

ANNUAL REPORT

Alm Brand

2013

Since 1792



”We have shaken off the dust, and now we are looking outward and ahead. This is actually not a new logo: We have simply adapted our good old logo to our new outlook”

1980

1992

2014



ADDRESS

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Statsautoriseret Revisionspartnerselskab

REGISTRATION

Alm. Brand A/S

Company reg. (CVR) no. 77333517

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This is a translation of the Danish annual report 2013. In case of any discrepancies the Danish version prevails.

Board of Directors

FRONT FROM THE LEFT:

*Boris Nørgaard
Kjeldsen**

Deputy Chairman
Born 1959
Since 2003

*Karen Sofie
Hansen-Hoeck*

Born 1965
Since 2013

Susanne Larsen

Employee
representative
Born 1964
Since 2006

*Jørgen Hesselbjerg
Mikkelsen**

Chairman
Born 1954
Since 1994

Arne Nielsen

Born 1944
Since 2009

Lars Christiansen

Employee
representative
Born 1971
Since 2013

Helle Låsby Frederiksen

Employee
representative
Born 1962
Since 2010

BACK FROM THE LEFT:

*Henrik
Christensen**

Born 1950
Since 2010

Henning Kaffka

Employee
representative
Born 1965
Since 2010

Ebbe Castella

Born 1950
Since 2013

*Jan Skytte
Pedersen**

Born 1956
Since 2010

*Per Viggo Hasling
Frandsen**

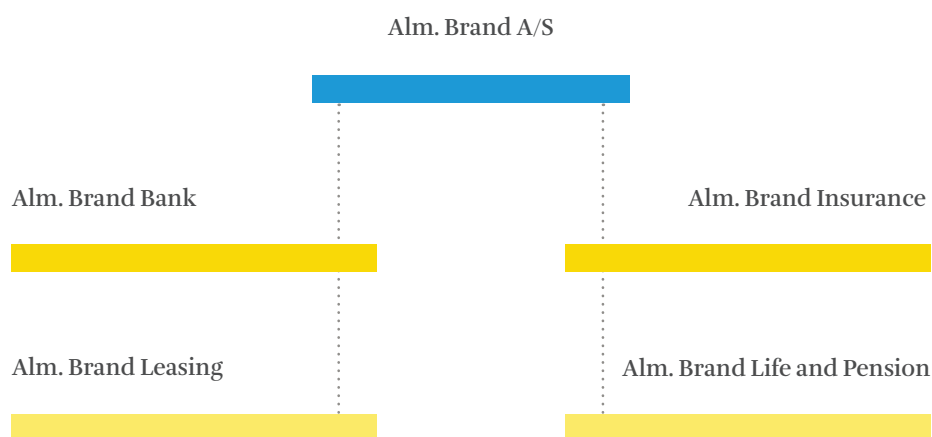
Born 1952
Since 2009

*Elected by the principal shareholder





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

Management *review*

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

Alm. Brand 2013

PERFORMANCE OF THE GROUP

Alm. Brand posted a consolidated profit of DKK 355 million before tax, which was better than the most recent guidance. It is also a substantial improvement relative to the guidance provided at the beginning of 2013. As the profit translates into a return on equity of 8%, Alm. Brand failed to deliver on the target of a return on equity equalling the money market rate plus 10%, which meant that the performance was not satisfactory.

NON-LIFE INSURANCE

In 2013, the group's non-life insurance activities once again delivered a very favourable performance, posting a profit of DKK 763 million, which was significantly better than expected and highly satisfactory.

Premiums rose by 3.4%, which was better than anticipated, driven by increased sales, particularly in the commercial customer segment, and a sustained low level of customer defections.

The combined ratio was 87.4, of which the expense ratio represented 16.0.

The combined ratio was favourably affected by fewer major claims than expected and a positive tun-off result. On the other hand, weather-related expenses impacted the combined ratio negatively due to the two storms in October and December.

The underlying combined ratio of Non-life Insurance improved to 78.8 from 79.7 in 2012. Overall, the underlying combined ratio was better than the long-term target of 80.

BANKING

The bank incurred a loss before tax of DKK 469 million in 2013, against a loss of DKK 519 million in 2012, which was not satisfactory.

Total losses and writedowns remained high at DKK 374 million but were in line with the guidance provided at the begin-

355 DKKm

Total before tax

ning of 2013. Before losses and writedowns, the bank thus incurred a loss of DKK 95 million, which was in line with the most recent guidance.

The bank's continuing activities reported a loss before tax of DKK 90 million but a profit of DKK 28 million before writedowns. The large impairment writedowns reported in 2013 were in particular due to the extraordinary credit review of private customers initiated by the bank in 2013. Before writedowns, the performance improved relative to 2012 and was favourably affected by a higher level of activity, especially in Financial Markets.

The bank's winding-up activities reported a loss of DKK 379 million. This marked a significant improvement relative to 2012 and 2011, driven particularly by a lower level of writedowns. The performance was also favourably affected by lower funding costs due to the bank's DKK 630 million repayment of the high-interest state-funded hybrid core capital in 2013. High winding-up costs also detracted from the bank's performance.

On 27 February 2014, Alm. Brand A/S injected DKK 400 million into Alm. Brand Bank A/S as equity. The capital injection will be used to repay the remaining DKK 226 million of state-funded hybrid core capital and to ensure that the bank has adequate capital excess coverage to absorb the DKK 200 million reduction in the value of the bank's supplementary capital materialising in 2014 due to new capital adequacy rules. Following this repayment, the bank will have redeemed all of its state-funded capital.

87.4

Combined ratio in Non-life Insurance

3.4 %

*Premium increase in Non-life Insurance***LIFE AND PENSION**

The life and pension activities reported a satisfactory profit of DKK 86 million.

Regular payments grew by 1.3% in 2013 on the back of an inflow of new customers. On the other hand, the tax reform abolishing tax deductibility for payments into capital pension schemes detracted from growth.

Life and Pension produced satisfactory expense and risk results and a satisfactory investment return in 2013. The favourable results led to a further strengthening of the collective bonus potential in 2013 in spite of the high rate on policyholders' savings offered by Life and Pension. The collective bonus potential increased by a total amount of DKK 240 million to DKK 827 million, and the bonus rate was 9.2% at 31 December 2013.

As a result, the rate on policyholders' savings was raised for 2014 so that new customers will be offered a rate of 4.00%, which is still one of the best rates offered in the market.

MAJOR EVENTS**Changes to the Board of Directors**

At the company's annual general meeting held on 25 April 2013, Ebbe Castella and Karen Sofie Hansen-Hoeck were elected to the Board of Directors.

Events after the balance sheet date

On 27 February 2014, the Board of Directors of Alm. Brand af 1792 fmba approved the repayment by Alm. Brand A/S of the existing DKK 250 million subordinated loan, as it no lon-

ger meets the conditions for recognition in the capital base of Alm. Brand A/S effective from 1 January 2014. Repayment is subject to approval by the Danish FSA, and Alm. Brand will therefore not complete the repayment until it has received such approval.

In addition, Alm. Brand af 1792 fmba and Alm. Brand A/S have agreed to set up a new subordinated loan of DKK 250 million with a term of 10 years and a five-year period of non-terminability. The loan carries interest at 3M CIBOR plus 5 percentage points.

OUTLOOK

Alm. Brand expects to generate a consolidated profit of DKK 525-575 million before tax from the group's continuing activities and to post a loss of DKK 375-425 million before tax from the bank's winding-up activities.

The outlook for Non-life Insurance reflects a normal insurance year with a combined ratio of 91-92 and an expense ratio of around 16%. The performance of Life and Pension is expected to be in line with 2013. The results of the bank's continuing activities are expected to improve considerably in 2014, partly due to improved core earnings and partly due to a lower level of writedowns. Other activities are expected to produce a loss of DKK 50 million. The performance of the winding-up activities is expected to be in line with 2013.

The guidance is subject to substantial uncertainty, and the actual performance will depend on economic developments, market conditions in general and other factors.

Financial highlights and key ratios

	DKKm	2013	2012	2011	2010	2009
GROUP	Income					
	Non-life Insurance	5,031	4,866	4,772	4,762	4,714
	Banking	746	852	1,008	1,132	1,254
	Life and Pension	928	903	724	719	710
	Other activities	–	–	–	–	10
	Investment etc.	653	726	714	728	883
	Total income	7,358	7,347	7,218	7,341	7,571
	Profit/loss excluding minority interests					
	Non-life Insurance	763	853	460	207	287
	Banking	–469	–519	–1,154	–869	–1,758
	Life and Pension	86	90	137	181	139
	Miscellaneous activities	–	–	–	–	–11
	Other activities	–25	–34	–44	–55	7
	Profit/loss before tax	355	390	–601	–536	–1,336
	Tax	–159	–94	98	135	336
	Profit/loss after tax	196	296	–503	–401	–1,000
	Consolidated profit/loss					
	Consolidated profit/loss before tax	375	421	–626	–539	–1,416
	Tax	–159	–94	97	135	336
	Consolidated profit/loss after tax	216	327	–529	–404	–1,080
	Total provisions for insurance contracts	18,627	19,678	19,197	18,413	17,894
	Consolidated shareholders' equity	4,685	4,506	4,206	4,758	3,694
	Share attributable to minority interests	153	137	113	160	199
	Total assets	39,580	42,559	44,913	48,149	47,498
	Average no. of employees	1,585	1,592	1,572	1,725	1,859
	Return on equity before tax	8.0%	9.2%	–13.8%	–16.4%	–33.4%
	Return on equity after tax	4.4%	7.0%	–11.6%	–12.3%	–25.2%
PARENT COMPANY	Profit/loss before tax	188	273	–509	–414	–1,000
	Tax	5	11	10	14	–1
	Profit/loss after tax	193	284	–499	–400	–1,001
	Total assets	4,865	4,705	4,432	4,984	4,401
	Total investment assets	4,772	4,623	4,365	4,919	4,337
	Share capital	1,735	1,735	1,735	1,735	1,388
	Shareholders' equity	4,523	4,363	4,089	4,590	3,486
	Payables	52	46	47	98	620
	Return on equity before tax*	7.9%	8.9%	–13.7%	–16.4%	–33.5%
	Return on equity after tax*	4.3%	6.7%	–11.6%	–12.3%	–25.2%
KEY RATIO	Earnings per share	1.1	1.7	–2.9	–24	–59
	Diluted earnings per share	1.1	1.7	–2.9	–24	–59
	Net asset value per share	27	25	24	27	207
	Share price at 31 December	24.1	14.0	8.15	14.2	91
	Price/NAV	0.91	0.55	0.34	0.53	0.44
	No. of shares at year-end (in thousands)	170,655	172,790	173,202	173,079	16,835
	Average no. of shares (in thousands)	171,587	173,123	173,140	16,882	16,828

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

** Alm. Brand A/S completed a capital increase on 30 December 2010. Key ratios 2009 have not been restated

We are dedicated to offering top-end *service*, and based on our CUSTOMERS FIRST strategy we have launched a comprehensive training programme for our employees to ensure that we put customers first in every process. The strategy is also intended to ensure high quality for our customers, digitalised processes and efficient business procedures as well as to ensure that we have COMMITTED employees and generate a proper *return* to the group's shareholders.





Storm
December 2013



”After the first year of execution of the new strategy, we can see that it works. Both internal and external measurements show that our customers perceive a difference. Customer satisfaction has improved, and over the past few years we have seen a significant increase in customer loyalty”

Søren Boe Mortensen,
Chief Executive Officer

FIRST YEAR WITH THE NEW STRATEGY

Our *focus* is on our costumers

Denmark – and thereby also Alm. Brand – emerged from the crisis in 2013. Economic growth is still not completely back on track and still lacks some momentum, but conditions have stabilised. Alm. Brand recorded a 2013 profit of DKK 355 million before tax for a return on equity of 8%. This is not good enough, and we still have a lot of work ahead of us before our earnings as a group reach a satisfactory level.

Nevertheless, we can in many ways be pleased with how the year turned out for us. All of our business areas are moving in the right direction, although with large variations from one to the other. Non-life Insurance's performance once again exceeded expectations by a wide margin, even with two major storms. Life and Pension also reported a satisfactory performance, although amendments of the terms for capital pension schemes impacted growth. In Banking, things are beginning to move in the right direction, but the results are still marred by the financial crisis.

Best value for money

Entering into 2013, we also embarked on a new strategy period. Under the new strategy, covering the period from 2013 to 2016, our focus is on our customers and on ensuring that Alm. Brand has a strong competitive position.

Our goal is that we want to provide best value for money. Price is important, and surely we have to maintain a competitive price on our products, but it is the service we provide that sets us apart from the competition. We are dedicated to offering top-end service, and based on our CUSTOMERS FIRST strategy we have launched a comprehensive training programme for our employees to ensure that we put customers first in every process.

The strategy is also intended to ensure high quality for our customers, digitalised processes and efficient business procedures as well as to ensure that we have committed employees and generate a proper return to the group's shareholders.

In order to make things simpler for our customers, we are working to make our customer-facing procedures more pliant and digital so that customers will be able to choose more freely when they would like to contact us. In connection with the October and December storms, many customers chose to report their claims digitally on our website. This meant that we were able to devote our personal service resources to the customers that needed to talk with us direct. That way, digitalising our processes will contribute to improving the customer experience.

After the first year of execution of the new strategy, we can see that it works. Both internal and external measurements show that our customers perceive a difference. Customer satisfaction has improved, and we have recorded a substantial decline in the number of complaints filed with the Insurance Complaints Board. Over the last couple of years, we have also seen a significant increase in customer loyalty, indicating that customers want to stay with Alm. Brand. Finally, we have seen an increase in the number of customers across our business areas, and more customers have pooled their financial products with us.

Strong Non-life Insurance performance despite storms

The year 2012 was an unusual claims year for Non-life Insurance due to a "lack" of claims events, which made for an exceptionally strong performance. Until 27 October, there was every indication that 2013 would turn out almost as good.

The weather was mild for most of 2013, and expenses for weather-related claims were at a historical low – even lower than the exceptional 2012 level. But in October and December, Denmark was hit by the worst storms since 2005 with claims expected to run to DKK 650 million for Alm. Brand. A well-structured reinsurance programme limits the expense to DKK 219 million.

Also, the 2013 performance was again lifted by run-off on prior-year claims, and rising interest rates also played to Alm. Brand's favour.

Excluding the extraordinary events, we were able to retain profitability at a slightly better level than the long-term target of a combined ratio of around 92. Costs were also slightly lower than expected.

Competition is growing in the insurance market. We will match any competition – but only as long as we can maintain a fair profit on each individual portfolio. We are also continuing our efforts to improve the parts of the portfolio that are not producing a satisfactory return today. These efforts include stricter terms on selected insurances, but claims prevention is also a key element of our customer-directed initiatives.

New tax rules curbed growth in Life and Pension

Going into 2013, Life and Pension was offering its customers a very attractive rate on policyholders' savings and was strongly committed to building on the handsome growth rates achieved in 2012. However, the Danish parliament threw a spanner in the works by adopting a new act on capital pension schemes, effectively abolishing the tax deductibility previously granted on payments into capital pension schemes and making it possible for pension holders who were willing to move the tax payment forward to 2013 to obtain a lower tax rate.

Already in the winter of 2012, Alm. Brand recommended most of its customers to exercise this option and to continue their pension savings on a retirement pension scheme (Alderspension), which is not eligible for tax deductibility but is not taxed on disbursement either. Many customers responded favourably to the recommendation and have continued their usual amounts. Other customers chose to reduce their payments or to cease paying into a scheme altogether. So although we succeeded in attracting new customers, growth failed to materialise to the extent we had expected.

In spite of the challenges, Life and Pension delivered yet another satisfactory performance in 2013. Our policyholders could also take pleasure in the fact that 2013 was a good year for their pension savings. The return outperformed the benchmark by a wide margin, driving up the bonus potential on all groups. Moreover, the rate on policyholders' savings we will be offering to our customers in 2014 will be one of the highest in the market.

From financial crisis to structural crisis

In line with expectations, the bank incurred another loss in 2013. Although within the anticipated level, losses and write-downs continued to weigh down the performance.

The bank's performance was heavily affected by expenses to wind up loans which are not a part of the bank's future strategy. So although the financial crisis has lessened its grip, Denmark seems to be left with a more permanent, structural problem.

Domestic market growth is limited, and property and housing prices outside major towns and cities remain low and in some areas still down trending. Because Alm. Brand has exposures all over Denmark, these structural weaknesses are taking a hard toll on the winding-up portfolio. Although conditions in the agricultural sector improved slightly in 2013, there is still a long way to go before agriculture will have worked its way out of the crisis that has affected it for so long.

In the private customer segment, the picture is more mixed. Housing prices in and around Denmark's largest towns and cities improved in 2013, but as mentioned it is equally obvious that Denmark's peripheral areas are not on the road to recovery. Borrowing appetite remains weak, and private customers are clearly still more inclined to save up. This makes it difficult to generate the desired growth in the bank going forward.

Although the bank is not recovering as quickly as we would have liked, we are pleased that we succeeded in increasing the number of full-service customers and that we saw a substantially higher level of activity in Leasing and Financial Markets. It is essential that we get many new, good customers once economic recovery picks up, and customers start to borrow money again.

Supported by the group's improved performance, we were able in 2013 to begin the repayment of the expensive hybrid funding made available by the Danish government in connection with the financial crisis. The bank will now apply for permission to repay the remaining DKK 226 million in full redemption of all state-funded capital. This will serve to lower our funding costs.

Looking ahead to 2014

Looking to 2014, we will be continuing the course we set out on in 2013. In 2013, we began the work to improve and simplify our contact to and communication with the customers. In 2014, we will expand this work to include and strengthen the way in which we present and profile our company.

We want to send a clear message to existing and new customers that Alm. Brand is changing. We have been through a tough period, but we now have gained the courage and strength to present our company in a new way. We want to be more visible, and this means returning to a more proactive marketing strategy.

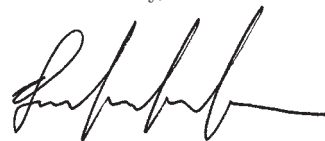
We are also preparing for a more normal year. The performance of Non-life Insurance was significantly better than expected in both 2012 and 2013, partly due to favourable weather conditions. For Non-life Insurance, we expect a return to more normal conditions. Competition in our market is mounting, and this means that we cannot expect a repeat in 2014 of the strong growth rates achieved in 2013.

On the other hand, we expect the bank to improve its performance. The bank will be loss-making in 2014 as well, but losses will be confined to the bank's winding-up activities, whereas the continuing activities will make a positive contribution to the performance.

Lastly, we expect the strong and stable performance of our pension activities to continue.

