingency funds
The contingency funds can only be used for the benefit of policyholders. Contingency fund 2 is moreover subject to the restriction that it can only be used when permission has been obtained from the Danish Financial Supervisory Authority.

Deferred tax has been provided on the group's contingency funds.

Dividends
Dividends are recognised as a liability in the financial statements at the time of adoption by the shareholders at the annual general meeting. Proposed dividends in respect of the financial year are stated as a separate line item in the notes relating to shareholders' equity.

Treasury shares
Purchases and sales of treasury shares are recognised directly in shareholders' equity under other reserves.

Share options
The fair value at the time of grant is recognised as a staff cost in the income statement and set off against equity. The fair value is measured using the Black & Scholes model and otherwise in accordance with IFRS 2 on share-based payment.

The options are settled by means of treasury shares. When the options are exercised, the strike price received is taken to equity.

Subordinated debt
Subordinated debt comprises liabilities which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot

be settled until any other creditor claims have been honoured. Subordinated debt is recognised at fair value, equalling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortised cost using the effective interest method with the addition of the fair value of the hedged interest rate risk.

Issued bonds at amortised cost
Issued bonds at amortised cost are recognised at fair value, equalling the payment received less directly attributable costs incurred. Subsequently, issued bonds are measured at amortised cost using the effective interest method.

Provisions for insurance contracts
Unearned premium provisions and outstanding claims provisions are measured at their discounted value if such discounting materially affects the size of the provisions.

The discount rate applied is the government bond-adjusted and maturity-dependent discount rate announced by the Danish Financial Supervisory Authority for the duration in question.

Unearned premium provisions
Unearned premium provisions are measured as the best estimate of future claims for the part of the insurance period not yet run off, including all direct and indirect administrative and claims-handling expenses. Unearned premium provisions will, however, as a minimum correspond to an accrual of the premiums collected. Unearned premium provisions on change of ownership policies are discounted.

Unearned premium provisions relating to health and personal accident insurance are made up according to market value principles. They are calculated as the difference between the present value of the company's liabilities in respect of health and personal accident policies and the present value of the premiums to be paid by policyholders in the future using a best estimate of insurance risk, costs incurred in managing insurance and claims handling and the rate of return obtainable in the market. The provisions are calculated based on an assumption of a lower mortality and disability than in the company's calculation basis for new contracts. The reduction is estimated based on the company's historical claims ratios on mortality and disability, respectively, and costs relative to the assumptions in the calculation basis for new contracts. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

Life insurance provisions
Life insurance provisions are calculated at market value based on an expected cash flow discounted using the government bond-adjusted yield curve announced by the Danish Financial Supervisory Authority. The market value expectations include a risk premium, corresponding to the risk of fluctuations in the amount and time of payment of guaranteed benefits. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

The expected future insurance benefits are estimated based on projections of mortality and disability. These are estimated based on the company's historical claims ratios on mortality and disability, respectively, and actual costs relative to the assumptions in the calculation basis for new contracts.

Life insurance provisions are divided into provisions for guaranteed benefits, bonus potential on future premiums and bonus potential on paid-up policy benefits.

Life insurance provisions are calculated at market value, based on individual calculations for each policy. Also, bonuses earned but not yet added to the individual policies are added to the provisions. For amounts exempt from tax on pension returns, a discount rate without deduction of tax on pension returns is used.

The provisions are generally calculated based on an assumption of a lower mortality and disability than in the company's calculation basis for new contracts. The reduction is estimated on the basis of an empirical analysis of the company's insurance portfolio.

Provisions for the guaranteed benefits comprise obligations to pay benefits guaranteed to the policyholder. Provisions for guaranteed benefits are calculated as the difference between the present value of the benefits guaranteed by the insurance policy and the present value of the expected future insurance administration costs less the present value of the agreed future premiums. The provision includes an estimated amount in cover of future benefits resulting from already incurred claims and an estimated amount for claims incurred but not reported. The guaranteed benefits are calculated with the addition of a premium, ensuring that as a minimum a value corresponding to the guaranteed surrender value is provided.

The bonus potential on future premiums comprises obligations to pay a bonus concerning premiums agreed but not yet due. For the portfolio of insurance with bonus entitlement, the bonus potential on future premiums is calculated as the difference between the value of the guaranteed paid-up policy benefits and the value of guaranteed benefits. Guaranteed paid-up policy benefits are benefits guaranteed under the insurance if the policy is converted into a paid-up policy. The value of the guaranteed paid-up policy benefits is calculated as the present value of the guaranteed paid-up policy

NOTE 52 Accounting policies - continued

benefits plus the present value of the expected future administrative costs associated with the paid-up policies. Whether the bonus potential on future premiums is to be strengthened is determined individually for each calculation basis.

The bonus potential on paid-up policies includes obligations to pay bonuses concerning premiums etc. already due. The bonus potential on paid-up policies is calculated as the value of policyholders' savings less provisions for guaranteed benefits and the bonus potential on future premiums. Whether the bonus potential on future premiums is to be strengthened is determined individually for each policy.

Outstanding claims provisions

Outstanding claims provisions comprise the amounts provided at the end of the year against claims reported but not settled as well as amounts for claims incurred but not reported. They are generally estimated using statistical methods based on the payment history and the development in case reserves. For workers' compensation, a separate model has been introduced which is mainly based on rulings and case officer assessments of individual claims. Furthermore, the company makes a provision for future revisions of settled and unsettled claims and a provision for reopened and future delayed claims. Other factors affecting the necessary level of outstanding claims provisions include changes in legal practice, internal processes, inflation and singular, extreme claims.