All in all, we are looking forward to a year of positive developments for the Alm. Brand Group in 2014.

Yours sincerely,



Søren Boe Mortensen
Chief Executive Officer

Non-life Insurance

Non-life Insurance is the group's core business. Alm. Brand is the fourth largest non-life insurer in the Danish market with annual gross premium income of approximately DKK 5 billion and a market share of just over 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 primarily takes place at the pan-Nordic level.

The group offers non-life insurance products to selected segments through a number of different distribution channels. The private customer portfolio comprises some 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

The market for consumer insurances, measured in terms on gross premiums, declined in 2013 when adjusting for indexation. The market for building, house contents and motor insurances grew by 0.9% (from Q3 2012 to Q3 2013). This increase was lower than the annual indexation increase, which was about 2% in 2013.

Alm. Brand's market share grew by 0.1 of a percentage point to 10.7% in 2013.

The motor insurance market in Denmark saw a decline in gross premium income of 0.8%. This should be seen against the backdrop of 2013 recording the highest number of new motor car registrations in history – more than 180,000, com-

pared with 150,000 in 2012. The total motor car fleet increased by 1.8%. One of the reasons why premium income has nevertheless declined is that the share of micro and mini cars sold as a percentage of total new car sales increased from 53.6% to 62.2% from 2011 to 2013, while the share of family cars declined from 31.8% to 26.4% in the same period. It is typically cheaper to insure a small car, which explains why premium income has not increased correspondingly. Moreover, competition in the motor insurance market intensified in 2013.

For the past 10 years, the Danish insurance industry has had the insurance guidance website forsikringsguiden.dk, which allows customers to compare insurance offers from different insurers. Comparison websites are expected to become ever more important for customers wanting to purchase insurance, and in the summer of 2013 an alternative comparison website received quite a lot of media coverage. The insurance industry's own comparison site will be upgraded in 2014 so that it will continue to meet customer requirements.

2013 also saw an inflow of new, small competitors targeting exclusively online sales, mainly of niche products. This is not expected to change the overall competitive environment in the insurance market.

Digitalisation is one of Alm. Brand's strategic focus areas for the period until 2016. The aim is to develop internet-based solutions, making it easier and quicker for customers to purchase insurances online and use self-service facilities. The digitalisation efforts will support Alm. Brand in continuing to offer competitive prices while maintaining its high quality and accessibility. It will also enable Alm. Brand to improve its service and to provide personal service to customers who prefer to maintain a personal connection with their insurance company.



”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. This will be achieved by providing supreme customer service, by supporting our customers in their everyday lives and by promoting proper and reasonable conduct in terms of price, flexibility and, not least, coverage”

Jesper Mørch Sørensen,
Managing Director, Non-life Insurance

Jesper Mørch Sørensen,
Managing Director

Financial *results* for Q4

- Profit before tax: DKK 125 million (2012: DKK 247 million)
- Technical result: DKK 74 million (2012: DKK 222 million)
- Combined ratio: 94.2 (2012: 82.1)
- Claims ratio: 108.0 (2012: 57.5)
- Expense ratio: 15.1 (2012: 17.7)
- Underlying combined ratio: 75.8 (2012: 81.5)

The Q4 performance was highly satisfactory and better than expected considering the two storm events of the quarter. On announcement of the full-year guidance in Q3, the storm on 28 October was known. The storm in December 2013 impacted the financial results by a DKK 88 million expense. The fact that the financial results were still better than expected in spite of the storm is due to the stronger performance of the underlying business, run-off gains, fewer major claims, a higher investment return and lower costs.

Premiums

Gross premiums totalled DKK 1,267 million, against DKK 1,236 million in 2012, equivalent to an increase of 2.6%. The private customer segment grew by 0.9%, and the commercial customer segment recorded growth of 4.5% relative to 2012.

Claims

Total gross claims amounted to DKK 1,369 million, against DKK 710 million in 2012. The increase in the claims ratio was driven in particular by the storms in October and December 2013 with expected claims of DKK 650 million. This equals an increase of the claims ratio by 51.3 percentage points. Claims expenses, net of reinsurance, related to the storms amounted to DKK 134 million. To this should be added DKK 85 million to reestablish Alm. Brand's reinsurance cover. When including this reinstatement premium, the total expense, net of

reinsurance, related to the two storms reduced the 2013 performance by DKK 219 million.

The number of claims on the underlying business was unchanged from 2012 in spite of a higher number of insurances. The claims frequency thus declined, while average claims expenses increased slightly.

The run-off result net of reinsurance was a gain of DKK 64 million in Q4 2013, against DKK 77 million in Q4 2012. The run-off gains were mainly attributable to personal injury lines.

Major claims amounted to DKK 68 million, against DKK 80 million in 2012, corresponding to 5.4 percentage points of the combined ratio. Normally, major claims are expected to be at the level of 8 percentage points.

Costs

Costs amounted to DKK 191 million in Q4, against DKK 220 million in the year-earlier period. The lower level of costs year on year was mainly due to the exceptionally high level of costs incurred in Q4 2012, including development costs related to the collection of non-life insurance tax and the restructuring of data centres.

Investment return

The investment return before transfer to insurance activities was DKK 92 million in Q4 2013, against DKK 42 million in Q4 2012. The return after interest on technical provisions was DKK 51 million in Q4, against DKK 25 million in Q4 2012.

Value adjustments of assets and provisions contributed a net gain of DKK 24 million in Q4.

125 DKKm

Total before tax (2012: 247 DKKm)

74 DKKm

Technical result: (2012: DKKm 222)

94.2

Combined ratio (2012: 82.1)

108.0

Claims ratio: (2012: 57.5)

15.1

Expense ratio: (2012: 17.7)

Customers are increasingly demanding broader insurance solutions with increased coverage, and Alm. Brand will continue to strive to meet this demand.

Commercial

Gross premium income for direct insurance in Denmark in the commercial insurance market (excluding motor insurance) increased by 2.1% in 2013, which more or less corresponds to zero growth after indexation.

Small and medium-sized enterprises

The commercial insurance market has not changed to any significant extent in recent years. The Danish business sector remains characterised by weak growth as a result of the general economic slump gripping Denmark for a number of years. Alm. Brand nevertheless succeeded in growing its revenue above the benchmark and in winning market share in 2013.

Competition intensified in 2013. Insurers are accepting sharper prices than previously in order to attract new customers. There is a general trend that international insurers are increasingly turning to the Danish commercial insurance market, making the market more competitive.

In recent years, the major insurance brokers have increasingly focused on offering standardised insurance terms. This serves to make the insurance premium the key competitive parameter for customers in this segment. This trend may result in a shift of market shares over the next few years. Alm. Brand will not compromise on profitability to win a higher market share.

Agriculture

Alm. Brand is a leading insurance provider to Danish agriculture with an estimated market share of more than 30%. For a number of years, Alm. Brand has worked with individual farmers on claims prevention. As part of these efforts, electrical and thermographic surveys of farm buildings are carried out on a regular basis with a view to early identification of potential fire hazards. Vacant buildings are converted from replacement-cost insurance to fixed-sum insurance, which gives the farmer a smaller sum for clean-up but also reduces the premium due to the lower risk.

The trend towards larger but fewer farms is continuing. There are less than 40,000 farms in Denmark today, as compared with 42,000 in 2011.

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. This will be achieved by providing supreme customer service, by supporting our customers in their everyday lives and by promoting proper and reasonable conduct in terms of price, flexibility and, not least, coverage.

The primary target group of the private customer segment is individuals who are resident in Denmark and own their own home and/or a car and who therefore need a broader range of insurance products. The commercial customer segment serves small and medium-sized businesses, property owners and administrators, agricultural businesses and the public sector as its primary target groups.

Alm. Brand aims for the customers to place as much of their business as possible with the company and for all customers to remain loyal and satisfied.

Strategic goals for 2013-2016

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

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 defined a new strategy in 2012, which builds on the results already accomplished.

In spite of two major storms in the fourth quarter of 2013, Non-life Insurance generated return on equity of 35%, which was significantly above the target.

Target: A maximum combined ratio of 92

Our efforts to ensure profitability continue. Alm. Brand has a relatively large portfolio of building insurances in the commercial and agricultural markets. Earnings from this product are low compared with the risk involved and the capital allocated. As a result, Alm. Brand made efforts in 2013 to transfer a substantial part of these customers to a new building insurance product. In addition to new terms, the new building insurance product also introduces higher prices and higher deductibles.

Competition is mounting in several areas, not least in the motor insurance market. Alm. Brand is tracking developments but aims to maintain satisfactory profitability.

The total combined ratio increased to 87.4 in 2013, marking a highly satisfactory performance relative to the target of a combined ratio of 92.

The underlying combined ratio was further improved to 78.8 in 2013 from 79.7 in 2012. The target for the underlying combined ratio is around 80.

Target: Annual efficiency enhancement of 2.5%

We aim to maintain and further improve the efficiency enhancements already achieved. Our 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-facing processes and optimising all other processes.

In 2013, Alm. Brand took measures to increase digitalisation. More and more new customers are fully digital from the outset, receiving their insurance offers, policies and other communications electronically. In addition, electronic newsletters are distributed to customers who have so requested.

During the two storms in October and December 2013, the new online platform (I Skade) was put to the test when a very large number of customers opted to use our online self-service facilities, interfacing directly with Alm. Brand's claims system. At the same time, customers were able to upload pictures, receipts and other documentation, resulting in significantly quicker claims assessment and, ultimately, quicker handling of their claims.

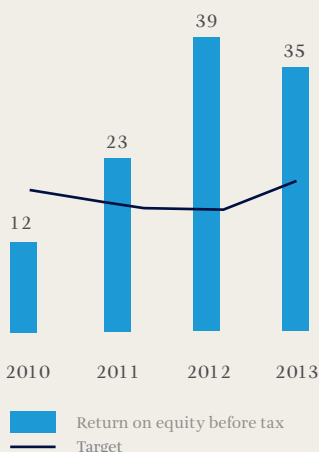
The degree of digitalisation is measured in a number of areas, including use of electronic mail, online purchasing and online claims filing. Alm. Brand aims to digitalise 33% of all customer-facing processes by 2016.

As a result of investments currently being made in systems that will support the digitalisation process, the target expense ratio of 15 will not be achieved until late in the strategy period.

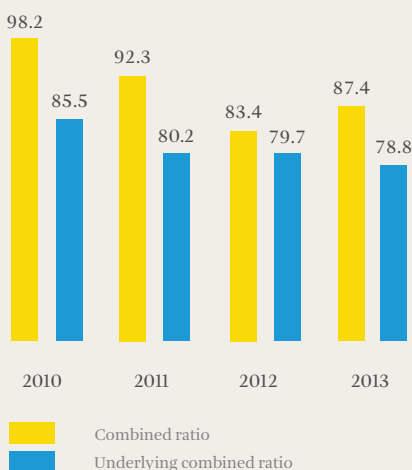
Target: Maintaining a market share of at least 10%

The combination of the general customer 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. Alm. Brand only wants profitable growth. As and when opportunities arise, we will form partnerships

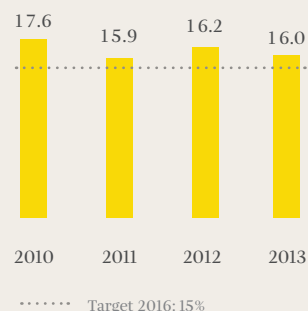
Return on equity (%)



Combined ratio



Gross claims ratio (%)



	DKKm	2013	2012	2011	2010	2009
INCOME STATEMENT	Gross premiums	5,031	4,866	4,772	4,762	4,714
	Technical interest	9	13	40	33	53
	Claims expenses	-3,769	-3,180	-3,845	-3,702	-3,601
	Insurance operating expenses	-803	-790	-763	-839	-872
	Reinsurance profit/loss	174	-86	207	-136	-146
	Technical result	642	823	411	118	148
	Interest and dividends, etc.	233	245	262	283	370
	Capital gains and losses	-24	-106	-28	-22	1
	Investment management expenses	-22	-23	-18	-19	-29
	Return on technical provisions	-66	-86	-167	-155	-205
	Return on investment after technical interest	121	30	49	87	137
	Other ordinary items	0	0	0	2	2
	Profit before tax	763	853	460	207	287
	Tax	-221	-214	-116	-51	-79
Profit after tax	542	639	344	156	208	
Run-off gains/losses	207	235	153	139	80	
BALANCE SHEET	Total provisions for insurance contracts	7,553	7,215	7,368	6,920	6,631
	Insurance assets	608	143	336	163	103
	Total shareholders' equity	2,184	2,441	2,152	1,808	1,753
	Total assets	10,661	10,579	10,348	9,383	8,933
KEY RATIOS	Gross claims ratio	74.9%	65.4%	80.6%	77.8%	76.4%
	Gross expense ratio	16.0%	16.2%	16.0%	17.6%	18.5%
	Net reinsurance ratio	-3.5%	1.7%	-4.3%	2.8%	3.1%
	Combined ratio	87.4%	83.3%	92.3%	98.2%	98.0%
	Operating ratio	87.3%	83.1%	91.5%	97.6%	96.9%
	Relative run-off result	4.3%	4.4%	3.3%	3.3%	1.8%
	Return on equity before tax	35.0%	38.7%	23.2%	11.9%	19.1%
	Return on equity after tax	24.9%	29.0%	17.4%	9.0%	13.8%
Solvency ratio*	2.7	2.8	2.6	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 or distributed dividends.

with other insurance companies. Alm. Brand's market share increased in 2013 to stand at 10.3, in part due to the collaboration with the insurance company AIG on workers' compensation insurance and the collaboration with the insurance company Sønderjysk Forsikring on agricultural insurance.

Customer retention is a key focal area for Alm. Brand in maintaining its market position. As part of this strategy, Alm. Brand's has appointed a customer ambassador who is responsible for ensuring optimum service and claims handling with a view to improving customer loyalty. A key factor in achieving greater customer loyalty is to reduce the number of customer complaints. Specifically, Alm. Brand has worked to reduce the number of complaints filed with the Insurance Complaints Board. In 2013, a total of 89 complaints were filed, marking a reduction of more than 50% relative to 2011.

PERFORMANCE

The group's non-life insurance activities generated pre-tax profit of DKK 763 million in 2013, as compared with DKK 853 million in 2012.

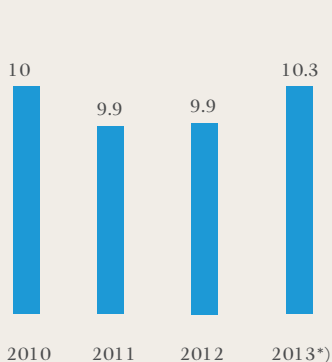
The performance was highly satisfactory and better than expected. The performance resulted in a return on equity of 35% before tax, compared with 39% in 2012.

The technical result was a profit of DKK 642 million, against DKK 823 million in 2012. The two severe storms that hit Denmark in October and December reduced the profit by a total of DKK 219 million, equalling an effect on the combined ratio of 4.4%.

The combined ratio was 87.4, against 83.3 in 2012. Relative to 2012, the combined ratio was adversely affected by the two storms, a higher number of major claims and slightly lower run-off gains net of reinsurance. The underlying business continued to develop favourably, reporting a combined ratio of 78.8 against 79.7 in 2012. This performance was slightly better than expected, as the target combined ratio for the underlying business is approximately 80.

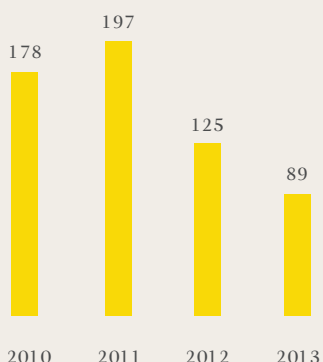
	2013	2012	2011	2010
Combined Ratio, underlying business	78.8	79.7	80.2	85.5
Major claims	7.2	6.2	6.8	7.1
Weather-related claims	3.7	2.1	6.9	8.5
Reinstatement premiums	1.8	0.2	1.6	-
Run-off result	-4.1	-4.9	-3.2	-2.9
Combined Ratio	87.4	83.3	92.3	98.2

Marked share (%)

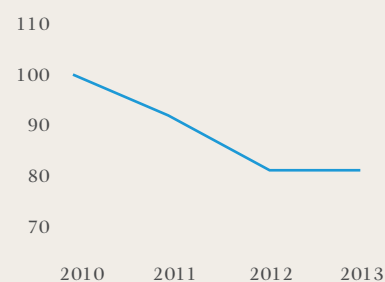


*)At 30 September

No. of complaints filed with the Insurance Complaint Board



Customer defection rate p.a.



Index (2010=100)

The investment return after technical interest came to DKK 121 million, against DKK 30 million in 2012. The performance was highly satisfactory and better than expected.

Premiums

Gross premiums totalled DKK 5,031 million, against DKK 4,866 million in 2012, an increase of 34% and slightly better than expected. The premium growth was based on, among other things, a collaboration with the insurance company AIG on the writing of workers' compensation insurance as well as the writing of a large commercial property portfolio at 1 January 2013. Moreover, the level of customer defections generally remained low.

Claims experience

The claims ratio was 74.9 in 2013, against 65.4 in 2012, and total gross claims were DKK 3,769 million, against DKK 3,180 million last year. The claims ratio was adversely affected by the two storms in the fourth quarter and by a slightly higher level of major claims compared with 2012. Overall, weather-related and major claims affected the claims ratio adversely by 12.9% percentage points relative to 2012.

On the other hand, higher gross run-off gains in 2013 relative to 2012 affected the claims ratio favourably by 2.7 percentage points. Net of the above factors, the claims ratio was 64.7, against 65.4 in 2012.

Weather-related claims

The first three quarters of 2013 were characterised by a very low level of weather-related claims expenses. This changed in the fourth quarter when Denmark was hit by two severe storms, one on 28 October and one on 5-6 December 2013. These were the most severe storms recorded since January 2005. During storm Allan on 28 October 2013, wind speeds of 192.6 km/hour were recorded at Kegnæs Fyr in southern Jutland.

Alm. Brand expects to receive a total of just over 40,000 claims from the two storms. This is approximately 90% of the normal number of claims processed during a quarter. In addition, Alm. Brand received around 350 claims due to storm surge flooding. These claims are being assessed by Alm. Brand's claims assessors in accordance with the rules and conditions of the Danish Storm Council and paid from the storm surge flooding pool established by the Danish government.

Alm. Brand expects total claims expenses related to the two storms to run to DKK 650 million. Alm. Brand has retention of DKK 75 million on each storm, and any claims above this amount will be covered by reinsurance. In addition to the retention, Alm. Brand has paid DKK 85 million to reestablish its reinsurance cover.