The outstanding claims provisions also include amounts to cover direct and indirect costs considered necessary in connection with settling the claims obligations. The estimate of the provision is based on the direct and indirect costs incurred during a normal claims year on the establishment of new claims and the processing and settlement of old claims. Included in the calculations is the ratio of claims paid and the outstanding claims provisions at year end, including claims incurred but not reported.

Alm. Brand introduced a more precise method for discounting claims provisions in 2009. The cash flow regarding payment of provisions for the past ten claims years is estimated for all lines and discounted using the new government bond-adjusted yield curve of the Danish Financial Supervisory Authority. In workers' compensation, provisions relating to claims years more than ten years back are also discounted.

For all lines except workers' compensation, the future inflation rate is estimated and recognised implicitly in the provision models. The future inflation rate forecast used in the calculation of provisions in relation to workers' compensation consists of an inflation element and a real wage element.

Several assumptions and estimates underlying the calculation of the provisions for claims are mutually dependent. However, the most important interdependence is that between the assumption of inflation and interest rates, although the effect of changes in the inflation rate assumption will not affect the calculation of the outstanding claims provisions as effectively as changes to the discount rate.

Provisions for claims relating to health and personal accident insurance are calculated at the present value of expected future payments. The outstanding claims provisions relating to health and personal accident insurance also include amounts to cover direct and indirect costs considered necessary in connection with settling the claims obligations. For reported claims, an individual assessment is made of the date of payment. The costs are estimated on the basis of the average duration of established claims payments and an assessment of the annual costs incurred in handling claims.

The provisions for current disablement benefits are determined individually, and an assessment of the duration of the benefits is made for each policy. To the determined provision is added a premium reflecting the risk of an extension of the expected duration, for example as a result of new health information. The premium is assessed regularly based on empirical experience.

Collective bonus potential

Collective bonus potential comprises obligations to pay a bonus in addition to the bonus amounts added to the life insurance provisions. The amount is not allocated to individual policyholders.

Liability adequacy test

The outstanding claims provisions are calculated according to actuarial methods and with a view to avoiding run-off losses as well as run-off gains. At the calculation date, the provisions thus represent the best estimate of future claims for the current and previous claims years. The outstanding claims provisions are calculated on a monthly basis, and the level is therefore assessed to be adequate at all times.

The provision will be discounted if such discounting has a material impact on the size of the liability.

Long-term employee obligations
Provisions for pensions and similar obligations comprise jubilee benefits, etc. to employees, notwithstanding that the future benefit is subject to the individual being employed by the company at the time of the benefit. The value of the future benefits is recognised as the present value of the benefits expected to be paid based on a best estimate.

Current costs in respect of pensions etc. for the group's employees are treated as defined contribution plans. For defined contribution plans, the group pays fixed contributions and has no obligation to pay any further contributions. The obligations are fully funded.

Other financial liabilities
Other financial liabilities are measured at fair value on initial recognition. The liabilities are subsequently measured at amortised cost.

Deposits with ceding companies comprise amounts received which are kept to cover the insurance liabilities of other insurance companies towards the group's reinsurance companies.

Deposits for financial reinsurance comprise premiums received less deductions for claims paid equivalent to the company's liabilities pursuant to contracts made.

Deposits
Deposits are recognised at amortised cost and comprise all deposits, including obligations in connection with genuine sale and repurchase transactions and customers' receivable margins in connection with futures and option transactions.

Payables to credit institutions
Payables to credit institutions are measured at amortised cost and comprise obligations in connection with genuine sale and repurchase transactions and receivable margins in connection with futures and option transactions.

INCOME STATEMENT
Premium income
Gross premiums comprise premiums due relating to insurance and contracts where the risk period commenced before the end of the financial year.

Premium income, net of reinsurance, is the gross premiums for the year adjusted for movements in unearned premium provisions and less reinsurers' share. The part of the change in unearned premium provisions which can be ascribed to discounting is transferred to interest expenses, etc. The part of the change in unearned premium provisions which can be ascribed to a change in the discount rate applied after inflation is transferred to market value adjustments.

Premiums relating to life insurance comprise premiums due during the year and single premiums less labour market contribution.

Interest income, etc.
Interest income and dividends, etc. includes dividends received and interest earned during the financial year.

The item also includes interest-like fees and commissions that are an integral part of the effective rate of interest on financial assets measured at amortised cost. Finally, the item recognises the part of the change in unearned premium provisions and outstanding claims provisions that can be ascribed to discounting.

Fee income, etc.
Fees, etc. are accrued over the lifetime of the transactions and recognised in the income statement at the amounts relating to the accounting period.

Other income from investment activities
The item includes the operating profit on investment property after deduction of related administrative expenses.

Other income
Income derived from activities that cannot be ascribed to the company's principal activities is recognised under other income.

Claims incurred
Claims incurred include claims paid during the insurance year adjusted for movements in claims provisions corresponding to known and anticipated claims relating to the year.

Amounts to cover expenses for surveying and assessment and other direct or indirect staff administration costs, etc. associated with claims handling are included in the item. In addition, the item includes run-off results regarding previous years.

The group's indirect costs relating to the handling of claims are distributed between claims expenses and administrative expenses using allocation keys based on estimated resource application.