STORMS ON 28. OCT. AND 5 - 6 DEC. 2013

DKKm	Total
Expected claims expenses	650
Preinsurance recoveries ^{*)}	- 516
Claims, met of reinsurance	134
Reinstatement premium paid	85
Total results impact	219
Expected no. of claims	40,000

*Includes DKK 16 million in refunded claims processing expenses

Net of reinsurance, weather-related claims expenses totalled DKK 187 million in 2013, against DKK 102 million in 2012. Due to a well-structured reinsurance programme, the level of claims from weather-related causes was below normal for the year as a whole, even with the two storms. Weather-related claims affected the claims ratio by 3.7 percentage points, against 2.1 percentage points in 2012. An expected normal level would be around 4%.

Major claims

Net of reinsurance, major claims totalled DKK 364 million in 2013, against DKK 302 million in 2012. In spite of the higher level relative to 2012, this was better than expected. Major claims affected the claims ratio by 7.2 percentage points, against 6.2 percentage points in 2012. An expected normal level would be just over 8%.

Underlying business

The underlying business continues to develop favourably as a result of ongoing efforts to improve the price/risk relationship. The number of reported claims was 1% higher than in 2012, but this should be seen in the context of an even higher increase in the number of insurances. Accordingly, the claims frequency declined on most products in 2013. This was due to a general decline in the number of burglaries and traffic accidents in Denmark as well as to the fact that Alm. Brand has tightened its underwriting policy, introduced higher deductibles and advised the customers on claims mitigation measures.

Discounting effect

The rate of interest used for discounting provisions was marginally lower in 2013 than it was in 2012. Seen over the year as a whole, this resulted in an increase 0.3 of a percentage point in the claims ratio relative to last year.

On 20 December 2013, an agreement was made to extend the Danish FSA's yield curve until 1 January 2016 when Solvency II is expected to come into force.

Run-off result

Run-off gains net of reinsurance totalled DKK 207 million, against DKK 235 million in 2012. Run-off gains mainly came from personal injury and liability claims.

The effect of developments in the workers' compensation index on provisions is hedged by way of inflation swaps. In 2013, there was a complete match between the effect of indexation and the inflation swap hedge.

Costs

Total costs amounted to DKK 803 million in 2013, against DKK 790 million in 2012. The expense ratio was 16.0, against 16.2 in 2012 and compared to an expected level of 16.5. In 2013, expenses were affected, among other things, by investments made in relation to the group's digitalisation strategy and by lower acquisition costs. The overall cost level was better than expected.

Net reinsurance ratio

The net reinsurance ratio for the year was negative at 3.5 (income), against an expense of 1.7 in 2012. Reinsurance premiums amounted to an aggregate of DKK 387 million, while DKK 561 million was received in reinsurance recoveries and commission.

Investment return

The return after interest on technical provisions was DKK 121 million, against DKK 30 million at 31 December 2012. The investment return before transfer to insurance activities was DKK 187 million, against DKK 116 million in 2012.

The 2013 performance was lifted by a favourable composition of investment assets, which increased the total return. The assets generally had lower interest rate sensitivity than the liabilities in 2013. The rising level of interest rates in 2013 contributed favourably to the performance, as the investment profile was structured so as to get exposure to rising interest rates. The spread in the interest rate risk between assets and liabilities narrowed in step with the increase in interest rates in 2013.

The investment assets are predominantly placed in Danish interest-bearing assets with an overweight of mortgage bonds.

Throughout 2013, the interest-bearing assets had a weighted duration of between two and three years. Most of the interest rate exposure on assets is aligned with the interest rate exposure on provisions by means of interest rate swaps.

Non-life Insurance's equity exposure represents less than one per cent of the investment assets and is predominantly composed of strategic equities that support the business.

Private

The technical result excluding technical interest was a profit of DKK 352 million in 2013, against a profit of DKK 383 million in 2012. The combined ratio was 86.5, against 85.2 in 2012. The performance was highly satisfactory.

Premium income for 2013 as a whole rose by 1.9% to DKK 2,626 million. Premiums grew at a fair rate in the first half of the year in particular. In second half of the year, premium growth slowed, especially on motor insurances, due in part to a shift in Denmark's fleet of passenger cars towards small cars, which are cheaper to insure, and in part to mounting competition in the market for motor insurance in 2013. In spite of the competition, the 2013 customer retention rate reached the highest level since 2009

PRIVATE		
DKK m	2013	2012
Gross premium income	2,626	2,579
Gross claims expenses	-1,845	-1,717
Insurance operating expenses	-467	-456
Reinsurance loss	38	-23
Technical result*)	352	383
Run-off result	99	79
Gross claims ratio	70.2%	66.6%
Gross expense ratio	17.8%	17.7%
Net reinsurance ratio	-1.5%	0.9%
Combined Ratio	86.5%	85.2%

*) Excluding technical interest

The claims ratio totalled 70.2, against 66.6 in 2012.

Weather-related claims amounted to DKK 187 million in 2013, against DKK 31 million in 2012. The cost of the October and December storms is expected run to DKK 28 million net of reinsurance. Net of reinsurance, total weather-related costs amounted to DKK 52 million, against DKK 31 million in 2012. Weather-related claims expenses increased the combined ratio by 0.8 of a percentage point relative to 2012.

STORMS ON 28. OCT. AND 5 - 6 DEC. 2013	PRIVATE
DKKm	Total
Expected claims expenses	163
Preinsurance recoveries*)	-135
Claims, met of reinsurance	28
Reinstatement premium paid	22
Total results impact	50
Expected no. of claims	23,000

*Includes DKK 9 million in refunded claims processing expenses

The number of major claims increased from 2012 to 2013, bringing total claims expenses net of reinsurance to DKK 85 million, against DKK 42 million in 2012. However, the number of major claims reported in 2012 was extremely low, whereas the level of claims reported in 2013 was closer to normal. Nevertheless, major claims were slightly below the expected level in 2013.

The underlying non-life insurance business continues to develop favourably. The claims experience in motor insurance lines remains highly satisfactory, and improvement is seen across most other lines as well.

The expense ratio totalled 17.8, against 17.7 in 2012. The level of expenses was in line with expectations.

The run-off result net of reinsurance produced a gain of DKK 99 million, against DKK 79 million in 2012. Most lines reported run-off gains.

The net reinsurance ratio was negative at 1.5 (income), against an expense of 0.9 in 2012.

Commercial

The technical result excluding technical interest was a profit of DKK 281 million, against a profit of DKK 427 million in 2012. This performance was highly satisfactory considering the two major storms in the fourth quarter of 2013.

The performance was lifted by a sustained improvement of the underlying business, higher premium income and a lower expense ratio. The two storms in October and December reduced the technical result by DKK 170 million, net of reinsurance.

Gross premium income from the commercial customer segment totalled DKK 2,405 million, against DKK 2,287 million in 2012, equivalent to an increase of 5.2%. The premium growth was based on, among other things, a collaboration with the insurance company AIG on the writing of workers' compensation insurance as well as the writing of a large commercial property portfolio at 1 January 2013.

As expected, the ongoing rewriting of building insurances resulted in a higher customer defection rate, especially among the customers facing the largest increases in premiums and deductibles. In addition, the fourth quarter saw cancellations from a couple of large customers within workers' compensation and building insurance.

COMMERCIAL

DKKm	2013	2012
Gross premium income	2,405	2,287
Gross claims expenses	-1,924	-1,463
Insurance operating expenses	-336	-334
Profit/loss on reinsurance	136	-63
Technical result*)	281	427

Run-off result	108	156
Gross claims ratio	80.0%	64.0%
Gross expense ratio	14.0%	14.6%
Net reinsurance ratio	-5.6%	2.7%
Combined Ratio	88.4%	81.3%

*) Excluding technical interest

The combined ratio was 88.4, against 81.3 in 2012. The claims ratio totalled 80.0, against 64.0 in 2012.

Weather-related claims amounted to DKK 517 million, against DKK 71 million in 2012. The cost of the two storms in October and December is expected run to DKK 106 million net of reinsurance. Net of reinsurance, total weather-related claims expenses amounted to DKK 136 million in 2013, corresponding to a claims ratio of 5.7, against 2.9 in 2012.

STORMS ON 28. OCT. AND 5 - 6 DEC. 2013	BUSINESS
DKKm	Total
Expected claims expenses	487
Preinsurance recoveries*	- 381
Claims, met of reinsurance	106
Reinstatement premium paid	63
Total results impact	169
Expected no. of claims	17,000

*Includes DKK 7 million in refunded claims processing expenses

Net of reinsurance, major claims totalled DKK 280 million, against DKK 260 million in 2012. Relative to 2012, the number of major agricultural claims was slightly higher, especially in the first quarter. Overall, major claims expenses were below the level expected at the beginning of the year.

The results for building insurances for commercial and agricultural customers still failed to meet the company's profitability requirements, although improvements were seen in the underlying business in 2013. As a result, Alm. Brand rewrote some of these customers to new terms in combination with higher deductibles and premium increases in 2013. The effect of these initiatives will not be fully measurable until later in 2014 and in 2015. We will continue this work until the portfolio has reached a satisfactory performance.

The run-off result net of reinsurance produced a gain of DKK 108 million, against DKK 156 million in 2012. The run-off gains were mainly attributable to workers' compensation and liability insurance, which are generally long-tail lines.

The expense ratio totalled 14.0, against 14.6 in 2012. The expense ratio was slightly better than expected.

The net reinsurance ratio for the year was negative at 5.6 (income), against an expense of 2.7 in 2012. Alm. Brand paid DKK 260 million in premiums to reinsurers, DKK 64 million of which was a reinstatement premium after the two storms. Total claims recovered from reinsurers amounted to DKK 396 million.

MAJOR EVENTS

New building insurance product for commercial and agricultural customers

In 2013, Alm. Brand introduced a new building insurance product for its commercial and agricultural customers. The new product offers a range of improvements, including extended water damage cover for customers with residential buildings. Some customers were given notice of a higher premium on their building insurance so as to better balance the premiums with the expected claims payable on the relevant policies.

Thermographic survey of agricultural properties

As part of Alm. Brand's ongoing work on claims prevention measures, the company entered into a partnership with a nationwide provider of infrared scanning services to conduct thermographic surveys of agricultural properties in its portfolio. The aim is to reduce the number of farm fires caused by electrical system failures. The agreement enables Alm. Brand to offer its agricultural customers a claims-preventing initiative that can reduce the risk of fire incidents at customer properties.

Collaboration within workers' compensation insurance

At the beginning of the year, Alm. Brand and the Danish division of the insurance company AIG concluded an agreement for Alm. Brand to take over AIG's workers' compensation insurance portfolio. The agreement comprises both existing and new workers' compensation insurance business written by AIG. As a result of this agreement, Alm. Brand's premium income from workers' compensation insurance increased considerably in 2013.

More agricultural customers

At the beginning of 2013, Alm. Brand and Sønderjysk Forsikring G/S agreed to begin a transfer of Sønderjysk Forsikring's agricultural customers to Alm. Brand. Most of Sønderjysk Forsikring's agricultural customers responded favourably to the recommendation, and Alm. Brand has had a high hit rate for new business written with these customers. In 2013, Alm. Brand consequently consolidated its position as one of Denmark's leading insurers for agricultural customers.

Revised preferred customer concept

Alm. Brand revised its concept for preferred customers (Pluskunder) in June 2013. Going forward, even more customers will be given Pluskunde status if they pool their insurance products with Alm. Brand, offering them attractive insurance solutions and prices in addition to the opportunity to become multi-product customers (Dobbeltkunder). Alm. Brand also introduced a new type of cover – Classic car in use – enabling policyholders with Pluskunde status to expand their coverage to include their classic car as a vehicle in use.

The motorcycle insurance product was also expanded to allow policyholders with Pluskunde status to obtain limited all-risk insurance cover. In future, optional roadside assistance cover will be available for motorcycle insurances as well.

New travel insurance

In May, Alm. Brand introduced a new and extended travel insurance policy. The travel insurance will be revised again in 2014 as a consequence of an amendment to Denmark's finance bill for 2014 stipulating that the public travel and health insurance will cease with effect from 1 August 2014. This means that expenses previously covered by public healthcare will have to be covered by the consumers themselves or their travel insurance company in future. Alm. Brand wants to brief its customers well in advance about these changes and explain the options available to them if they want to take out insurance against these expenses.

The storms on 28 October and 5-6 December 2013

On 28 October 2013, Denmark and especially the southern part of the country was hit by storm Allan with the strongest wind gusts ever recorded in Denmark. Alm. Brand activated the highest level of alert for weather incidents. All five customer service centres and their some 100 employees were called in to serve customers with claims to report, and many employees from other departments also assisted in the contingency arrangements.

As opposed to the last big storm, in 2005, customers were able to report claims online, interfacing directly with Alm. Brand's claims system. This self-service option was widely used by customers, with some 30% of all claims being filed online.

The customers uploaded more than 25,000 pictures of damaged property, receipts and other claims documentation online. As a result, Alm. Brand was able to quickly help the customers and assess the nature and extent of the damage, ensuring a faster claims settlement process.

At the turn of the year, just over 24,000 claims had been reported. Alm. Brand expects to receive approximately 25,000 reported claims from storm Allan.

On 5-6 December 2013, Denmark was hit by another storm, which was named Bodil.

As opposed to storm Allan, which mainly hit the southern part of Denmark and quickly moved on, storm Bodil hit almost all parts of Denmark. The storm lasted several days, but the wind speeds did not reach the level seen during storm Allan.

The contingency arrangements set up under the first storm were still in force, and Alm. Brand was therefore well prepared when storm Bodil made landfall.

At the turn of the year, approximately 14,000 claims had been reported due to storm Bodil. Alm. Brand expects to receive slightly more than 15,000 reported claims related to that event.

Storm surge flooding after Bodil

On 6 December 2013, the water level in Danish inland coastal waters rose as a result of the storm, especially in Isefjorden and Roskilde Fjord.

In many places, the water reached the highest level ever recorded. Several thousand homes were damaged. On 10 December 2013, the Danish Storm Council determined that the storm on 5-6 December had resulted in storm surge flooding in many parts of Denmark. Storm surge flooding claims are not covered by insurance but out of the storm surge flooding pool. Coverage of storm surge flooding claims is determined according to defined rules laid down and managed by the Danish Storm Council.

The loss of each individual customer affected is assessed by the relevant customer's fire insurance company. This means that in such situations the employees of Alm. Brand work for the Danish Storm Council and according to quite comprehensive rules defined by the Council.

Alm. Brand has received around 350 reports from customers with storm surge flooding claims.

OUTLOOK

Our non-life operations are expected to generate a total pre-tax profit of approximately DKK 475 million in 2014, corresponding to a combined ratio of around 91-92.

The expense ratio is expected to be at the level of 16%.

Premium income is expected to increase by around 1%. Premium growth is affected by customer defections due to premium increases on building insurances, cancellation by a couple of large commercial customers and by lower average premiums on motor insurances.

Storm flood
December 2013





Banking

Alm. Brand Bank is a nation-wide bank with just over 50,000 private customers measured in terms of households.

The bank offers products that meet the financial needs of private customers. In addition, the bank has activities within car leasing for private and commercial customers, bond, equity and currency trading and research (Markets) and asset management services (Asset Management).

The bank also has a winding-up portfolio of loans and advances, consisting primarily of agricultural, commercial and mortgage deed exposures.

MARKET

Private

The private customer market was characterised by consumer spending restraint again in 2013. Private customers generally remain focused on reducing their bank debts and increasing their savings.

The housing market was slightly upward trending in 2013, but the recovery is fragile with substantial geographical variations. The market remains sluggish, and actual improvement is only seen in and around major towns and cities.

After years of great restraint, the general investment appetite of ordinary private customers is gradually recovering. There are indications of budding optimism, but they have yet to translate into a significant increase in the bank's brokerage income from private customers.

As expected, the introduction by the Danish government of the new retirement pension (Alderspension) caused many customers to exercise the option of early payment of tax on capital pension deposits at a lower rate.

As a result of the declining trend in lending, a sluggish housing market and tax payments on pension assets, earnings from the private customer banking market did not improve to any great extent in 2013.

Financial Markets

Trading activity generally picked up in 2013, impacting favourably on Alm. Brand's activities in Financial Markets.

However, trading income remains under pressure, and the market for asset management services is extremely competitive. At the same time, customers are increasingly demanding more information and reporting services.

Markets generally developed favourably in 2013. The financial markets were focused on whether growth would pick up and whether the very lenient monetary policies would be maintained. Economic indicators gradually improved during the year, driven mainly by the USA where declining unemployment and growing consumer confidence characterised developments.

Long-term yields were generally upward trending over the year, as were the major equity markets.

Leasing

The private car leasing market experienced fair growth in 2013. The market has yet to reach the level seen prior to the change in the principles for calculating vehicle registration fees, but particularly private leasing of small and mid-sized cars saw substantial growth in 2013.

The commercial car leasing market bounced back to a reasonable level in 2012, and this level was maintained in 2013.



”We want our customers to perceive Alm. Brand Bank as one of the best providers of service and advice and as offering the best prices in the industry. Customers should be offered financially attractive and value-creating solutions supporting longterm customer relationships”

Kim Bai Wadström,
Managing Director, Banking

CONSOLIDATED FIGURES

	DKK _m	2013	2012	2011	
INCOME STATEMENT	CONTINUING ACTIVITIES:				
	Net interest and fee income, Private	179	177	172	
	Trading income (excl. value adjustments)	240	172	224	
	Other income	89	63	55	
	Total income	508	412	451	
	Expenses	-368	-364	-368	
	Depreciation and amortisation	-52	-33	-18	
	Core earnings	88	15	65	
	Value adjustments	-33	3	-96	
	Profit/loss from investments	-2	-6	0	
	Alm. Brand Formue (the bank's ownership interest)	-25	-2	-28	
	Profit/loss before impairment writedowns	28	10	-59	
	Impairment writedowns	-118	-57	-105	
	Profit/loss before tax, continuing activities	-90	-47	-164	
	WINDING-UP ACTIVITIES:				
	Profit/loss before impairment writedowns	-123	-49	-101	
	Impairment writedowns	-256	-423	-889	
	Profit/loss before tax, winding-up activities	-379	-472	-990	
	Total profit/loss before tax and minority interests	-469	-519	-1,154	
	Tax	77	128	236	
	Profit/loss for the year before minority interests	-392	-391	-918	
	Minority interests	26	39	-32	
	Consolidated profit/loss for the year	-366	-352	-950	
	BALANCE SHEET	Loans and advances, continuing activities	2,568	2,754	3,158
		Loans and advances, winding-up activities	4,772	5,642	7,059
Deposits		10,936	11,325	7,995	
Shareholders' equity		1,696	1,169	1,234	
Share attributable to minority interests		193	173	141	
Total assets	16,296	17,903	21,393		
KEY RATIOS	Average no. of employees (full-time equivalents)	263	275	286	
	Interest margin (%)	1.6%	1.4%	1.6%	
	Inome / cost ratio	0.38	0.42	0.08	
	Impairment ratio	2.1%	2.8%	6.0%	
	Solvency ratio	18.4%	18.5%	16.8%	
	Return on equity before tax (%)	-33.8%	-41.6%	-94.5%	
	Return on equity after tax (%)	-27.9%	-30.6%	-75.8%	

The bank has introduced a new version of the financial highlights in the Annual Report 2013, showing a breakdown on continuing activities and winding-up activities. For registration reasons, it has not been possible to show the breakdown until from 2011. In the management's review, the items of the income statement and loans and advances have been broken down by continuing activities and winding-up activities. This breakdown does not apply to the rest of the annual report, as the conditions of IFRS 5 are not fully met, including the condition on realisation within 12 months. Alm. Brand Formue is stated as the bank's ownership interest including results of equity risk hedging.

STRATEGY

The bank's strategy is to support the Alm. Brand Group's aim of offering its selected customer segments comprehensive financial solutions across insurance, pension and banking.

The bank's strategy is focused on three segments:

- Private customers
- Financial Markets
- Leasing

Alm. Brand Bank wants to be the primary banker of its private customers. The bank focuses particularly on customers who own their own homes or live in cooperative housing and customers with a major requirement for investment and pension advisory services, as these customer segments would potentially benefit the most from the bank's advisory services. The private customer area collaborates closely with Financial Markets on investment and asset management services.

By maintaining superior quality in its research and advisory services, Financial Markets aims to provide all customers with an optimum decision-making basis, whether they are private or professional customers. The advisory services are based on long-term strategies, fundamental and quantitative research and focus on risk management aligned with the risk profile of each individual customer. The advisory services are furthermore founded on a holistic advisory approach based on a proprietary asset allocation model that provides guidelines on the most appropriate allocation of a customer's assets.

In leasing, the strategy is to offer competitive lease solutions that 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 to end customers and through partnerships with car importers and car dealers.

We want our customers to perceive Alm. Brand Bank as one of the best providers of service and advice and as offering the best prices in the industry. Customers should be offered financially attractive and value-creating solutions supporting long-term customer relationships. The aim is to have simple and uncomplicated procedures and offer high-quality advisory services as and when required.

The bank has just over 50,000 customers (measured in terms of households), who are served by some 80 banking, investment and pension advisers distributed on 11 branches. In addition, around 40 employees at the bank's head office deal direct with customer needs and enquiries and with developing the private customer area. Financial Markets has some 50 employees working in front, middle and back office functions, and Leasing has about 25 employees.

In addition to these segments, the bank has a portfolio of winding-up activities consisting of agricultural, commercial and mortgage deed exposures. The bank is strongly focused on minimising losses when winding up discontinued business areas.

In terms of organisational resources, the winding-up portfolio is handled by close to 30 employees. Winding-up activities are handled centrally at the head office, ensuring that the remaining organisation stays focused on providing optimum service to the bank's customers going forward.

Strategic goals for 2013-2016

The bank has defined a number of goals to improve earnings so that it may deliver satisfactory results in future.

Target: Income/cost ratio of more than 1.1 by 2016

The income/cost ratio was 0.38 in 2013, being affected by large impairment writedowns. The improvement to be achieved by 2016 will be driven by higher core earnings from continuing activities and by a reduction of total impairment writedowns.

Financial *results* for Q4

- Loss before tax and minority interests: DKK 104 million (2012: DKK 146 million loss)
 - Continuing activities: DKK 20 million loss (2012: DKK 12 million profit)
 - Winding-up activities: DKK 84 million loss (2012: DKK 158 million loss)
- Loss/profit before impairment writedowns: DKK 6 million loss (2012: DKK 2 million profit)
- Losses and writedowns: DKK 98 million (2012: DKK 148 million)
- Reduction in lending in the winding-up portfolio: DKK 296 million (2012: DKK 472 million)

The interest margin for the parent company was 1.6%, against 1.4% in Q4 2012. For the banking group, the interest margin was also 1.6%, against 1.4% in Q4 2012.

Continuing activities

The continuing activities posted a profit before writedowns of DKK 24 million, against a profit of DKK 32 million in Q4 2012. This performance was driven by improved core earnings and was offset by a decline in value adjustments.

Income

The bank's income from continuing activities improved by DKK 46 million to DKK 150 million, against DKK 104 million in Q4 2012. This increase was primarily driven by higher trading income from Financial Markets and increased earnings from leasing activities.

Core earnings

Core earnings increased by DKK 14 million to DKK 30 million from 16 million in Q4 2012.

Value adjustments

Value adjustments amounted to a loss of DKK 2 million, against a gain of DKK 16 million in Q4 2012. The loss in 2013 was attributable to the bank's bond portfolio.

Writedowns

Writedowns amounted to DKK 44 million, against DKK 20 million in Q4 2012, and were attributable to the bank's private customers.

Winding-up activities

The bank's winding-up activities posted a pre-tax loss of DKK 84 million, against a loss of DKK 158 million in Q4 2012. Writedowns amounted to DKK 54 million, against DKK 128 million in Q4 2012.

- 104 DKKm

*Loss before tax and minority interests:
(2012: DKK 146 million loss)*

- 6 DKKm

*Loss/profit before impairment writedowns:
(2012: DKK 2 million profit)*

Target: Increasing the interest margin by more than 1 percentage point by 2016

The goal is for the group's interest margin to reach at least 2.4% by 2016. In 2013, the interest margin was 1.6%, up by 0.2 of a percentage point on 2012. The improvement was driven by a fair inflow of new full-service customers and by a reduction of funding costs.

Target: Reducing the winding-up portfolio by 10% annually

In 2013, the bank succeeded in reducing the winding-up portfolio excluding writedowns by DKK 615 million, corresponding to 11% of the portfolio at 1 January 2013. The reduction of the winding-up portfolio was in line with expectations.

Target: Generating a return on equity of 5% plus the money market rate by 2016

The return on equity was negative at 34% in 2013, being affected by the loss before writedowns and large impairment writedowns. The return on equity will continue to be affected by expenses and writedowns related to the winding-up portfolio over the next couple of years.

PERFORMANCE

The bank incurred a loss before tax and excluding minority interests of DKK 469 million, against a loss of DKK 519 million in 2012.

Total writedowns amounted to DKK 374 million, against DKK 480 million in 2012. The writedowns were high but within the expected range of DKK 350-400 million.

Before writedowns, the bank posted a consolidated loss of DKK 95 million, which was not satisfactory. However, the performance was in line with guidance provided for a loss of DKK 100 million.

The loss before writedowns was composed of a profit of DKK 28 million from continuing activities and a loss of DKK 123 million from winding-up activities.

The 2013 interest margin was 1.5% for the parent company (2012: 1.4%) and 1.6% for the banking group (2012: 1.4%). The dedicated efforts made to increase the number of full-service customers in the private customer segment and reduce funding costs improved the interest margin in 2013 and will ensure that the interest margin continues to increase.

The bank repaid hybrid core capital in a total amount of DKK 630 million in 2013. On 27 February 2014, a decision was made to repay the remaining DKK 226 million of state-funded hybrid core capital. Repayment will take place when permission has been received. Moreover, the bank repaid the remaining DKK 2 billion of issued government-guaranteed bonds in 2013.

After repaying the DKK 226 million of state-funded hybrid core capital, the bank will have repaid all state-funded capital raised in connection with the financial crisis.

CONTINUING ACTIVITIES

The pre-tax results declined by DKK 43 million relative to 2012 to a loss of DKK 90 million. The loss was attributable to significantly larger impairment writedowns. Writedowns amounted to DKK 118 million, against DKK 57 million in 2012.

Before writedowns, the bank posted a profit of DKK 28 million, marking an DKK 18 million improvement on 2012. The performance improvement was driven by higher core earnings, but value adjustments and the ownership of Alm. Brand Formue detracted from the performance.

Core earnings for 2013 were a profit of DKK 88 million, against a profit of DKK 15 million in 2012. The positive trend was driven by higher trading income, higher income from the bank's leasing activities and an improved performance in the private customer segment.

Income

Income from the bank's continuing activities amounted to DKK 508 million in 2013.

This marked an increase of DKK 96 million or 23% relative to 2012. The increase was driven by higher trading income and other income, primarily covering the bank's leasing activities.

Net fee and commission income from the bank's private customers was DKK 179 million, against DKK 177 million in 2012. In spite of the year's generally sluggish demand from private customers resulting in a decline in lending, the bank managed to keep its net interest and fee income unchanged.

Trading income excluding value adjustments increased by 40% to DKK 240 million, against DKK 172 million in 2012. This improvement was driven by a strong performance of the

bank's asset management activities as well as by an increased customer inflow and higher earnings from the Markets department. The bank's other activities also contributed to the improvement.

Other income, which primarily covers leasing activities, rose by 41% to DKK 89 million relative to 2012. The bank experienced fair growth in its leasing portfolio in 2013, driven by a trebling of car orders compared to 2012.

The growth in operating leases triggered a DKK 19 million increase in the bank's depreciations and amortisation to DKK 52 million from DKK 33 million in 2012.

Costs

Costs amounted to DKK 368 million, which was on a par with 2012. Costs were composed of staff costs and administrative expenses of DKK 354 million (2012: DKK 359 million) and other operating expenses, primarily to the Danish Guarantee Fund for Depositors and Investors, of DKK 14 million (2012: DKK 5 million).

Value adjustments

Value adjustments amounted to a loss of DKK 33 million, against a gain of DKK 3 million in 2012.

Interest-related value adjustments amounted to a loss of DKK 40 million, against a loss of DKK 29 million in 2012. The loss was related to the bank's bond portfolio, a part of which was placed in high-yield bonds, and to value adjustment losses as a result of the bond maturity effect. Rising interest rates in 2013 also resulted in negative value adjustments. The bank's bond portfolio produced a return of 1.7% in 2013, which was satisfactory in light of market developments.

Equity-related value adjustments amounted to a gain of DKK 9 million, against a gain of DKK 25 million in 2012.

Currency-related value adjustments amounted to a loss of DKK 2 million, against a gain of DKK 7 million in 2012.

Writedowns

Writedowns on the bank's continuing activities amounted to an expense of DKK 118 million, against an expense of DKK 57 million in 2012. The writedowns were mainly attributable to an extraordinary credit review of the bank's private customers.

Private

Private customer activities reported a loss of DKK 155 million, against a loss of DKK 102 million in 2012. The higher loss was due to a DKK 63 million increase in impairment writedowns to DKK 120 million, resulting from an extraordinary credit review in which private customers with impaired financial strength were assessed on the basis of repayment profile and interest rate level stress tests.

The bank's income from the private customer segment increased by 1.7% to DKK 180 million relative to 2012. The trend in income combined with lower costs resulted in a DKK 10 million increase in core earnings to a DKK 35 million loss.

PRIVATE

DKK m	2013	2012
Income	180	177
Expences	-215	-222
Depreciations	0	0
Basic earnings	-35	-45
Value adjustments	0	0
Total before writedowns	-35	-45
Writedowns	-120	-57
Total before tax	-155	-102

The bank achieved an increase of some 20% in the number of full-service customers who use Alm. Brand Bank as their main banker. Growth in the number of full-service customers is a key element in developing the private customer segment going forward.

The portfolio of Totalkredit loans for which the bank acted as intermediary increased by 12% to stand at DKK 4,163 million at 31 December 2013. As was the case in 2012, many customers not only converted their loans to other interest and repayment terms in 2013; they also raised supplementary mortgage loans with Totalkredit which they used to reduce loans with the bank.

Although there was a fair gross increase in lending of more than DKK 360 million in 2013, the bank's lending to private customers declined by DKK 29 million excluding writedowns to DKK 2,293 million as a result of increased demand for Total-kredit loans and the general trend of customers repaying their loans.

The bank's pension activities delivered a satisfactory performance in 2013. After the introduction of the new retirement pension (Alderspension), which resulted in a reduction of pension assets due to the payment of tax on amounts transferred, the bank succeeded in growing its total pension assets by close to 2%. This increase was driven in particular by the bank's portfolio management product, the Alm. Brand Investment Scheme, which reported growth of almost 13% in 2013.

In 2013, the bank saw greater interest from Non-life Insurance customers in getting the benefits offered if they become full-service customers of the bank. This arrangement will also be a key focus area in 2014, and the positive trend is expected to continue.

Leasing

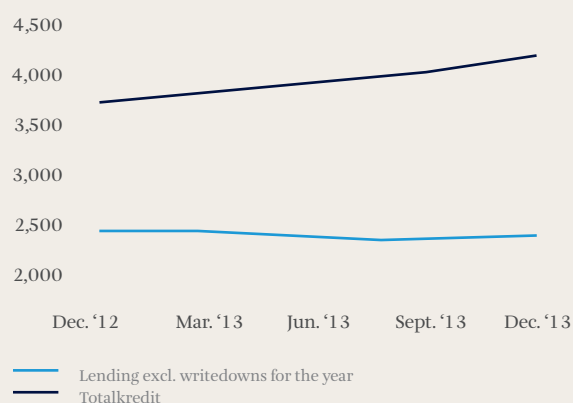
Leasing activities generated a pre-tax profit of DKK 1 million, which was a DKK 3 million improvement on 2012.

LEASING

DKKm	2013	2012
Income	86	60
Expences	- 33	- 30
Depreciations	- 52	- 32
Basic earnings	1	- 2
Value adjustments	0	0
Total before writedowns	1	- 2
Writedowns	0	0
Total before tax	1	- 2

The portfolio of leasing activities grew by more than DKK 100 million in 2013, and more than three times as many cars were ordered as in 2012. The positive portfolio developments were driven in particular by private customer leasing, but the commercial segment also reported growth.

Portfolio Private



As a result of the portfolio growth, income increased by DKK 26 million to DKK 86 million compared with 2012. Depreciation increased by DKK 20 million due to the increased portfolio.

Financial Markets

Financial Markets reported a pre-tax profit of DKK 87 million, against DKK 58 million in 2012.

The income generated by Financial Markets grew by 29% to DKK 204 million from DKK 158 million in 2012. Greater risk appetite and activity among Alm. Brand's customers in 2013 served to increase revenue and a fair inflow of new customers helped lift core earnings by DKK 46 million to DKK 99 million.

Alm. Brand's asset management activities delivered a strong performance in 2013. The performance was supported in particular by mortgage bonds, which had a positive effect on the results of Financial Markets.

Financial Markets currently has some DKK 31 billion of assets under management, of which external funds represent close to DKK 8 billion, and the department aims to increase the volume of external assets under management in the coming years.

The collaboration between the Financial Markets and Private segments was strengthened in 2012, and the positive effects fed through to the 2013 results. The inflow of high net worth private customers who have an adviser in Markets is at the highest level ever recorded. Asset Management has also developed a structured deposit product for private customers, which was very well received.

FINANCIAL MARKETS

DKKm	2013	2012
Income	204	158
Expences	-105	-105
Depreciations	0	0
Basic earnings	99	53
Value adjustments	-15	4
Profit/loss from investments	1	1
Total before writedowns	85	58
Writedowns	2	0
Total before taxes	87	58

Other

Other activities comprise the bank's treasury function and the ownership interest in Alm. Brand Formue A/S. Other activities reported a pre-tax loss of DKK 23 million, against a loss of DKK 1 million in 2012.

Value adjustments amounted to a loss of DKK 18 million in 2013, against a loss of DKK 1 million in 2012. The loss was mainly due to the maturity effect on high-yield bonds and to the effect of rising interest rates.

The bank's share of the results of Alm. Brand Formue and its equity risk hedging in this respect amounted to a loss of DKK 25 million. The performance was due to the loss on interest-bearing instruments and to the hedging of equity risk by means of indices that did not match the composition of the portfolio.

WINDING-UP ACTIVITIES

The bank's winding-up activities are primarily composed of agricultural, commercial and mortgage deed exposures.

As part of the implementation of a controlled winding up of the individual exposures, there are cases in which the bank will 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, even though the lending segment is being wound up.

OTHER

DKKm	2013	2012
Income	38	17
Expences	-15	-7
Depreciations	0	-1
basic earnings	23	9
Value adjustments	-18	-1
Profit/loss from equity investment	-3	-7
Alm. Brand Formue (the bank's ownership interest)	-25	-2
Total before writedowns	-23	-1
Writedowns	0	0
Total before tax	-23	-1

In 2013, the bank's winding-up activities reported a loss of DKK 379 million, against a loss of DKK 472 million in 2012. The winding-up activities are subject to substantial impairment writedowns, totalling DKK 256 million in 2013, against DKK 423 million in 2012.

Total loans and advances provided to the winding-up portfolio declined by DKK 870 million to DKK 4,772 million in 2013, representing 65% of the bank's overall lending portfolio. Adjusted for losses and writedowns, loans and advances were reduced by DKK 615 million, which was in line with the expected level.

Agriculture

In general, times are still difficult for the bank's agricultural customers. The risk of default is high, and the market value of agricultural land and property is under pressure. The bank values customers' agricultural land at an average price of DKK 130,000-140,000 per hectare.

The bank's agricultural portfolio breaks down into around 50% pig farming, around 45% dairy farming and around 5% arable farming. The bank had close to 80 agricultural customers at 31 December 2013. The portfolio declined by DKK 135 million in 2013 to stand at DKK 820 million at 31 December 2013. Less losses and writedowns, the agricultural lending portfolio declined by DKK 34 million.

Losses and writedowns remain high, which is due to additional drawings on existing credit facilities and to reduced values of the underlying collateral.

Commercial

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

The bank closed down its largest exposure in 2013, which consisted of guarantee commitments and derivative instruments. The close-down did not result in a reduction of the lending portfolio. The exposure was closed without a loss and resulted in a reduction of the bank's capital reservation of approximately DKK 50 million.

The total portfolio declined by DKK 229 million in 2013 to stand at DKK 1,044 million at 31 December 2013. Losses and writedowns amounted to a reversal of DKK 24 million. Adjusted for losses and writedowns, the commercial lending portfolio declined by DKK 253 million.

Mortgage deeds

This segment comprises the bank's own portfolio of private and commercial mortgage deeds. The mortgage deed portfolio amounted to DKK 2,497 million at 31 December 2013, which was DKK 433 million less than at 31 December 2012. Adjusted for losses and writedowns, the portfolio declined by DKK 256 million.

Mortgage deeds inherently run off as a result of regular payments and redemptions. Such natural run-off accounted for about 8% of the mortgage deed portfolio in 2013 net of credit writedowns and interest rate impacts.