NOTE 52 Accounting policies - continued

The part of the change in outstanding claims provisions which can be ascribed to discounting is transferred to interest expenses, etc. The part of the change in outstanding claims provisions which can be ascribed to a change in the discount rate applied after inflation is transferred to market value adjustments.

Alm. Brand has entered into swap agreements to partially hedge provisions for workers' compensation against changes in the future wage index, assuming a continued stable growth in the real value of claims paid. The value adjustment of these swaps is included in claims incurred.

Claims and benefits relating to life insurance comprise benefits due during the year, amounts paid for repurchases and bonus amounts paid in cash.

Other expenses from investment activities
The item includes amounts associated with the management of investment assets. Brokerage and commission relating to the purchase and sale of securities is recognised under market value adjustments.

Impairment of loans, advances and receivables, etc.
Impairment of loans, advances and receivables comprises impairment of loans, advances and receivables on which there is an objective evidence of impairment and provisions for guarantees. The item also includes value adjustment of assets temporarily acquired in connection with closing commitments.

Acquisition costs and administrative expenses
The part of the insurance operation expenses that can be ascribed to acquisition and renewal of the insurance portfolio is recognised under acquisition costs. Acquisition costs are generally charged to the income statement when the insurance takes effect.

Administrative expenses comprise expenses related to managing the company's activities. Administrative expenses are accrued to match the financial year.

Operating expenses relating to owner-occupied properties are recognised in the consolidated income statement under administrative expenses. Rent concerning the company's owner-occupied properties is not recognised in the consolidated income statement, but the expense is included in the individual segment financial statements.

Other expenses
Expenses associated with activities that cannot be ascribed to the company's principal activities are recognised under other expenses.

Result of ceded business
For reinsurance contracts containing a combination of financial terms and traditional terms with transfer of risk, the risk premium is recognised on an accruals basis under premium income. The accrual is based on the value of the contracts at the end of the year. Realised losses relating to these contracts are included in claims after adjustment for movements in financial deposits.

Reinsurance premiums ceded and reinsurers' share received are accrued and recognised in the income statement according to the same principles as those applied for the corresponding items under the gross business.

Changes in ceded business attributable to discounting are transferred to interest expenses etc. while changes attributable to changes in the discount rate applied are transferred to value adjustments.

Value adjustments
Value adjustments include all realised and unrealised gains and losses on investment assets, except for value adjustment of subsidiary and associated undertakings and revaluations of owner-occupied properties.

Tax on pension returns
Tax on pension returns includes the tax levied on returns relating to the group's life insurance activities, notwithstanding whether the tax is payable now or at a later date.

TAX
All companies in the group are jointly taxed.

Tax includes tax for the year, comprising income tax payable for the year, movements in deferred tax and prior-year adjustments. Changes in deferred tax resulting from changes in tax rates are also recognised in this item.

Current tax assets and liabilities are recognised in the balance sheet at the amount that can be calculated on the basis of the expected taxable income for the year adjusted for prior years' tax losses carried forward.

Deferred tax is recognised according to the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax is measured on the basis of the tax regulations and tax rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax.

Deferred tax assets, including the tax base of tax losses carried forward, are measured at the amount at which they are expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities. At each balance sheet date, it is reassessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

SEGMENT INFORMATION

Business segments are the group's primary segment, while the geographical segment is the secondary segment because the group primarily covers the Danish market.

The segment information follows the group's internal reporting structure, reflecting a risk allocation on relevant business areas.

More detailed segment information is provided in the management's review.

CASH FLOW STATEMENT

The cash flow statement is presented using the direct method and shows cash flows from operating, investing and financing activities as well as the group's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities include the items of the income statement adjusted for operating items of a non-cash nature. Realised gains and losses on the sale of tangible assets or investment assets are included in cash flows from investing activities.

Cash flows from investing activities include changes in intra-group accounts and net additions of investment assets, including realised gains and losses on the sale of such assets.

Cash flows from financing activities include financing from shareholders as well as by raising of short-term and long-term loans.

Cash and cash equivalents comprise cash and demand deposits.

Disclaimer

The forecast is based on the interest rate and price levels that prevailed at mid February 2013. All other forward-looking statements are based exclusively on the information available when this report was released. This announcement contains forward-looking statements regarding the company's expectations for future financial developments and results and other statements which are not historical facts. Such forward-looking statements are based on various assumptions and expectations which reflect the company's current views and assumptions, but which are inherently subject to significant risks and uncertainties, including matters beyond the company's control. Actual and future results and developments may differ materially from those contained or assumed in such statements. Matters which may affect the future development and results of the group as well as of the individual business areas include changes in economic conditions in the financial markets, legislative changes, changes in the competitive environment, in the reinsurance market and in the property market, unforeseen events, such as extreme weather conditions or terrorist attacks, bad debts, major changes in the claims experience, unexpected outcomes of legal proceedings, etc.

The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information contained in this report should independently consider any uncertainties of significance to their decision.

This annual report has been translated from Danish into English. In the event of any discrepancy between the Danish-language version and the English-language version, the Danish-language version shall prevail.