DKKm	Lending year-end			Total losses and writedowns				Total 2013	Loss ratio(%) ^{a)}
	2012	2013	Share of portfolio (%)	Q1	Q2	Q3	Q4		
Continuing portfolio	955	820	11.2%	26	18	47	10	101	11.4%
Commercial	1,273	1,044	14.2%	-15	-2	-9	2	-24	-2.1%
Mortgage deeds	2,930	2,497	34.0%	50	47	37	43	177	6.5%
Other lending	484	411	5.6%	2	-	-	-1	1	0.2%
Shareholding ^{b)}	-	-	-	-	1	-	-	1	-
Winding-up portfolio	5,642	4,772	65.0%	63	64	75	54	256	4.9%

^{a)} Losses and writedowns as a percentage of the average portfolio in 2013. The percentage is not comparable with the impairment ratio in the bank's financial highlights and key ratios.

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

Credit writedowns amounted to DKK 177 million in 2013, corresponding to an impairment ratio of 6.5% of the average portfolio.

Compared with the banking sector in general, the bank has fairly high exposure to mortgage deeds relative to the overall lending portfolio. See note 51 to the financial statements for a description of significant accounting estimates, assumptions and uncertainties.

Private mortgage deeds

The bank's portfolio of private mortgage deeds amounted to DKK 1,847 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.

Credit-related writedowns of private mortgage deeds amounted to DKK 96 million in 2013.

Private mortgage deeds are still adversely affected by the weak general economic conditions, and the number of private mortgage deed delinquencies remains high as a result.

Commercial mortgage deeds

Commercial mortgage deeds amounted to DKK 650 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.

Credit-related writedowns of commercial mortgage deeds amounted to DKK 81 million in 2013.

The commercial property letting market was weak in 2013, and the pressure on rent levels was seen to be mounting. Revaluations resulted in a high level of impairment writedowns.

Other loans and advances

Other loans and advances cover a portfolio of car finance contracts and property development projects. At 31 December 2013, approximately 60% of lending in this segment related to a single property development project. The bank will only finance the completion of ongoing projects pursuant to existing agreements.

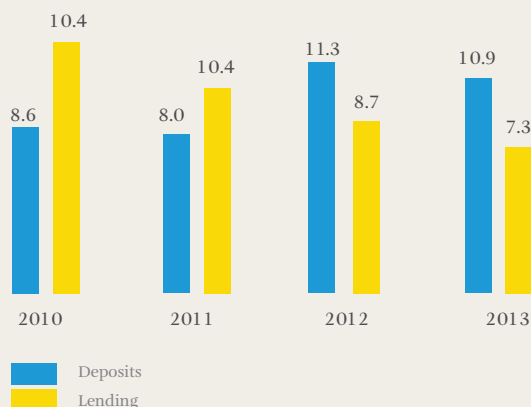
Other loans and advances declined by DKK 73 million in 2013 to stand at DKK 411 million at 31 December 2013. Losses and writedowns amounted to DKK 1 million in 2013.

BALANCE SHEET

Loans and advances

The bank's loans and advances totalled DKK 7.3 billion at 31 December 2013, against DKK 8.4 billion at 31 December 2012, corresponding to a decline of DKK 1.1 billion.

Deposits / lending (DKKbn)



Excluding writedowns, loans and advances in the continuing activities declined by DKK 98 million and by DKK 615 million in the winding-up activities. The reduction of the winding-up portfolio was in line with expectations.

Deposits

The bank had deposits of DKK 10.9 billion at 31 December 2013, against DKK 11.3 billion at the year-earlier date. The decline was the result of the bank's ongoing focus to reduce its deposit balance in step with the reduction of loans and advances in the winding-up portfolio.

In 2013, the bank experienced an increase of more than 15% in floating-rate deposits. This marked a positive shift in the relationship between high-interest fixed-rate deposits and lower-interest floating-rate deposits. This trend is expected to continue in 2014 and will have a positive effect on the bank's interest margin.

It is a part of the bank's strategy to further reduce deposits, while also increasing the share of floating-rate deposits.

LIQUIDITY

At 31 December 2013, the bank had cash funds of DKK 4.5 billion and excess liquidity of DKK 3.0 billion, equivalent to an excess cover of 202% relative to the statutory requirement. In line with expectations, repayment of funding reduced the excess cover relative to the 256% reported at 31 December 2012.

Management monitors the bank's liquidity closely, and it is expected that the excess liquidity coverage will be reduced further in 2014.

CAPITALISATION

The bank's equity stood at DKK 1.5 billion at 31 December 2013. The capital base totalled DKK 1.8 billion, and the risk-weighted items amounted to DKK 8.7 billion at 31 December 2013.

Accordingly, the solvency ratio was 20.3, and the core capital ratio was 19.2. The bank's individual solvency need was calculated at 14.2%, which means that the solvency ratio exceeded the individual solvency need by 6.1 percentage points.

The banking group's equity stood at DKK 1.7 billion at 31 December 2013. The capital base totalled DKK 1.8 billion, and the risk-weighted items amounted to DKK 9.6 billion at 31 December 2013.

CAPITAL RESERVATION FOR CREDIT RISK

DKKm	31.12.2013						31.12.2012	
	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	2,708	2,431	277	223	500	18%	515	18%
Winding-up portfolio	6,696	4,772	1,924	701	2,625	39%	2,952	38%
Total - excl. reverse transactions	9,404	7,203	2,201	924	3,125	33%	3,467	33%
Reverse transactions and intra-group transactions	137	137	-	24	24	18%	11	10%
Total group	9,541	7,340	2,201	948	3,149	33%	3,478	33%

^{a)} Accumulated writedowns and value adjustments of mortgage deeds.

Accordingly, the banking group had a solvency ratio of 18.4%, and a core capital ratio of 17.7%. The banking group's individual solvency need was calculated at 14.3%, which means that the solvency ratio exceeded the individual solvency need by 4.1 percentage points.

Capital reservation for credit risk

The banking group's total capital reservation for credit risk declined by DKK 329 million in 2013 to stand at DKK 3,149 million at 31 December 2013, against DKK 3,478 million at 31 December 2012.

The capital reservation equalled 33% of gross loans and advances and the residual debt on mortgage deeds at 31 December 2013, which was unchanged relative to 31 December 2012.

The capital reservation on the continuing portfolio represented 18% of gross loans and advances, and the capital reservation on the winding-up portfolio represented 39% of gross loans and advances and residual debt on mortgage deeds.

Of the banking group's total capital reservation at 31 December 2013, accumulated writedowns amounted to DKK 1,454 million, compared with DKK 1,557 million at 31 December 2012. Accumulated writedowns broke down as follows at 31 December 2013: DKK 277 million on the continuing portfolio and DKK 1,177 million on the winding-up portfolio. To this should be added DKK 747 million in fair value adjustments of mortgage deeds.

New capital adequacy rules (CRD IV)

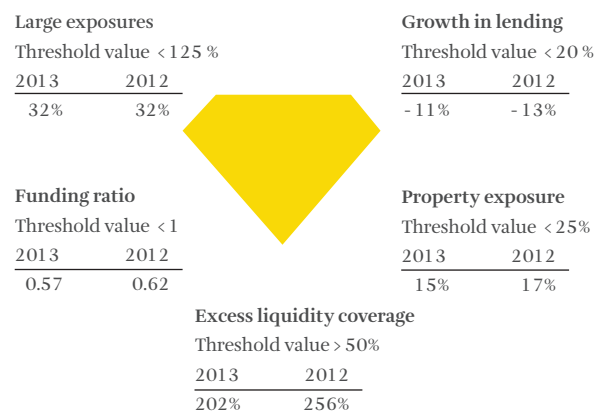
New capital adequacy rules were introduced by the EU with effect from 1 January 2014. Among other things, the new rules define stricter requirements on the quality of capital. The rules provide for a toughened scaling-down of the inclusion of supplementary capital and a tightening of the requirements for hybrid capital. Moreover, the rules governing the calculation of risk-weighted assets will change. The rules will be phased in from 2014 to 2019, but the most significant changes for the bank will take place already in 2014.

Under the new rules, the value of the bank's supplementary capital in the solvency calculation declined by DKK 160 million on 1 January 2014 and will be reduced by an additional DKK 40 million in 2014. This is partly offset by a capital injection made by Alm. Brand A/S on 27 February 2014.

The bank's risk-weighted assets will not be affected to any significant extent by the changed rules.

SUPERVISORY DIAMOND

At 31 December 2013, the bank was in compliance with all five threshold values of the Danish FSA's supervisory diamond as shown in the figure below:



The changes to the bank's supervisory diamond values are in line with expectations.

MAJOR EVENTS

Capital injection

On 26 February 2013, Alm. Brand A/S injected DKK 700 million into Alm. Brand Bank A/S as equity. The capital injection was used to make a DKK 430 million repayment of the state-funded hybrid core capital on 19 March 2013.

On 22 August 2013, Alm. Brand A/S injected DKK 200 million into Alm. Brand Bank A/S as equity. The capital injection was used to make a DKK 200 million additional repayment of the state-funded hybrid core capital on 11 September 2013.

Prepayment of government-guaranteed bonds

On 22 March 2013, the bank repaid just over DKK 1 billion of government-guaranteed bonds, and on 1 July 2013 the remaining DKK 950 million of the bond issue was repaid.

Partner agreement with the Danish Swimming Union

On 2 December 2013, Alm. Brand Bank concluded a partner agreement with the Danish Swimming Union, which is intended to attract more full-service customers to the bank as well as more funds for member activities in local swimming clubs in Denmark.

EVENTS AFTER THE BALANCE SHEET DATE

Capital injection and repayment of state-funded hybrid core capital

On 27 February 2014, Alm. Brand A/S injected DKK 400 million into Alm. Brand Bank A/S as equity. The capital injection will be used to repay the remaining DKK 226 million of state-funded hybrid core capital. Repayment will take place when permission has been received. Moreover, a part of the capital injection will be used to offset the effect of the new capital adequacy rules in 2014.

Alm. Brand Formue

After the balance sheet date, the Board of Directors of the subsidiary Alm. Brand Formue A/S has submitted a proposal for a solvent liquidation of the company.

The reason for the proposal is that, as a result of a number of years of weak demand and low liquidity in the shares, the market capitalisation of Alm. Brand Formue is not deemed to reflect the company's values. Moreover, the Danish act on alternative investment fund managers introduces new regulatory obligations on the company, which will entail increased administrative expenses.

For additional information on the proposal for a solvent liquidation of Alm. Brand Formue, see separate announcement no. 2 issued by Alm. Brand Formue on 21 February 2014.

OUTLOOK

The continuing activities are expected to generate pre-tax profit of around DKK 40 million in 2014, of which writedowns are expected to amount to approximately DKK 35 million.

The bank's winding-up activities are expected to report a loss of DKK 375-425 million.

The bank's winding-up portfolio excluding losses and writedowns is expected to be reduced by around DKK 500 million in 2014.

The guidance is subject to substantial uncertainty, and the actual performance will depend on economic developments, market conditions in general and other factors.

Summer
2013





Life and Pension

Life and Pension comprises life insurance, pension savings on guaranteed products and pension insurance. In terms of the value proposition to our customers, Pension also comprises market rate pension savings in the bank.

The results of the market rate pension schemes are recognised under Banking.

Pension is focused on individual pension 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 94,000, of which 63,000 are agreements with regular premium payments.

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

- Individual retirement and capital pension schemes 10%
- Private instalment pension schemes 4%
- Insurances with regular disbursements 5%
- Employer schemes <1%

MARKET

The pension market consists of three types of schemes:

- Unrestricted individual schemes paid either by employers or by private individuals
- Mandatory or voluntary corporate schemes under which employees are covered by a pension agreement between their employer 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 retirement pension, capital pension, instalment pension 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. In 2013, annuity pension schemes were fully deductible, while instalment pension schemes were subject to a tax deductibility cap of DKK 50,000, and capital pension schemes ceased to be tax deductible. As from 2013, pension savers will be allowed to pay up to DKK 27,600 into their retirement pension scheme, and while such payments are not tax deductible, disbursements are tax-free.

Pension savings schemes may be established with life insurance companies, pension funds or banks (retirement and instalment pension schemes) 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.

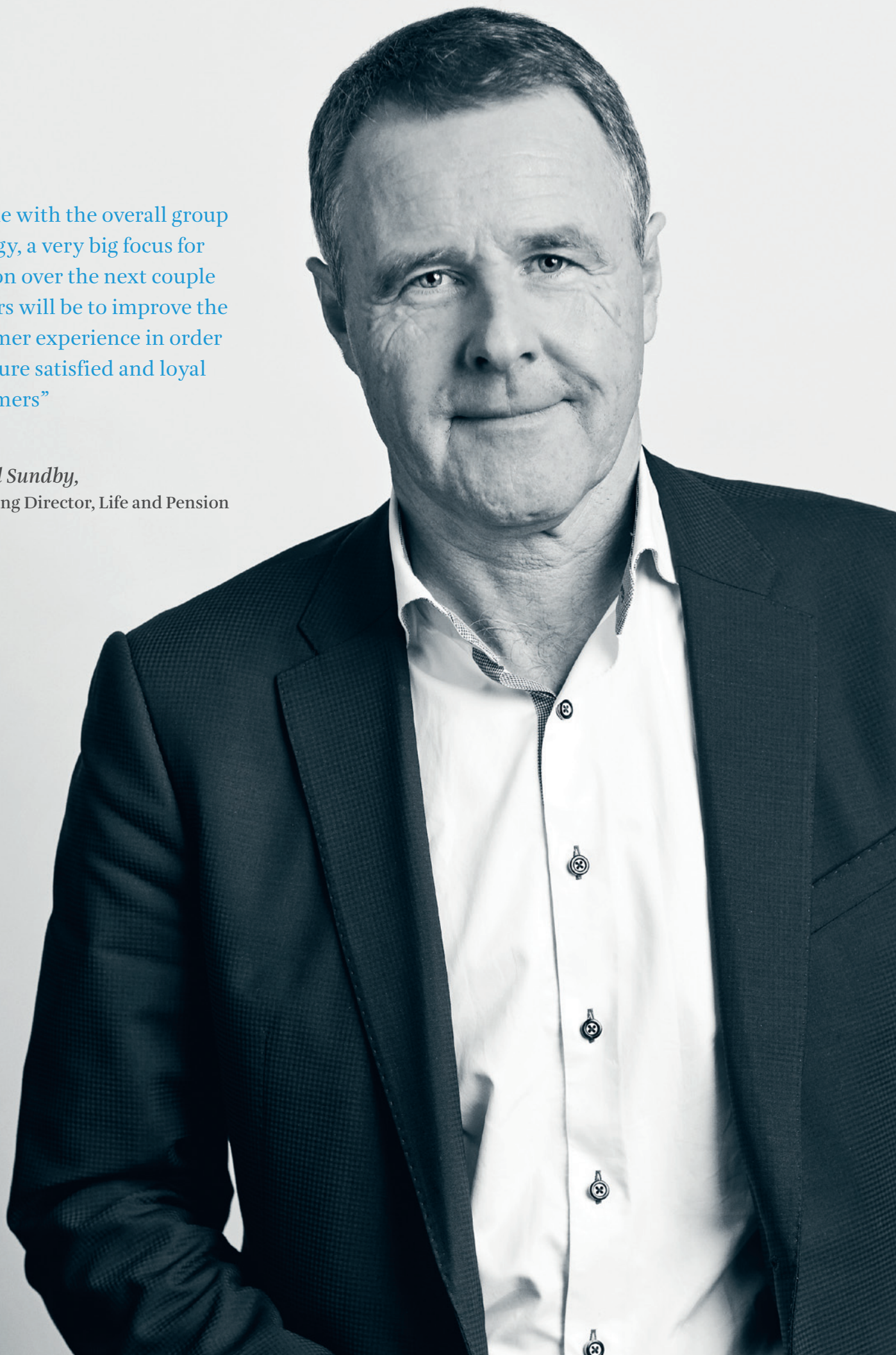
Companies offering average rate schemes are subject to rules stipulating how large a share of profits may accrue to the company, the so-called contribution principle. Over time, any profit in excess of this amount accrue to the customers in the form of bonus allotments.

On the other hand, savings in banks and in the so-called market rate products (unit linked schemes, life cycle schemes, etc.) with insurance companies and pension funds 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.

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

”In line with the overall group strategy, a very big focus for Pension over the next couple of years will be to improve the customer experience in order to ensure satisfied and loyal customers”

Mikael Sundby,
Managing Director, Life and Pension



Financial *result* for Q4

- Profit before tax: DKK 15 million (2012: DKK 20 million)
- Total payments into pension schemes increased by 8.3%
- Risk result: DKK 10 million (2012: DKK 14 million)
- Expense result: DKK 1 million loss (2012: DKK 2 million profit)
- Investment return on policyholders' funds: 5.0% p.a.
- Average bonus rate increased from 7.8% to 9.2%

Premiums

Payments into guaranteed schemes

Premium income in Life and Pension's guaranteed schemes totalled DKK 273 million, against DKK 260 million in 2012, equivalent to an increase of 4.9%.

Payments into market schemes

Payments into investment schemes in the bank totalled DKK 102 million, against DKK 86 million in 2012, equivalent to an increase of 18.4%.

Total pension payments

Total pension payments amounted to DKK 375 million, against DKK 347 million in 2012, equivalent to an increase of 8.3%.

Benefits paid

Benefits paid amounted to DKK 537 million, against DKK 201 million in 2012. The increase was due to a higher number of disbursements on retirement and to extraordinary payment of tax in connection with the transfer of capital pension schemes to retirement pension schemes.

15 DKKm

Profit before tax: (2012: DKK 20 million)

8.3%

Total payments into pension schemes increased by 8.3%

10 DKKm

Risk result: (2012: DKK 14 million)

0 DKKm

Expense result 2012: (DKK 2 million profit)

STRATEGY

Pension 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 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 the 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 FSA'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 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.

All products offered by the bank are based on the market rate principle.

Pension assets held with the bank are fully covered by the Danish deposit guarantee scheme.

Business partners

In certain areas, for competitive or financial reasons, the company uses 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 related capital tied up 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.

Strategic goals for 2013-2016*Target: Improved customer experience*

In line with the overall group strategy, a very big focus for Pension over the next couple of years will be to improve the customer experience in order to ensure satisfied and loyal customers.

Customer satisfaction with the service received by telephone was a key focus area in 2013. Satisfaction measurements showed a very positive trend, and the results for the most recent period were better than expected.

Target: 12% growth in regular payments over and above the rate of inflation

The group's strategy is to achieve an increase in pension payments to Life and Pension as well as to market rate schemes to the bank. The bank aims to mainly achieve the increase in the Alm. Brand Investment Scheme.