Financial statements, parent company

Balance sheet

		Parent company	
DKKm	**Note**	**2012**	**2011**
Assets			
Investment in group enterprises	1	4,384	4,271
Loans to group enterprises		0	0
Total investments in group enterprises and associates		**4,384**	**4,271**
Equity investments		1	1
Other loans and advances		2	2
Deposits with credit institutions	2	225	75
Cash in hand and balances at call	3	11	16
Total other financial investment assets		**239**	**94**
Total investment assets		**4,623**	**4,365**
Receiveables from group enterprises		11	8
Other receivables		37	31
Total receivables		**48**	**39**
Current tax assets	4	17	8
Deferred tax assets	5	17	20
Total other assets		**34**	**28**
Total assets		**4,705**	**4,432**
Liabilities and equity			
Share capital		1,735	1,735
Other provisions		1,215	1,215
Retained earnings		1,413	1,139
Total shareholders' equity	6	**4,363**	**4,089**
Subordinated debt		250	250
Subordinated debt	7	**250**	**250**
Deferred tax liabilities	8	46	46
Total provisions		**46**	**46**
Payables to group enterprises		2	2
Issued bonds		32	32
Other payables		12	13
Total payables		**46**	**47**
Total liabilities and equity		**4,705**	**4,432**

Contingent liabilities, guarantees and lease agreements	9
Staff costs	10
Auditors' fees	11
Related parties	12

Income statement

		Parent company	
DKKm	**Note**	**2012**	**2011**
Income from group enterprises	13	319	-469
Interest income and dividends, etc.	14	1	4
Interest expenses	15	-13	-15
Administrative expenses related to investment activities	16	-34	-29
Total return on investments		**273**	**-509**
Profit/loss before tax		**273**	**-509**
Tax	17	11	10
Profit/loss for the year		**284**	**-499**
Proposed allocation of loss:			
Retained earnings		284	-499
Comprehensive income			
Profit/loss for the year		284	-499
Comprehensive income		**284**	**-499**
Proposed allocation of loss:			
Retained earnings		284	-499

Statement of changes in equity

DKKm	Share capital	Other provi-sions	Retained earnings	Share-holders' equity
Shareholders' equity at 1 January 2011	**1,735**	**1,215**	**1,640**	**4,590**
Changes in shareholders' equity 2011:				
Profit/loss for the year			-499	-499
Comprehensive income			-499	-499
Purchase and sale of treasury shares	0	0	2	2
Purchase and sale of treasury shares in subsidiaries	0	0	-4	-4
Tax on changes recognised in equity	0	0	0	0
Changes in shareholders' equity	0	0	-501	-501
Shareholders' equity at 31 December 2011	**1,735**	**1,215**	**1,139**	**4,089**
Shareholders' equity at 1 January 2012	**1,735**	**1,215**	**1,139**	**4,089**
Changes in shareholders' equity 2012:				
Profit/loss for the year			284	284
Comprehensive income	0	0	284	284
Purchase and sale of treasury shares	0	0	-6	-6
Purchase and sale of treasury shares in subsidiaries	0	0	-7	-7
Share option scheme	0	0	3	3
Tax on changes recognised in equity	0	0	0	0
Changes in shareholders' equity	0	0	274	274
Shareholders' equity at 31 December 2012	**1,735**	**1,215**	**1,413**	**4,363**

Notes

DKKm	2012	2011
Note 1 Investment in group enterprises		
Cost beginning of year	7,291	6,841
Additions during the year	300	450
Cost, year-end	7,591	7,291
Revaluation and impairment beginning of year	-3,020	-2,346
Dividend received	-500	-200
Profit/loss for the year	319	-469
Revaluation of owner-occupied properties associates	0	0
Revaluation and impairment of treasury shares in subsidiaries	-6	-5
Revaluation and impairment, year-end	-3,207	-3,020
Investment in group enterprises, year-end	**4,384**	**4,271**
Specification of carrying amount:		
Alm. Brand Bank A/S	-996	-1,092
Alm. Brand Forsikring A/S	-3,387	-3,178
Asgaard Finans A/S	-1	-1
Investment in group enterprises, year-end	**-4,384**	**-4,271**
Note 2 Deposits with credit institutions		
Fixed-term deposits, eksternal banks	225	75
Deposits with credit institutions, year-end	**225**	**75**
Note 3 Cash in hand and balances at call		
Deposits held at call, Alm. Brand Bank	3	8
Escrow account, Alm. Brand Bank	8	8
Custody accounts, eksternal banks	0	0
Cash at hand and balances at call, year-end	**11**	**16**
Note 4 Current tax assets		
Current tax assets beginning of year	8	8
Prior-year tax adjustment	-2	0
Tax paid in respect of prior years	-6	-8
Tax on profit/loss for the year	17	8
Current tax assets, year-end	**17**	**8**
Note 5 Deferred tax assets		
Deferred tax assets beginning of year	20	19
Prior-year tax adjustment	1	0
Change for the year	-4	1
Deferred tax assets, year-end	**17**	**20**
Deferred tax on equipment	6	6
Deferred tax on provisions	2	2
Deferred tax on losses carried forward	9	12
Deferred tax assets, year-end	17	20
Note 6 Shareholders' equity		
Share capital beginning of year	1,735	1,735
Share capital, year-end	**1,735**	**1,735**

The share capital consists of 173,500,000 shares of DKK 10 each and has been fully paid up.

DKKm	2012	2011	2010	2009	2008
Share capital beginning of year	1,735	1,735	1,388	1,476	1,668
Reduction of capital on 11 November 2010	0	0	-1,215	0	0
Share issue on 30 December 2010	0	0	1,562	0	0
Cancellation of treasury shares	0	0	0	-88	-192
Share capital, year end	1,735	1,735	1,735	1,388	1,476

Reference is made to the statement of changes in equity.

DKKm	2012	2011
Solvency		
Tier 1 capital after deductions	3,680	3,403
Capital base after decuctions	3,264	2,987
Weighted assets subject to market risks, etc.	3,579	3,432
Total weighted assets	3,579	3,432
Tier 1 capital after deductions as a percentage of total weighted items	102.8%	99.2%
Solvency ratio	91.2%	87.1%

The risk-weighted items have been prepared in accordance with the Danish Financial Business Act.

No. of shares		
Reconciliation of the no. of shares (1,000)		
Issued shares beginning of year	173,500	173,500
Treasury shares beginning of year	-142	-421
No. of shares beginning of year	173,358	173,079
Employee shares issued	325	579
Shares acquired/sold during the year	-737	-300
Issued shares, year-end	173,500	173,500
Treasury shares, year-end	-710	-142
No. of shares at year-end	172,790	173,358
Treasury shares		
Carrying amount beginning of year	0	0
Value adjustment	-7	3
Acquired during the year	12	3
Sold during the year	-5	-6
Carrying amount year-end	0	0
Nominal value beginning of year	1	4
Acquired during the year	9	3
Sold during the year	-3	-6
Nominal value, year-end	7	1
Holding (no. of shares) beginning of year	142	421
Acquired during the year	893	300
Sold during the year	-325	-579
Holding (no. of shares), year-end	710	142
Percentage of share capital	0.4%	0.1%

Note 7 Subordinated debt		
Floating rate bullet loans maturing 2017.09.07	250	250
Subordinated debt, year-end	**250**	**250**
Interest on subordinated debt	12	14
Costs incurred in connection with the raising of the subordinated debt	0	0

The subordinate loan capital carries a floating rate of interest of 3M CIBOR plus 4.0 percentage points.

DKKm	2012	2011

Note 8 Deferred tax liabilities

Deferred tax on contingency funds in group enterprises	46	46
Deferred tax, year-end	**46**	**46**

The company is liable to pay a possible tax amount in Denmark in respect of recaptured losses in foreign entitles. The liability amounts to a maximum of DKK 316 million.

The amount will fall due for payment if the foreign operations exit from the joint taxations scheme before 2015.

Note 9 Contingent liabilities, guarantees and lease agreements

Guarantee commitments	639	670

Alm. Brand A/S has provided a guarantee to ILU (Institute of London Underwriters) covering contracts written on behalf of the Copenhagen Reinsurance Company (U.K.) Ltd. (Cop. Re UK Ltd.), Copenhagen Re's UK subsidiary. The guarantee covers insurance contracts relating to Marine Aviation and Transport (MAT) written through ILU in the period from 3 April 1989 to 1 July 1997. In connection with the divestment of the Copenhagen Re Group in 2009, the buyer has undertaken to indemnify Alm. Brand A/S against the guarantee commitments.

Alm. Brand A/S has issued a guarantee commitment in respect of Pensionskassen under Alm. Brand af 1792 (pensionsafviklingskasse). Alm. Brand A/S has issued a commitment to pay any such ordinary and extraordinary contributions as may be determined in the pension scheme regulations or as agreed with the Danish Financial Supervisory Authority. Alm. Brand af 1792 fmba has undertaken to indemnify the Alm. Brand A/S for any and all costs the company may incur from time to time in respect of these obligations.

Alm. Brand A/S has made rental agreements for premises with total annual payments of DKK 197 million allocated over a five-year period.

Alm. Brand A/S is jointly and severally liable with the other jointly taxed and jointly registered group companies for the total tax liability.

For Danish tax purposes, the company is taxed jointly with Alm. Brand A/S as administration company. As from 1 July 2012, the company is therefore jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends on behalf of the jointly taxed companies.

Note 10 Staff costs

Salaries and wages	12	12
Pension	2	2
Share-based payment	1	0
Total salaries and wages, pension, etc.	15	14
Average number of employees	3	3
Remuneration to the Board of Directors (DKK '000)	3,175	3,240
Remuneration to the Management Board (DKK '000)	7,713	5,673
Total remunerations	10,888	8,913

Remuneration to the members of the Management Board comprises remuneration to Chief Executive Officer Søren Boe Mortensen. An anniversary bonus was paid in 2012. paid in 2012.
Alm. Brand has decided to provide all employees of the group, including the Management Board, with defined contribution pension plans. The group's expenses in relation to the Management Board's pension plans are shown in the above note.

The notice of termination between Alm. Brand and the Management Board is 12 months for either party. If a member of the Management Board is given notice by Alm. Brand, he is entitled to a severance payment equalling 36 months' salary.

Remuneration to key employees (DKK '000)		
Fixed salary	248	544
Pension	37	30
Share-based payment	15	0
Total remuneration to key employees	300	574
No. of key employees	**2**	2

The remuneration paid in 2011 comprises salary and severance payment for a former CFO. No bonus was paid to key employees.

Share-based payment
A share option scheme has been established for the senior executives of the Alm. Brand Group, with the exception of the management of Alm. Brand Bank A/S. The scheme, which can only be exercised by purchasing the relevant shares (equity-based scheme), entitles the holders to purchase a number of shares in Alm. Brand A/S at a pre-determined price. The options granted vest at the date of grant. The options will lapse if they remain unexercised 50 months after the date of grant.