	DKKm	2013	2012	2011	2010	2009
INCOME STATEMENT						
Premiums		928	903	724	719	710
Investment return after allocation of interest		253	856	856	786	780
Insurance benefits		-2,239	-973	-1,057	-1,056	-889
Insurance operating expenses		-81	-79	-70	-73	-67
Reinsurance result		-3	3	1	2	5
Change in life insurance provisions		1,650	-495	-401	65	-233
Change in collective bonus potential		-240	-137	63	-292	-225
Government tax on unallocated funds		-185	-	-	-	-
Technical result		83	78	116	151	81
Return on investment allocated to equity		3	12	21	30	58
Profit before tax		86	90	137	181	139
Tax		-21	-19	-32	-50	-26
Profit after tax		65	71	105	131	113
BALANCE SHEET						
Total provisions for insurance contracts		11,074	12,463	11,829	11,493	11,263
Total shareholders' equity		1,011	946	1,026	1,122	1,192
Total assets		12,993	14,366	13,624	13,131	12,691
KEY RATIOS						
Return before tax on pension returns		2.3%	7.9%	8.3%	7.5%	8.1%
Return on customer funds before tax on pension returns		2.5%	8.5%	9.0%	8.1%	8.4%
Return on equity funds before tax on pension returns		1.2%	1.3%	2.2%	2.9%	5.9%
Expense ratio on premiums		8.7%	8.7%	9.7%	10.1%	9.5%
Expense ratio on provisions		0.8%	0.8%	0.7%	0.7%	0.6%
Expenses per individual insured (rounded to nearest DKK)		1,026	961	820	811	723
Expense result		0.0%	0.0%	0.1%	0.1%	0.0%
Insurance risk result		0.7%	0.7%	0.9%	0.5%	0.4%
Bonus rate		9.2%	5.8%	4.5%	5.1%	2.1%
Equity reserves		13.0%	10.6%	12.0%	12.7%	12.9%
Capital base reserves (Solvency I)*		5.3%	5.6%	5.1%	6.0%	6.2%
Solvency ratio (Solvency I)*		210%	211%	202%	227%	230%
Return on equity before tax		8.8%	9.7%	13.3%	16.6%	12.2%
Return on equity after tax		6.7%	7.6%	10.1%	12.0%	9.5%
Return on customer funds after deduction of expenses before tax		1.1%	6.9%	6.9%	7.3%	8.1%
Return on subordinated loan capital before tax		-1.7%	-2.2%	-2.7%	-2.2%	-3.0%

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.

Return on equity principles

The Executive Order on the Contribution Principle issued by the Danish FSA lays down the guidelines for return on equity, i.e. the return Alm. Brand may generate on the capital invested.

The return on equity principles applied in 2013 are unchanged from 2012.

The return on equity is composed of the direct return on shareholders' equity funds and a risk allowance.

Customers have been divided into a number of contribution groups based on rate of interest, insurance risk and expenses. The risk allowance 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 allowance for 2013 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 allowance is calculated exclusively on the basis of the portfolio of policies with bonus entitlement. For poli-

cies without bonus entitlement, including life-long annuities without bonus entitlement, the result – which might be positive or negative – is fully allocated to equity.

The Danish FSA lays down guidelines on when the risk allowance may be included in the profit/loss for a specific financial year. Whether the risk allowance for a contribution group can be recognised as income depends on the profit/loss reported for the group. In simplified terms, the allocation of the risk allowance of the interest rate groups requires the investment return and the release of excess provisions – positive or negative – to be 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 return achieved in a contribution group does not allow for recognition of the risk allowance, 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.

The risk allowance for 2014 has been determined as follows:

- Interest rate groups: 0.15% 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 aim is for the portfolio of regular payments to Life and Pension to increase by 12% over and above the rate of inflation in the period 2013-2016. In 2013, regular premium payments only increased by 1.3%. However, adjusted for the negative effects of the tax reform, the portfolio developed in line with the strategic target.

In 2013, Life and Pension offered a rate on policyholders' savings of between 3.00% and 4.75%, which was among the highest rates in the Danish market. For 2014, the rate on policyholders' savings has been increased to between 4.00% and 6.00%, depending on the interest rate group. The rates on policyholders' savings are generally applicable for the whole of 2014 but may be changed during the year.

New customers are offered a rate of 4.00% on their savings – one of the highest rates on policyholders' savings in the market. The high rate on policyholders' savings and the attractive fee structure places Life and Pension in a favourable competitive position in 2014. This will support the company's growth strategy.

Moreover, the high rates on policyholders' savings are expected to reduce the volume of transfers/surrenders, which will contribute to preserving the portfolio.

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 is to be accomplished by continuing the strong performance record of Life and Pension as well as by reducing the capital expenditure.

Life and Pension generated a return on equity of 9% in 2013, which was in line with expectations.

PERFORMANCE

Life and Pension achieved a total pre-tax profit of DKK 86 million in 2013, against DKK 90 million in 2012.

The profit was composed of an expense and risk result of DKK 72 million, an interest rate result of DKK 11 million and a result on annuities without bonus entitlement of DKK 0 million and, lastly, an investment return on assets allocated to shareholders' equity of DKK 3 million.

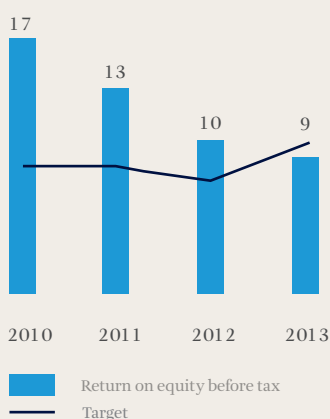
In 2013, the full risk allowance was booked to equity for all contribution groups but one, for which only a partial risk allowance was booked. The outstanding risk allowance of DKK 2 million was transferred to the shadow account for the group in question. This brought shadow account balances to DKK 12 million in aggregate.

The profit for the year made for a return on equity of 9%, compared to 10% in 2012.

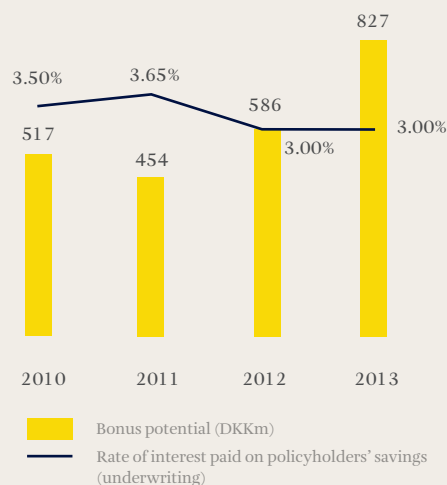
The full-year performance was satisfactory.

It was also highly satisfactory to note that the collective bonus potential increased by DKK 240 million to DKK 827 million at 31 December 2013, equivalent to an average bonus rate of 9.2%.

Return on equity (%)



Bonus



Premiums

Payments into guaranteed schemes

Premium income in the life insurance company's guaranteed schemes totalled DKK 928 million, against DKK 903 million in 2012, equivalent to an increase of 2.8%. The increase was mainly attributable to single payments from a growing number of new customers who have transferred their existing pension savings from other pension providers to Alm. Brand. Single payments hence increased by 5.9% from DKK 285 million in 2012 to DKK 302 million in 2013.

Regular premium payments were up by 1.3% from DKK 618 million in 2012 to DKK 626 million in 2013.

As a result of the tax reform in Denmark in 2012, capital pension schemes are no longer eligible for tax deductibility effective from 2013. Overall, the tax reform had a negative estimated effect on regular premium payments for amounts of DKK 25-30 million.

Payments into market rate schemes

Payments into market rate schemes in the bank (investment schemes) totalled DKK 345 million, against DKK 332 million in 2012, equivalent to an increase of 3.8%. The increase was satisfactory and higher than expected, considering that the tax deductibility options for bank-based pension savings were limited to instalment savings and capped at DKK 50,000 with effect from 2013.

Total pension payments

The total amount of pension contributions, including investment schemes with the bank and premium income in the life insurance company, was DKK 1,273 million, compared to DKK 1,235 million in 2012, corresponding to an increase of 3.1%.

The development in total pension payments was satisfactory and better than expected considering the negative effects of the tax reform.

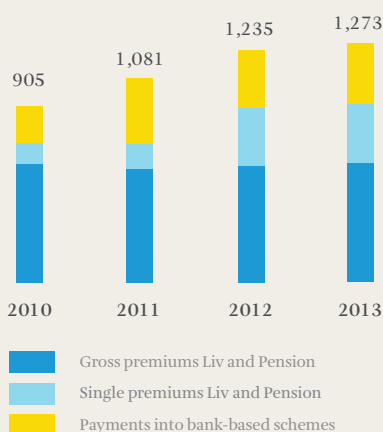
Benefits paid

In connection with the tax reform in 2012, capital pension customers were given the option of settling the tax due on their schemes at a rate of 37.3%, compared to the normal rate of 40%. This option has subsequently been extended to apply in 2014 as well. Most customers opted to accept this offer as recommended. Tax of DKK 962 million was paid on behalf of customers in 2013.

Including the tax, benefits paid totalled DKK 2,239 million, against DKK 971 million in 2012.

In addition to the extraordinary payment of tax, the increase was due to benefits paid in connection with retirement. As the portfolio gradually ages, a growing number of schemes will reach the date of disbursement, with either a lump sum payment or payment over a number of years.

Total payments, Pension (DKKm)



Risk result

The risk result, which expresses the difference between risk premiums and claims expenses, was DKK 71 million, against DKK 77 million in 2012. Of the overall risk result, DKK 2 million attributable to the disablement risk group was transferred to the shadow account. The overall risk result was highly satisfactory.

Costs

Acquisition costs and administrative expenses totalled DKK 81 million in 2013, against DKK 79 million in 2012. This increase was in line with expectations.

Expense result

The expense result, which expresses the difference between expense loading and expenses incurred, amounted to a profit of DKK 3 million, which was on a par with 2012. The expense ratio (expenses as a percentage of gross premium income) was 8.7, against 8.7 the year before. The expense per individual insured was DKK 1,026, compared to DKK 961 in 2012. The expense result was satisfactory.

Investment return on assets allocated to equity

The return on investment assets allocated to equity was DKK 3 million, against a return of DKK 12 million in 2012, corresponding to a bonus rate of 1.2%.

Assets allocated to equity are primarily invested in ultra-short bonds, and the low return reflects the very low level of short-term bond yields.

Investment return on policyholders' funds

Total investment assets belonging to policyholders amounted to DKK 11.5 billion at 31 December 2013. The investment assets are placed in bonds, equities and property.

The return on investment assets belonging to policyholders was DKK 302 million, against a return of DKK 1,042 million in 2012.

The return for the year was strongly supported by equity market developments, while rising yields resulted in capital losses on bonds and interest hedging arrangements. Because the increase in yields also meant a significant reduction of liabilities, the return was highly satisfactory in spite of the substantial decline in the absolute return.

The return was calculated before tax on pension returns but after investment costs.

Relative to the benchmark performance, the return on policyholders' investment assets was highly satisfactory.

Payment of tax due to the tax reform was effected by the sale of mortgage bonds, causing the proportion of mortgage bonds relative to total investment assets to decline in 2013.

Bonds

At 31 December 2013, bonds made up a total of 67% of the overall portfolio of policyholders' funds. The return was negative at 1.1% in 2013.

	U74*	Interest rate group				Total
		0	1	2	3	
Technical rate of interest (% p.a.)		0.5-1.5	1.5-2.5	2.5-3.5	3.5-4.5	
Rate on policyholders' savings 2013 (% p.a.)		4.00	4.50	5.00	6.00	
Rate on policyholders' savings 2014 (% p.a.)		3.8	1.9	1.3	4.4	
Investment assets (DKKbn)	0,1	3.00	3.00	3.75	4.75	11.5
Bonus rate (%)		12.8	15.3	8.9	2.4	9.2
Return (%)		5.5	3.5	1.5	-0.8	2.3
Bonds	100%	54%	53%	76%	82%	67%
Equities	0%	27%	25%	9%	3%	16%
Property	0%	19%	17%	13%	10%	14%
Interest rate derivatives	0%	0%	5%	2%	5%	3%

*Portfolios without bonus entitlement

Danish mortgage bonds, which represent the largest part of the portfolio, contributed favourably to the return performance, while government bonds, index-linked bonds and emerging market bonds detracted from the performance.

Equities

At 31 December 2013, equities made up a total of 16% of the overall portfolio of policyholders' funds. The return was 26.7% in 2013.

The highly satisfactory equity return was supported by the investments being placed in developed equity markets.

Property

At 31 December 2013, properties made up a total of 14% of the portfolio of policyholders' funds. The return was 3.6% in 2013, which was in line with the budget. The return is primarily related to the operation of the properties. A negative value adjustment of DKK 4 million was made on the property portfolio in 2013.

Financial instruments

Financial instruments used for partial hedging of insurance liabilities made a negative contribution to the return due to the rising level of interest rates. Hedging activities declined

relative to the beginning of the year due to the extraordinary payment of tax, which reduced total assets and the interest rate risk on liabilities.

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 FSA for discounting provisions.

Total provisions fell by DKK 1,650 million, primarily as a result of the extraordinary payment of tax in connection with the tax reform and the rising trend across most of the yield curve.

In addition to the tax paid in 2013, a provision of DKK 185 million was made for extraordinary tax. The amount falls due in May 2014 and is attributable to tax on unallocated reserves for customers who have exercised the option of settling tax on their capital pension scheme.

Collective bonus potential

The collective bonus potential increased by DKK 240 million in 2013 to stand at DKK 827 million at 31 December 2013, equivalent to a bonus rate of 9.2%.

The collective bonus potential is calculated separately for each contribution group. The bonus rate of each individual interest rate group is shown in the table above.

The bonus rate of the individual interest rate groups was highly satisfactory.

Reinsurance

The reinsurance result amounted to a DKK 3 million loss.

MAJOR EVENTS

Tax reform

On 13 September 2012, the Danish parliament passed a new piece of legislation on capital pension schemes, which entered into force on 1 January 2013.

As a result of these rules, new payments into capital pension schemes are no longer eligible for tax deductibility with effect from 2013. 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 retirement pension of up to DKK 27,600 per year (amount applicable for 2013). These payments are not tax-deductible, but disbursements are tax-free. During the saving period, the return will be subject to tax on pension investment returns.

The new legislation also gave pension savers the option in 2013 and 2014 to move forward taxation of existing capital pension savings at a rate of 37.3%, 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 a retirement pension scheme.

On 17 December 2012, the Danish parliament adopted a so-called "repair package" to the original act. The repair package implied that 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.

The implementation of the tax reform was extremely resource-demanding and by far company's biggest project in 2013.

Life and Pension was the first company in the market to introduce the new retirement pension scheme and related advisory services, and the implementation was based on a strategy of giving customers the greatest possible freedom of choice and the best transfer terms in the market.

As a result:

- transfer is free of charge;
- guarantees are maintained; and
- customers may choose a retirement pension scheme, irrespective of whether they have a private pension scheme or an employer pension scheme.

During the year, Life and Pension communicated intensely with its customers and transferred a large number of capital pension schemes to retirement pension schemes, instalment pension schemes or annuity schemes.

Most customers opted to transfer to the new savings option, the retirement pension scheme, while a small number of customers opted to transfer their future payments to an instalment pension scheme or an annuity scheme. Some customers also chose to cease their payments altogether or terminate their capital pension scheme.

The portfolio of capital pension schemes declined by approximately DKK 130 million in 2013. On the other hand, the portfolio of retirement pension schemes amounted to close to DKK 80 million at 31 December 2013.

At 31 December 2013, some 7,000 customers with total annual premium payments of just below DKK 40 million had yet to decide on whether they want to change their capital pension scheme.

At 31 December 2013, a total amount of approximately DKK 1.2 billion had been settled and provided for to the state due to early settlement of tax.

New life expectancy benchmark

The Danish FSA in 2013 announced a new benchmark for remaining life expectancy, which is used for the calculation of life insurance provisions.

Life and Pension implemented the new benchmark effective 30 September 2013.

For portfolios with bonus entitlement, the implementation of the new benchmark resulted in a DKK 20 million increase of provisions, which was financed by the collective bonus potential. For portfolios without bonus entitlement, the provision increased by DKK 2 million, which was financed through equity.

OUTLOOK

The company expects to generate pre-tax profit in the region of DKK 75 million in 2014. Due to the sustained very low level of short-term bond yields, the return on investment assets attributable to shareholders' equity is expected to account for only DKK 3 million of this amount.

The risk allowance allocated to the interest rate groups has been increased to 0.15% in 2014, against 0.10% in 2013.

Whether the full risk allowance can be booked depends on the results of the individual contribution groups. The company expects to be able to book a risk allowance for all contribution groups in 2014.

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



EC in Herning 2013



Customers

Alm. Brand's believes that the combination of providing a supreme service and having the most satisfied customers is key to future success. The strategy is therefore focused on ensuring that we have very satisfied and loyal customers by offering high quality, professional skills and accessibility, good products at the right price and superior customer service

STRATEGIC FOCUS AREAS FOR 2013-2016

In 2013, our efforts were concentrated on three areas to improve the customer experience:

- Digitalisation and website
- Supreme customer service
- Marketing and branding

Digitalisation and website

In the final part of 2013, support to online customers reached a level that made it necessary for us to divide the workload among our five large non-life insurance callcentres. We expect this will further boost the number of customers using our online service options, as our online solutions will become an integral part of the day-to-day work of all employees at the five large customer service centres.

Previously, only private customers were able to access their policies, terms, claims, etc. online, but in 2013 we developed a similar functionality for our commercial and agricultural customers. The functionality was very well received in a test among selected customers, and the overall solution was rolled out to all customers at the beginning of 2014.

For the last couple of years, customers have been able to report certain types of claims via the almbrand.dk website, but the functionality was not optimal. In mid-2013, we launched a new and enhanced module for reporting claims. The new module was put to the test in connection with the storms in October and December with 30% of the claims being reported online.

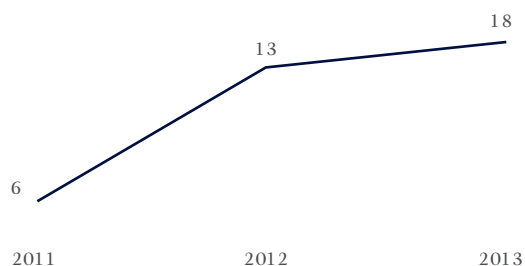
At 31 December 2013, the digitalisation rate was 18%, relative to a baseline of 6% in 2012. The development is therefore reasonable relative to the target of achieving a digitalisation rate of 33% by 2016.