The share option scheme forms part of the fixed salary and cannot exceed 13% thereof. The time horizon of the scheme is two years. The exercise price is calculated as a simple average of the market price of Alm. Brand A/S on the fifth, sixth and seventh trading day after release of annual reports or half-year interim reports plus a 10% premium.

DKKm	2012	2011
Note 11 Audit fees		
Deloitte (DKK '000):		
Audit	625	625
Tax consultancy	479	465
Non-audit services	182	251
Total audit fees	1,286	1,341

Note 12 Related parties

Related parties comprise:

- Members of the company's Management Board and Board of Directors and their related family members
- Companies controlled by members of the Management Board of Board of Directors
- Other companies in the Alm. Brand Group
- Alm. Brand af 1792 fmba, which exercises a controlling influence on the company

Related party transactions:

The Group has intra-group functions that solve joint administrative tasks for the companies of the Group, and in this connection administrative agreements are in place between the respective Group companies ensuring that the rules on intra-group trancsctions are observed.

Alm. Brand Bank is the Alm. Brand Group's primary banker. This involves the conclusion of a number of agreements between the company and the group's other enterprises, and a number of transactions are regularly made between the company and the rest of the group. All agreements and transactions between the company and the bank are made on an arm's length or cost-recovery basis in accordance with applicable legislation for intra-group transactions.

An agreement has been made on interest accruing on accounts between the bank and the other group companies on an arm's length basis.

Other than the above, no material intra-group transactions have taken place.

Note 13 Income from group enterprises		
Alm. Brand Bank A/S	-391	-918
Alm. Brand Forsikring A/S	710	449
Asgaard Finans A/S	0	0
Total income from group enterprises	**319**	**-469**
The results are recognised in the following items:		
Income from group enterprises	319	-469
Total income from group enterprises	319	-469
Note 14 Interest income and dividends, etc.		
Interest, Alm. Brand Bank	1	4
Other interest	0	0
Total interest income and dividends, etc.	**1**	**4**
Note 15 Interest expenses		
Interest expenses, group enterprises	-15	-15
Other interest expenses	2	0
Total interest expenses	**-13**	**-15**
Note 16 Administrative expenses related to investment activities		
Cost, group enterprises	-1	-1
Other costs	-33	-28
Total administrative expenses related to investment activities	**-34**	**-29**
Note 17 Tax		
Estimated tax on profit/loss for the year	17	8
Prior-year adjustment	-1	0
Adjustment of deferred tax	-5	2
Total tax	**11**	**10**
Effective tax rate		
Current tax rate	25.0%	25.0%
Adjustment of deferred tax relating to prior years	2.9%	-0.7%
Adjustment of tax relating to prior years	-2.9%	0.7%
Tax adjustments	-0.3%	0.0%
Total effective tax rate	24.7%	25.0%

		Parent company	
DKKm	**Note**	**2012**	**2011**
Assets			
Investment in group enterprises	1	4,384	4,271
Loans to group enterprises		0	0
Total investments in group enterprises and associates		**4,384**	**4,271**
Equity investments		1	1
Other loans and advances		2	2
Deposits with credit institutions	2	225	75
Cash in hand and balances at call	3	11	16
Total other financial investment assets		**239**	**94**
Total investment assets		**4,623**	**4,365**
Receiveables from group enterprises		11	8
Other receivables		37	31
Total receivables		**48**	**39**
Current tax assets	4	17	8
Deferred tax assets	5	17	20
Total other assets		**34**	**28**
Total assets		**4,705**	**4,432**
Liabilities and equity			
Share capital		1,735	1,735
Other provisions		1,215	1,215
Retained earnings		1,413	1,139
Total shareholders' equity	6	**4,363**	**4,089**
Subordinated debt		250	250
Subordinated debt	7	**250**	**250**
Deferred tax liabilities	8	46	46
Total provisions		**46**	**46**
Payables to group enterprises		2	2
Issued bonds		32	32
Other payables		12	13
Total payables		**46**	**47**
Total liabilities and equity		**4,705**	**4,432**

Contingent liabilities, guarantees and lease agreements	9
Staff costs	10
Auditors' fees	11
Related parties	12

NOTE 19 Accounting policies

GENERAL

The annual report is presented in compliance with the Danish Financial Business Act, including the Executive Order on financial reports presented by insurance companies and lateral pension funds. In addition, the annual report has been presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

The consolidated financial statements of Alm. Brand A/S are prepared in accordance with the International Financial Reporting Standards as approved by the EU. With respect to recognition and measurement, the accounting policies of the parent company Alm. Brand A/S are identical to those described for the group, with the exception that:

Investments in subsidiaries are recognised and measured at the parent company's share of the subsidiaries' net asset value on the balance sheet date.

The value of Pensionskassen under Alm. Brand A/S is not recognised in the balance sheet but is exclusively disclosed in the notes as a contingent liability.

The accounting policies are unchanged from the policies applied in the Annual Report 2011.

Financial ratios

Return on equity before tax	=	$\frac{\text{Profit before tax x 100}}{\text{Average shareholders' equity}}$
Return on equity after tax	=	$\frac{\text{Profit for the year x 100}}{\text{Average shareholders' equity}}$

In the calculation of return on equity, consideration is made for capital increases in the year and any other equity entries to the effect that such changes are included on a pro rata basis.

Financial ratios, Alm. Brand A/S, parent company

Net asset value per share	=	$\frac{\text{Shareholders' equity x 100}}{\text{No. of shares at year-end}}$
Earnings per share	=	$\frac{\text{Profit for the year after tax x 100}}{\text{Average no. of shares}}$
Diluted earnings per share	=	$\frac{\text{Profit for the year after tax x 100}}{\text{Average no. of shares}}$

In the determination of the average number of shares, any stock options and warrants are taken into consideration.

Price/NAV	=	$\frac{\text{Share price}}{\text{Net asset value per share}}$

Financial ratios, Non-life Insurance

Key ratios have been calculated in accordance with the Executive Order on financial reports presented by insurance companies and profession-specific pension funds:

Gross claims ratio	=	$\frac{\text{Gross claims incurred x 100}}{\text{Gross premium income}}$
Gross expense ratio	=	$\frac{\text{Insurance operating expenses x 100}}{\text{Gross premium income}}$
Net reinsurance ratio	=	$\frac{\text{Profit/loss on reinsurance x 100}}{\text{Gross premium income}}$
Combined ratio	=	$\frac{\text{(Gross claims expenses + Insurance operating expenses + Profit/loss on reinsurance) x 100}}{\text{Gross premium income}}$
Operating ratio	=	$\frac{\text{(Gross claims expenses + Insurance operating expenses + Profit/loss on reinsurance) x 100}}{\text{Gross premium income + Technical interest}}$

Gross premiums is regulated for bonus and premium discounts

Key ratios have been calculated in accordance with the Executive Order on financial reports presented by credit institutions and investment companies, etc.:

Financial ratios, banking

Interest margin = $\frac{\text{Interest receivable}}{\text{Average interest-bearing assets}} - \frac{\text{Interest payable}}{\text{average interest-bearing liabilities}}$

Impairment ratio for the year = $\frac{\text{Impairment for the year x 100}}{\text{Loans and advances + guarantees + impairment}}$

Income/cost ratio = $\frac{\text{Income}}{\text{Costs}}$

Financial ratios, Life and Pension

Key ratios have been calculated in accordance with the Executive Order on financial reports presented by insurance companies and profession-specific pension funds.

Directorships and special qualifications

Board of Directors

DIRECTORSHIP

Farm owner
JØRGEN HESSELBJERG MIKKELSEN
Chairman
Born 1954
Member of the Board of Directors since 1994

Chairman of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Member of the Boards of Directors of:
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Directorships outside the Alm. Brand Group

Chairman of the Boards of Directors of:
Danish Agro A.m.b.a
Danish Agro Byggecenter A/S
Danish Agro Trading A/S
Danish Agro Finance A/S
Tømrermester Søren Gliese-Mikkelsen A/S

Member of the Boards of Directors of:
DPL Invest A/S (Investeringsselskabet for
Dansk Primær Landbrug)
Hesselbjerg Agro A/S
Vilomix International Holding A/S
DLA International Holding A/S
Dan Agro Holding A/S

Managing Director of:
J.H.M. Holding 2010 ApS

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
(particularly in relation to membership of the audit commitee)
Insight into financial matters
Insight into economic matters

DIRECTORSHIP

Managing Director
BORIS NØRGAARD KJELDSEN
Deputy chairman
Born 1959
Member of the Board of Directors since 2003

Deputy chairman of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Member of the Boards of Directors of:
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Directorships outside the Alm. Brand Group

Chairman of the Boards of Directors of:
Breinholt Consulting A/S
Breinholt Invest A/S
DATEA A/S
Kemp & Lauritzen A/S
Sigvald Madsen Holding A/S

Member of the Boards of Directors of:
Benny Johansen & Sønner A/S
DAVISTA Komplementarselskab A/S
DAVISTA K/S
Ejendomsforeningen Danmark (Deputy chairman)

Managing Director of:
DADES A/S (adm.dir.)
DAVISTA Komplementarselskab A/S
DAVISTA K/S

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
(particularly in relation to membership of the audit commitee)
Insight into financial matters
Insight into legal matters
Insight into economic matters

DIRECTORSHIP

Manager
JAN SKYTTE PEDERSEN
Born 1956
Member of the Board of Directors since 2010

Member of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond
Alm. Brand Forsikring A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Directorships outside the Alm. Brand Group

Member of the Boards of Directors of:
Energimidt Holding A.M.B.A.
Energimidt Renewables A/S
Herm. Rasmussen A/S Holding
Herm. Rasmussen A/S
Herm. Rasmussen A/S Malerforretning
Herm. Rasmussen A/S Erhvervsejendomme
K/S Papirfabrikken
Malerfirmaet Fr. Nielsen og Søn, Skanderborg, Aktieselskab
Ringvejens Autolakereri A/S
Silkeborg IF Invest A/S
Gustav Hansen Holding A/S
Gustav Hansen Murer og Entreprenører A/S
Fast Entreprise A/S
Den Selvejende Institution Silkeborg Fodbold College
EnergiMidt Handel A/S
Michael Sørensens Stiftelse

Managing Director of:
Herm. Rasmussen A/S Holding
Herm. Rasmussen A/S
Herm. Rasmussen A/S Malerforretning
Herm. Rasmussen A/S Erhvervsejendomme
Ringvejens Autolakereri A/S
Malerfirmaet Fr. Nielsen og Søn, Skanderborg, Aktieselskab

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

DIRECTORSHIP

Attorney
HENRIK CHRISTENSEN
Born 1950
Member of the Board of Directors since 2010