Supreme customer service

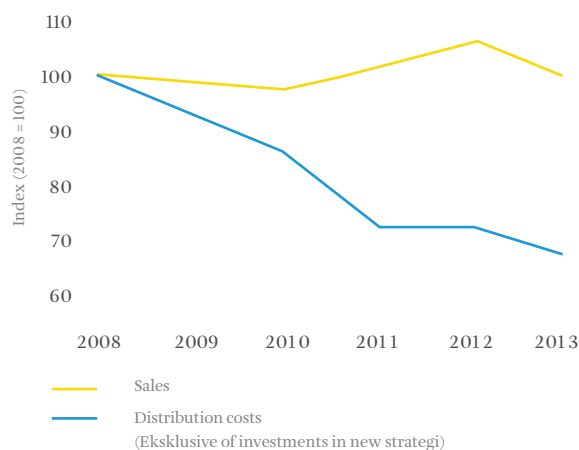
Alm. Brand implemented a number of initiatives in 2013 with a view to supporting the ambition of delivering supreme customer service in all contexts. An organisational unit has



Digitalisation rate (%)



Sales and distribution costs (2008 prices)





”Alm. Brand’s believes that the combination of providing a supreme service and having the most satisfied customers is key to future success. The strategy is therefore focused on ensuring that we have very satisfied and loyal customers by offering high quality, professional skills and accessibility, good products at the right price and superior customer service”

Christian Heick Sørensen,
Managing Director, Marketing

been set up to support and challenge all entities of the group in improving the customer service provided. Moreover, a service training programme has been set up for all employees, and service targets have been defined for all sales and service channels and internal functions. Experience from the first year has been good, and we have achieved a number of documented and significant improvements in the service provided to the customers.

Customer perception of Alm. Brand and the service received is measured by way of NPS (Net Promotion Score), and the measurement is made when a customer has had a specific experience with Alm. Brand. The target for the entire strategy period is to improve the score by 10 points, and in 2013, it was improved by 6 points on average. There is still room for improving our customer service even more, so the target of 10 points may prove to be on the conservative side.

Marketing and branding

As part of the basis for the new strategy towards 2016, an extensive positioning analysis of Alm. Brand has been prepared in order to get an updated picture of the company's market position. This analysis showed, among other things, that Alm. Brand's hallmarks include proper conduct, history and stability. Alm. Brand wants to promote these features even more in the future. However, Alm. Brand was also perceived by some as being not quite in keeping with the times.

Alm. Brand has improved its customer service and customer experience significantly in recent years. Against this background, and keeping in mind the market position analysis conducted, the group wants to signal this change even more clearly to the market.

In addition to launching the CUSTOMERS FIRST strategy, the group has redefined its identity, called "Alm. Brand for the customers – since 1792", which expresses in words the qualities that set Alm. Brand apart from the competition and makes it clear what customers can expect from Alm. Brand.

In order to communicate these positive changes in Alm. Brand, the group has changed its logo, typeface as well as its colour and image style. The new visual look, which we call "Klædt på til kunden", we want to showcase Alm. Brand as a modern, open and service-minded company, while emphasising proper financial conduct and honouring our legacy dating back to 1792.

Lastly, the group launched a new marketing campaign at the beginning of 2014. Under the slogan "Pas godt på de gode værdier", the campaign comprises advertisements portraying situations, things or animals and people that we want to take good care of. We have also launched a TV commercial campaign portraying Danes as people with strong values and stressing the importance of preserving those values.

DISTRIBUTION

Strategic goals for 2013-2016

An important part of the strategy is to develop and sharpen our employees' customer focus and the tools they use to provide optimum customer experiences.

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 in a combination of the two. The efficiency enhancements are not expected to materialise fully until at the end of the strategy period in 2016, as certain investments will be required in the interim period.

In 2013, investments were made to improve customer service and increase digitalisation. Excluding these investments, distribution efficiency improved by 4%, and the perceived customer service also improved for all distribution channels. On other words, we moved closer to the ultimate target of achieving an overall improvement of 10% by 2016.

Target: Doubling the number of customers with preferred customer status (Pluskunder) in the bank

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

The number of Pluskunder was successfully increased by around 20% in 2013. However, competition for good banking customers is fierce, and it is difficult to attract completely new Pluskunder to the bank. Accordingly, the inflow of new Pluskunder was achieved partly by way of added sales, converting existing part-service customers to full-service customers.

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.

Overall, sales of guaranteed pension products in 2013 was on a par with 2012, and costs were largely unchanged. This generally means that we achieved the target defined. However, we face a challenge in that the new rules on capital pension schemes have triggered a reduction in Life and Pension's portfolio, and as a result the current high level of sales may not be enough to generate the intended growth by 2016. We may therefore have to increase our sales efforts further in the years ahead.

Organisation

Alm. Brand has generally allocated distribution responsibilities to five regional organisations, each being responsible for sales and service targeting its local customer segment. This ensures that Alm. Brand's employees have detailed knowledge of customers and local matters as well as the support of specialists in centralised staff functions working across the regions, all to ensure that customers receive optimal service.

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

In addition, the broker department, Financial Markets and Leasing each have independent distribution responsibilities.

Non-life Insurance

At 31 December 2013, Non-life Insurance had approximately 400,000 private customers and some 100,000 commercial and agricultural customers, which is not significantly different from 2012.

Alm. Brand has implemented substantial, general efficiency enhancements in its distribution organisation in recent years. After a small setback in 2012, we saw a favourable development again in 2013. This means two things: The new low level is sustainable, and developments in 2013 indicate a further potential.

Insurances are mainly sold through insurance agents, customer service centres and by means of broker distribution. In addition, we are seeing an increase in online sales through the group's website. 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 2013.

	Private	Commercial	Agricultural	Total
Insurance agents	64%	79%	86%	71%
Customer service centres	36%	4%	9%	23%
Brokers	0%	17%	5%	6%

Insurance agents

Insurance agents, specialising in private, commercial and agricultural customers, constitute the primary distribution channel. In 2013, there was a minor reduction in the number of insurance agents, bringing the total number of insurance agents to just below the 2012 level of some 300 insurance agents. 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, as customers in these segments typically have a designated insurance agent, who regularly advises them on their insurance needs.

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. We have substantial telemarketing activities, and in 2013 we launched initiatives to enhance overall telemarketing efficiency, among other things by developing and implementing a new IT tool.

Customer service centres

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

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 16% 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

The 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

About 43% of the bank's just over 50,000 customers are also customers of Non-life Insurance or Life and Pension. The bank will remain focused on explaining the extra benefits customers get when they pool their financial products with Alm. Brand.

Leasing

The bank offers car lease solutions through the subsidiary Alm. Brand Leasing. Distribution takes place directly to private customers through the 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. Our private leasing activities developed very favourably in 2013, and we achieved good results, among other things from a very intense online marketing campaign.

Life and Pension

Products are distributed through the 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, which has been a key determinant in the growth 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 whose staff are trained to answer many of the more technical questions.

Sales and service through online solutions

In recent years, Alm. Brand has significantly 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-facing processes digitalised by the end of 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 Alm. Brand in general and the group's products in particular. Due to the higher level of activity, we have seen a doubling since 2010 of the number of customers engaging with us online when they want to purchase insurance or need service.

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

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, private customers can log onto their own, personalised page using their NemID. This page provides the customer with an overview of all the arrangements he or she has with Alm. Brand, including insurance agreements with policies, pension agreements or banking products. In 2013, one third of our customers made use of this option. Similar options will be made available to our commercial and agricultural customers in 2014.

Netbank

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

Mobile phone services

Using a smartphone, customers can track securities prices and trade securities directly. Moreover, customers can access their accounts and make transfers, etc.

In 2013, the bank recorded a net increase of more than 3,000 active mobile banking users. The bank thus had close to 9,500 active mobile banking users at 31 December 2013.

In 2012, Alm. Brand launched a mobile app for insurance customers, which they can use to get assistance in a claims situation. To date, almost 9,000 customers have downloaded the app.

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

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.

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 resourceful managers who are focused on continual business, employee and personal development. The group aims to stand out from the competition in the eyes of the customers by helping each individual employee to develop professionally and to focus on providing supreme customer service.

GREATER JOB SATISFACTION

High job satisfaction is key in being able to provide optimum customer service. High 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.

A key aim and focus of the group's strategy, CUSTOMERS FIRST, is to ensure and expand the solid foundation developed for the job satisfaction of each individual employee.

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 January 2014 survey showed that job satisfaction has remained at 77, which is at the upper end of the category "high job satisfaction". For the current strategy period, running until end-2016, we have defined a job satisfaction target of 78.

Compared with most other major companies in the financial sector, Alm. Brand scores relatively high, so this is quite an ambitious target, and meeting it will require a considerable effort. The aim is to maintain the high job satisfaction rate among the group's employees, while seeking to increase job satisfaction in areas scoring at the lower end 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. This survey (September 2013) showed a rate of 76.

As a supplement to our efforts to increase job satisfaction, we have launched initiatives to reduce the sickness absence rate.

EXECUTING LEADERSHIP

competent management is crucial to employee welfare, job satisfaction and, not least, for the group's financial results.

In 2013, we launched a new management training programme which supports our target of providing supreme customer service.

Concurrently with the management training programme, we have launched an initiative to structure the group's management development programme so as to ensure that all managers work from the same solid platform that supports the group's strategy and the requirements of each individual manager for specific management skills. The structure is based on a number of mandatory modules as well as a number of more specific elements tailored to individual requirements. In addition, we are developing a separate programme intended to prepare new managers to take on the role as managers.

CORPORATE VALUES TAILORED TO OUR CUSTOMERS

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

Ordinary common sense

- We identify with the customer
- We keep our promises
- We manage rules using 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 framework is constantly changing. This puts pressure on the group's employees to continuously develop their skills to be able to provide superior customer 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.

From 2014 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 Forsikringsselskabet 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 Forsikringsselskabet Alm. Brand Liv og Pension A/S. Lastly, ordinary members of the Board of Directors of Alm. Brand A/S receive an additional amount of DKK 150,000 for serving on the Board of Directors of Alm. Brand Bank 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, paid telephone subscription 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 7.9 million in 2013. The remuneration includes the value of share options.

As part of the fixed salary, the Management Board received a total of 334,609 share options in 2013, representing an aggregate value of DKK 769,542 at the date of grant. In addition, share options in the amount of DKK 384,770 vested in the second half of the year. In accordance with the guidelines, options will be granted in March and September, respectively. No cash bonuses were paid to the Management Board in 2013.

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

Other executives and specialists

In accordance with the group's remuneration policy, a share option scheme was set up in 2012 for the group's senior executives (ABKO) as a fixed part of their salary. 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 2012, the company complied with the remuneration policy described in the Annual Report 2012, and in 2013 it complied with the remuneration policy described above. This scheme will continue in 2014.

Share option scheme

At the general meeting held on 26 April 2012, a share option scheme for senior executives was adopted.

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 2013, 16 individuals were comprised by the programme
- 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
- The share options are granted on the eighth trading day after release of interim reports and annual reports, respectively
- 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 between DKK 8 million and DKK 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

Share options were granted on two occasions in 2013. The first grant was after the release of the 2012 financial statements on 8 March 2013 when a total of 922,610 share options were granted at an exercise price of DKK 20.06 per share. The second grant was after the release of the interim financial statements when 906,705 share options were granted at an exercise price of DKK 20.42 per share.

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



”Alm. Brand aims to consistently maintain a solid and adequate capital base so that we can always take care of our customers in the case they are hit by an unfortunate event”

Anne Mette Barfod,
Chief Financial Officer

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 website www.almbrand.dk/corporategovernance.

The few areas in which Alm. Brand does not comply with the recommendations are discussed below. The main elements of the internal control and risk management systems in relation to the financial reporting process and the composition of the group’s management bodies are also described below.

EXPLANATION OF NON-COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Takeover bids

The committee recommends that the company set up contingency procedures in the event of takeover bids. Alm. Brand has not set up contingency procedures, as it believes that takeover bids are not realistic given the current ownership structure.

Composition and organisation of the Board of Directors

The committee recommends that the company’s articles of association stipulate a retirement age for members of the Board of Directors. For a number of years, the rules of procedure of

the Board of Directors have stipulated a retirement age of 70 years for individual board members. As a result, it has been deemed unnecessary to also fix a retirement age in the articles of association.

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

Alm. Brand af 1 792 fmba holds almost 60% of the share capital of Alm. Brand A/S, and five of the currently eight board members elected by the shareholders are 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 1 792 fmba. These members have been elected from among the members of the board of representatives of Alm. Brand af 1 792 in accordance with the association’s rules.

No information is provided 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 are not considered 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.

Since five of the currently eight 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. When electing and nominating the independent candidates, Alm. Brand complies with the recommendation to take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender, and the Board of Directors also obtains external assistance when electing the independent candidates.

Remuneration of the Board of Directors and the Management Board

The committee recommends 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.

The committee recommends 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 Alm. Brand'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 reviews, 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 group's organisation with respect to:

- Risk measurement and risk management
- Financial reporting and budget organisation
- Internal controls
- 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 annual 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.

MANAGEMENT BODIES

In compliance with Danish legislation, Alm. Brand A/S and the group's subsidiaries (except for a few single-purpose property companies) have a two-tier management system with a board of directors and a management board. A detailed presentation of the members of the Board of Directors and the Management Board of Alm. Brand A/S is provided in "Directorships and special qualifications" below. 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 consists of eight members elected by the shareholders in general meeting and four members elected by the employees. The 12 board members comprise nine men and three 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. Ebbe Castella, Karen Sofie Hansen-Hoeck and Arne Nielsen are considered to be independent, as they do not also serve on the board of the company's principal shareholder.

When nominating new members for the Board of Directors, the Board of Directors emphasises that as a whole the following qualifications are represented: General management experience, experience from the Alm. Brand Group's customer segments, experience in auditing and accounting matters, particularly in relation to membership of the audit committee, and insight into financial, legal and economic matters.

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

The Board of Directors held nine meetings in 2013.

For additional information on the group's management structures, see: <http://www.almbrand.dk/abdk/OmAlmBrand/Omkoncernen/index.htm>

AUDIT COMMITTEE

The boards of directors of Alm. Brand A/S, Alm. Brand Forsikring A/S, Forsikringselskabet 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-authorized 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 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 2013. 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 Group CEO, the Group CFO and the Group Chief Auditor. In addition, the meetings are attended by the appointed auditors, who can also meet with the audit committees and the Group Chief Auditor without the day-to-day management being present.

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 2013.

Capitalisation

Having adequate and satisfactory capital resources is a fundamental prerequisite for Alm. Brand's ability to assume risks on behalf of its customers. We take various types of calculated risk in support of the group's long-term business objectives. The group's risks are described in detail in notes 49 and 50.

The boards of directors of Alm. Brand's subsidiaries are responsible for identifying and quantifying the principal risks which the individual companies currently face or may face in future. In terms of solvency, the statutory requirement prescribes that companies must be sufficiently capitalised to absorb adverse events over the next 12 months without compromising outstanding customer accounts. It is the boards of directors that approve the method of calculation applied in the calculation of the capital requirement.

Moreover, the group's subsidiaries set a capital target to provide an additional buffer relative to the solvency capital requirement. The excess relative to the capital target also forms the basis of a decision to distribute dividend to the shareholders.

The Management Board is responsible for ensuring that instructions from the Board of Directors are implemented in each individual company and for ensuring that the respective boards of directors are informed about significant changes in the assumptions underlying the capital requirement or the amount thereof.

The group's capital and risk management is described in detail in the group's Risk and Capital Management Report for 2013 available at <http://www.almbrand.dk/abdk/Om AlmBrand/Investor/Risiko-ogkapitalstyring/index.htm>.

CAPITAL BASE

The group's capital base is comprised primarily of shareholders' equity plus supplementary capital. The supplementary capital consists of both hybrid capital and subordinated capital.

Particularly the bank's capital base has been supplemented by hybrid and subordinated capital in recent years. In 2010, the

bank exercised the option of obtaining state-funded hybrid core capital, borrowing a total of DKK 856 million. In 2013, the bank repaid DKK 630 million of this amount.

The use of supplementary capital in the group's capital base will be further reduced in 2014 as a result of new capital adequacy rules applicable from 1 January 2014 and the bank's decision to repay the remaining DKK 226 million of state-funded hybrid core capital. Repayment will take place when approval has been granted by the Danish FSA.

On 27 February 2014, the Board of Directors of Alm. Brand af 1792 fmba approved the repayment by Alm. Brand A/S of the existing DKK 250 million subordinated loan, as it no longer meets the conditions for recognition in the capital base of Alm. Brand A/S effective from 1 January 2014. Repayment is subject to approval by the Danish FSA, and Alm. Brand will therefore not complete the repayment until it has received such approval.

In addition, Alm. Brand af 1792 fmba and Alm. Brand A/S have agreed to set up a new subordinated loan of DKK 250 million with a term of 10 years and a five-year period of non-terminability. The loan carries interest at 3M CIBOR plus 5 percentage points. The terms of this loan comply with the requirements for recognition in the capital base of Alm. Brand A/S.

The group's supplementary capital will be reduced by a total amount of approximately DKK 425 million in 2014.

As a result of the implementation of the Basel III rules in CRD IV/CRR, financial holding companies like Alm. Brand A/S will not be able to recognise the excess relative to the capital requirement of a subsidiary, and this means that under these rules it will be of key importance where an excess relative to the capital requirement is placed. Moreover, positive earnings in a subsidiary will not benefit the capital resources of the parent company directly.

However, Alm. Brand A/S has applied to the Danish FSA for permission to calculate the capital base according to the applicable FICOD rules, as these rules provide a more correct reflection of the group's capital resources. The Danish FSA has granted permission to calculating the capital base of Alm. Brand A/S in accordance with the FICOD rules.

INDIVIDUAL SOLVENCY NEED

The individual solvency need is calculated for all of the group's companies subject to supervision. Responsibility for calculating the individual solvency need for each individual subsidiary rests with the relevant subsidiary, while over-all modelling responsibility rests with the group risk management department. This approach ensures that risks are assessed by the department in which the relevant expertise is available. The risk management department supports this process in all subsidiaries by calculating the market risk of the assets and subsequently by consolidating the individual solvency needs of the subsidiaries at group level.

The overall solvency need for Alm. Brand is calculated as the sum of the solvency needs of the individual subsidiaries. The solvency need for the group is calculated at DKK 2,861 million, representing an excess cover of DKK 2,193 million at 31 December 2013.

Insurance activities

Alm. Brand Forsikring A/S has developed a partial internal capital model, which as from end-2012 will be used to calculate the individual solvency need of Alm. Brand Forsikring A/S through input for the calculations of "premium and reserve risk" and "natural catastrophes". The partial internal capital model is designed to reflect Alm. Brand's business structure and reinsurance cover, and it is based on the company's own data. The model covers all lines except workers' compensation and personal accident, and it is designed to most accurately reflect the risk exposure of Alm. Brand Forsikring A/S.