Member of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond

Directorships outside the Alm. Brand Group

Chairman of the Boards of Directors of:
Baltic Agro Group A/S
Hjallerup Træ og Spærfabrik A/S
O.J. Malerentreprise A/S
T.E. Gruppen A/S
Torben Enggaard Holding A/S
Green World Society Ltd.
Anelin A/S
Restaurationsselskabet af 1.11.1996 ApS

Member of the Boards of Directors of:
Boulevarden 1 Invest ApS
Larsen & Sørensen Holding A/S
Musikhuset Jomfru Ane Gade ApS

Managing Director of:
Advokatanpartsselskabet Henrik Christensen
Boulaw 8 ApS
VGH Nr. 277 ApS

Partner:
Fortuna I/S

Liquidator's duties:
Carl Pedersen A/S, Aalborg

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into legal matters
Insight into economic matters

DIRECTORSHIP

State-authorised public accountant
ARNE NIELSEN
Born 1944
Member of the Board of Directors since 2009

Member of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Directorships outside the Alm. Brand Group

Managing Director of:
Cartofico Lejlighed 4 P/S

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
(particularly in relation to membership of the audit commitee)
Insight into financial matters
Insight into economic matters
Insight into legal matters

DIRECTORSHIP

Estate owner
PER VIGGO HASLING FRANDSEN
Born 1952
Member of the Board of Directors since 2009

Member of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond

Directorships outside the Alm. Brand Group

Chairman of the Boards of Directors of:
"Sia" Per Frandsen Latvia

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

DIRECTORSHIP

Staff association chairman
HELLE LÅSBY FREDERIKSEN
Employee representative
Born 1962
Member of the Board of Directors since 2010

Member of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond

Chairman of the Boards of Directors of:
Personaleforeningen i Alm. Brand Forsikring A/S

SPECIAL QUALIFICATIONS

Experience from the Alm. Brand Group's customer segments

DIRECTORSHIP

Commercial insurance agent
PER DAHLBOM
Employee representative
Born 1958
Member of the Board of Directors since 2009

Member of the Boards of Directors of:
Alm. Brand af 1792 fmba
Alm. Brand Fond
Alm. Brand A/S

SPECIAL QUALIFICATIONS

Experience from the Alm. Brand Group's customer segments

DIRECTORSHIP

Financial adviser
SUSANNE LARSEN
Employee representative
Born 1964
Member of the Board of Directors since 2006

Member of the Boards of Directors of:
Alm. Brand A/S

SPECIAL QUALIFICATIONS

Experience from the Alm. Brand Group's customer segments
Insight into financial matters

DIRECTORSHIP

Market manager, Commercial
HENNING KAFFKA
Employee representative
Born 1965
Member of the Board of Directors since 2010

Member of the Boards of Directors of:
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond

SPECIAL QUALIFICATIONS

Experience from the Alm. Brand Group's customer segments

Management Board

DIRECTORSHIP

Chief Executive Officer
SØREN BOE MORTENSEN
Born 1955
Joined Alm. Brand in 1987
Member of the Management Board since 1998
Chief Executive Officer since December 2001

Chief Executive Officer of:
Alm. Brand A/S
Alm. Brand af 1792 fmba

Chairman of the Boards of Directors of:
Asgaard Finans A/S
Alm. Brand Forsikring A/S
Alm. Brand Præmieservice A/S
Alm. Brand Ejendomsinvest A/S
Alm. Brand Formue A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Member of the Boards of Directors of:
Alm. Brand Bank A/S

Chairman appointed by the Management Board of:
Pensionskassen under Alm. Brand A/S

Directorships outside the Alm. Brand Group

Chairman of the Boards of Directors of:
Forsikringsakademiet A/S

Member of the Boards of Directors of:
Forsikring & Pension (Deputy Chairman)

Group companies

DKKm	Activity	Profit/loss for the year	Shareholders' equity at year-end	Owner-ship interest
PARENT COMPANY				
Alm. Brand A/S, Copenhagen	Holding	284	4,363	
NON-LIFE INSURANCE				
Alm. Brand Forsikring A/S, Copenhagen	Insurance	711	3,389	100%
Alm. Brand Service ApS, Copenhagen	IT operation and development	– 22	43	100%
LIFE AND PENSION				
Forsikringsselskabet Alm. Brand Liv og Pension A/S, Copenhagen	Insurance	72	958	100%
Alm. Brand Ejendomsinvest A/S, Copenhagen	Real property	65	1,346	100%
BANK AND FINANCE				
Alm. Brand Bank A/S, Copenhagen	Bank	– 391	995	100%
Alm. Brand Leasing A/S, Copenhagen	Car finance and leasing	– 1	82	100%
Alm. Brand Formue A/S, Copenhagen	Investment	71	315	45%
The Alm. Brand Bank Group also consists of four wholly-owned property companies. These four companies owned by Alm. Brand Bank were established in connection with the take-over of a number of properties held temporarily.				
OTHER ACTIVITIES				
Alm. Brand Præmieservice A/S, Copenhagen	Financing	0	1	100%
Asgaard Finans A/S, Copenhagen	Holding	0	1	100%
ASSOCIATED COMPANIES				
Nordic Corporate Investments A/S	Investment	14	135	25%
Hirlap Finans ApS	Trade, industry og investment	0	0	25%
Cibor Invest	Investment	– 1	52	33%

"Ownership interest" indicates Alm. Brand A/S' direct or indirect ownership interests.



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