The company has been in ongoing discussions with the Danish FSA about the model and expects the model to receive final Solvency II approval when the directive enters into force. With effect from 1 January 2014, the company stopped using a company-aligned QIS calculation approach and began using the internal model in combination with a standard formula for solvency calculation, as specified in the Danish FSA's executive order on solvency and operating plans of 3 December 2013, for other risks.

At 31 December 2013, the individual solvency need of Alm. Brand Forsikring A/S was DKK 1,055 million, and the Solvency I requirement was DKK 804 million. The capital base was DKK 2,677 million, which means that the company had an excess cover relative to the solvency need of DKK 1,622 million, corresponding to a solvency ratio of 2.5. Adjusted for dividend on 27 February 2014, the excess cover was DKK 1,122 million.

In 2013, Alm. Brand Liv og Pension A/S used the standard model for the 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. In 2014, Alm. Brand Liv og Pension A/S transitioned to using the industry-developed model for life expectancy risk, which applies the Solvency II principles.

At 31 December 2013, the individual solvency need of Alm. Brand Liv og Pension A/S was DKK 192 million, and the Solvency I requirement was DKK 432 million. The capital base was DKK 905 million, which means that the company had an excess cover relative to the statutory requirement of DKK 473 million, corresponding to an excess of 210%.

Banking activities

On 1 January 2013, Alm. Brand Bank A/S transitioned to using the Danish FSA's 8+ method for calculating the adequate capital base. The calculation according to the 8+ method is based on 8% of the risk-weighted items plus a Pillar 2 margin for risks not assessed to be covered by the Pillar 1 requirement.

In the credit area, the guidelines specify methods for calculating Pillar 2 margins for exposures representing more than 2% of the capital base and for credit risk concentration on industries and individual exposures, respectively. Moreover, there is a requirement that a Pillar 2 margin is calculated according to a non-specified method on weak exposures representing less than 2% of the capital base.

In addition to the specified margins in the credit area, the bank reserves a Pillar 2 margin on agricultural and corporate exposures, on mortgage deeds as well as on the private customer portfolio.

The calculation of adequate capital base in the market risk area adheres to the Danish FSA's 8+ method as described in the guidelines. Risks related to properties are calculated in the bank under the credit risk area.

Under additional risks, the bank reserves capital for operational risks and earnings risks. The calculation of operational risk is based on the basic indicator method, which calculates the operational risk as 15% of the average net interest income and non-interest-related net income for the past three years. The earnings risk is calculated according to the 8+ method, which requires that capital is reserved if core earnings divided by lending is less than 1%.

At 31 December 2013, the bank's capital base amounted to DKK 1.8 billion, of which shareholders' equity represented DKK 1.5 billion. The risk-weighted items amounted to DKK 8.7 billion, and accordingly the solvency ratio was DKK 20.3, and the core capital ratio was 19.2. The bank's individual solvency need was calculated at 14.2%, which means that the solvency ratio exceeded the individual solvency need by 6.1 percentage points.

The capital base of the banking group totalled DKK 1.8 billion, and the risk-weighted items amounted to DKK 9.6 billion at 31 December 2013. Accordingly, the solvency ratio was 18.4, and the core capital ratio was 17.7. The banking group's individual solvency need was calculated at 14.3%, which means that the solvency ratio exceeded the individual solvency need by 4.1 percentage points.

CAPITAL TARGET

Alm. Brand aims to consistently maintain a solid and adequate capital base so that we can always take care of our customers in the case they are hit by an unfortunate event.

The capital target results in a capital requirement which is substantially higher than the statutory minimum capital requirements. 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 extreme weather conditions or an extended period of economic downturn and resulting impairment writedowns of loans by the bank.

Furthermore, management aims for the group to be sufficiently robust to absorb 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 insurance activities.

The internal capital target calculated at 31 December 2013 was DKK 4,148 million, corresponding to excess coverage for the group of DKK 906 million. In spite of the DKK 630 million repayment of the state-funded hybrid core capital, which the excess in the group has increased by relative to 2012. This was primarily due to a decline in the capital target, particularly with respect to Banking and Life and Pension, resulting from a decline in risk. The risk in the bank has been reduced due to the winding up of loans and advances, to writedowns and also to a decline in the capital target of Life and Pension due to lower provisions after payment of tax concerning capital pension in 2013.

In 2014, the value of the group's supplementary capital will be reduced, and the excess will also decline. On 1 January 2014, the excess was reduced by DKK 225 million, of which DKK 65 million was related to the subordinated loan between Alm. Brand A/S and Alm. Brand af 1792 fmba. After the establishment of a new subordinated loan between Alm. Brand A/S and Alm. Brand af 1792 fmba, which meets the conditions for recognition in the capital base, the amount of DKK 65 million will again be recognised. The remaining DKK 160 million is related to the bank's supplementary capital, which will be reduced by an additional amount of DKK 40 million in 2014. In addition, a decision has been made to repay the remaining DKK 226 million of the state-funded hybrid core capital, which will also serve to reduce the capital excess.

DKKkm	Capital target at 31 December 2013	DKKkm	Capital base at 31 December 2013
Non-life Insurance (40% of gross premiums)	2,012	Consolidated equity	4,685
Life and Pension (8.75% of life insurance provisions)	892	Tax asset	- 556
Banking (17.2% of risk-weighted Assets)	1,506	Supplementary capital	925
Capital tied up in minority interests	38	Capital base for the group	5,054
Diversification effect	- 300		
Total capital target	4,148		
*) Calculated as the individual solvency need at 31 December 2013 plus 3 percentage points			
Statutory capital requirement			2,861
Excess relative to statutory requirement			2,193
Excess relative to internal capital target			906

Principles for *determination of the capital target*

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 risk allowance calculated on the basis of a wish to ensure sufficient excess capital.

In order to make the capital target operational for the 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.

Alm. Brand Forsikring A/S will apply an internal capital model to calculate certain input for the estimate of individual solvency. The solvency requirement is lower when applying input from the internal capital model than when applying the standardised model, as the internal model is based on Alm. Brand's actual risk profile.

The capital target for Non-life Insurance is calculated as 40% of gross premiums. 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 for Life and Pension was 8.75% of life insurance provisions at 31 December 2013. The capital target was lowered to 8.50% at 1 January 2014. 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.

Alm. Brand Bank

The capital target of Alm. Brand Bank is calculated on the basis of management's wish to consistently maintain 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 has been determined so as to take the Basel III rules into account. The capital target can be met through a combination of several capital components such as shareholders' equity, hybrid core capital and subordinated capital.

The implementation of the Basel III rules in CRD IV / CRR entail a requirement for an equity ratio of up to 9.5 of risk-weighted assets. The equity ratio includes a capital conservation buffer of 2.5% and a counter-cyclical buffer of 2.5% to protect against future cyclical downturns. CRD IV / CRR will be implemented gradually in the period until 2019 when the rules must be fully implemented.

The capital target of Alm. Brand Bank has been fixed at an excess capital adequacy corresponding to a solvency ratio of at least 13%, always provided that the target must be at least 3 percentage points higher than the individual solvency need.

Shareholder information

OBJECTIVES

All activities aimed at shareholders are coordinated by Alm. Brand's investor relations department. The purpose of this work 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.

The investor relations department communicates via:

- Meetings held with investors, analysts, etc.
- Roadshows in connection with the release of financial statements
- Attendance at conferences, seminars, etc.
- The corporate website with investor relevant information and downloadable financial statements, presentations, etc.
- Distribution of a shareholder magazine in Danish for the company's registered 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, management and the investor relations department go on roadshows. In 2013, Alm. Brand held roadshows in the Nordics, the UK, the United States and a number of central 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.

In recent years, Alm. Brand has seen an increase in the number of private shareholders, and as a result the company in 2013 intensified its efforts to cater to private investors. Among other things, Alm. Brand participated at the investor day hosted by the Danish Shareholders Association in Aarhus. These efforts are expected to continue in the years ahead.

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

Analyst coverage

In 2013, Alm. Brand's shares were covered regularly by three analysts based in Denmark, but Alm. Brand's shares are also covered by international analysts on an ad hoc basis.

In 2013, Alm. Brand's shares were actively covered by the following companies:

- Carnegie Bank
- Danske Bank
- Nordea

Due to changes in their team of analysts, Nordea has ceased its coverage of Alm. Brand's shares for the time being. Also due to changes in the team of analysts, SEB did not prepare any new reports on Alm. Brand in 2013. However, SEB is expected to resume active coverage in 2014.

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

SHARE PRICE PERFORMANCE

The share price increased during 2013. At 1 January 2013, the price was DKK 14.0, increasing to DKK 24.1 at 31 December 2013. This represented an increase of 72.1% in 2013, which was on a par with the increase in 2012. The highest price quoted in 2013 was DKK 24.2.

Recording an increase of more than 70% in 2013, Alm. Brand's shares once again outperformed the market in general, as the OMX C20 CAP index gained 32%.

The average daily turnover continued the positive trend seen in 2012. Reporting average daily turnover of more than DKK 5 million, turnover more than doubled relative to 2012.

Financial ratios

- Price/NAV at 31 December 2013: 0.91 (2012: 0.55)
- Average daily turnover 2013: DKK 5.2 million (2012: DKK 2.2 million)
- Market capitalisation at 31 December 2013: DKK 4.2 billion (2012: DKK 2.4 billion)

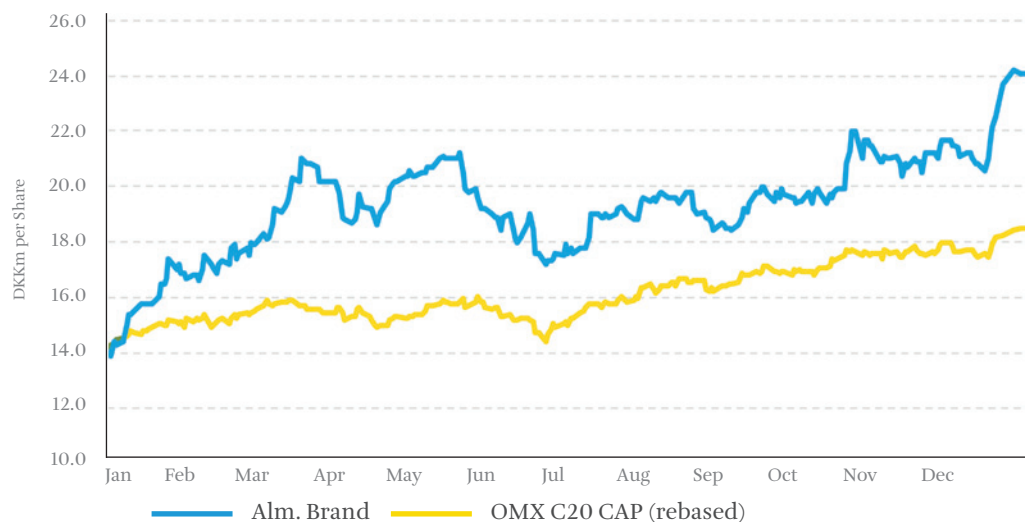
The Alm. Brand share is a component of the NASDAQ OMX Mid Cap index.

The figure below shows the performance of Alm. Brand's shares in 2013 compared to the performance of the OMX C20 CAP index.

OWNERSHIP

Excluding treasury shares, 164,856,983 of the company's shares were registered shares at 31 December 2013. Alm. Brand A/S is a subsidiary of the limited liability association Alm. Brand af 1 792 fmba, and with an ownership interest of 59.1% the association was the only shareholder to have reported an ownership interest of more than 5%.

Performance of the Alm. Brand's shares in 2012 relative to performance of the OMX C20 index



ALM. BRAND'S SHARES

The nominal value of the company's share capital is DKK 1,735 million, divided into 173,500,000 shares of DKK 10 each. Each share carries one vote. In 2013, Alm. Brand purchased own shares to cover the group's share option scheme. At 31 December 2013, the number of shares adjusted for shares held in treasury was 170,655,145.

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

The registered shareholders represented 96.6% of the share capital at 31 December 2013. Alm. Brand is predominantly owned by Danish shareholders. In addition to the principal shareholder, Danish shareholders held close to 30% of the company's shares, which was 3 percentage points higher than at 31 December 2012. The proportion of foreign shareholders declined correspondingly in 2013. The decline was particularly pronounced among shareholders based in Scandinavia and the UK, reporting a decline of close to 3 percentage points

relative to 31 December 2012. On the other hand, the proportion of US shareholders increased by 1 percentage point to 4.3%. Alm. Brand generally saw strong interest in roadshows from US investors.

At 31 December 2013, 36% of the free float was owned by private shareholders, marking an increase of 4 percentage points relative to 31 December 2012. The proportion of institutional investors declined correspondingly, representing a free float ownership of approximately 46% at 31 December 2013.

DIVIDEND POLICY

As a general rule, the company will distribute excess capital relative to the capital target in the form of cash dividend and/or share buybacks. However, such distribution will always be subject to an assessment of any increased capital requirement over the following years, either due to planned activities, special risks or a shortfall in earnings. At 31 December 2013, Alm. Brand had excess coverage of DKK 906 million relative to the internal capital target.

A part of the group's capital base consists of state-funded hybrid core capital, which carries interest at the rate of 11.01%.

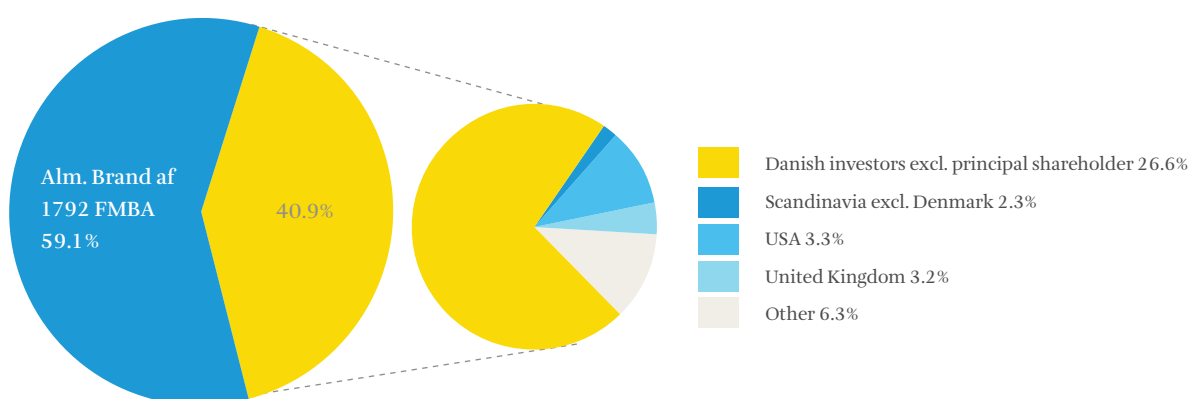
Due to the high rate of interest, Alm. Brand wants to repay this capital as quickly as possible. The original loan was DKK 856 million, but Alm. Brand repaid DKK 630 million of this amount in 2013. Management has decided to apply to the Danish FSA for permission to repay the remaining DKK 226 million in connection with the financial statements.

In 2014, Alm. Brand will be affected by new capital adequacy rules for banks. As a result of these new rules, the group's excess capital cover will be reduced by a total amount of DKK 200 million in 2014. For additional information, see "Capitalisation" above.

After adjusting for these changes, Alm. Brand has a satisfactory capital excess of close to DKK 500 million in 2014.

The expected loss incurred by the bank in 2014 and the general uncertainty surrounding the lending portfolio has led to a decision to maintain a capital reserve over and above the capital target in 2014. As a result of this decision, it will be recommended that no dividends are paid to the shareholders in connection with the approval of the 2013 financial statements.

Ownership at 31 December 2013



MANAGEMENT'S SHAREHOLDINGS

In 2013, the Board of Directors' and the Management Board's shareholdings in Alm. Brand A/S were as follows:

	No. of shares held at 1 Jan 2013		No. of shares held 31 Dec 2013	
	Personally	Related parties	Personally	Related parties
Board of Directors				
Jørgen H. Mikkelsen	115,369	106,439	125,369	116,439
Boris N. Kjeldsen	5,480	0	5,480	0
Arne Nielsen	2,500	11,600	5,900	14,400
Ebbe Castella	0	0	1,000	0
Helle Låsby Frederiksen	2,400	0	2,400	0
Henning Kaffka	28,718	0	34,418	0
Jan Skytte Pedersen	12,000	75,000	12,000	75,000
Lars Christiansen	277	0	277	0
Henrik Christensen	0	12,750	0	12,750
Per V. H. Frandsen	21,000	0	21,000	0
Susanne Larsen	11,048	0	10,548	0
Management Board				
Søren Boe Mortensen	34,697	1,173	34,697	1,173

ANNUAL GENERAL MEETING

The annual general meeting of Alm. Brand A/S will be held at 11.00 a.m. on 30 April 2014 at the Crowne Plaza, Ørestads Boulevard 114-118, 2300 Copenhagen S, Denmark.

COMPANY ANNOUNCEMENTS IN 2013

26/02/2013	Annual Report 2012
08/03/2013	Report on transactions
08/03/2013	Issue of options
19/03/2013	Partial repayment of state-funded hybrid core capital
22/03/2013	Prepayment of government-guaranteed bonds in Alm. Brand Bank
25/03/2013	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
25/03/2013	Notice of annual general meeting
25/04/2013	Result of annual general meeting held on 25 April 2013
22/05/2013	Interim report Q1 2013
23/05/2013	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
24/05/2013	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
22/08/2013	Interim report H1 2013
03/09/2013	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
03/09/2013	Issue of options
11/09/2013	Partial repayment of state-funded hybrid core capital
17/09/2013	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
01/10/2013	Financial calendar 2014
21/11/2013	Interim report Q3 2013
02/12/2013	Report on transactions of executives and related parties of these with Alm. Brand A/S shares
17/12/2013	Report on transactions of executives and related parties of these with Alm. Brand A/S shares

FINANCIAL CALENDAR 2014

27/02/2014	Release of Annual Report 2013
30/04/2014	Annual general meeting
21/05/2014	Release of interim report Q1 2014
21/08/2014	Release of interim report H1 2014
20/11/2014	Release of interim report Q3 2014

CSR – or just ordinary common sense

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.

Alm. Brand seeks to conduct its business in a responsible and sustainable manner. However, 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.

Since 2009, Alm. Brand has prepared 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.

FOLLOW-UP ON TARGETS SET FOR 2013

Project FOOT

The group’s electricity consumption was to be reduced by 3%. This target was achieved, as the electricity consumption declined by as much as 4.3% relative to 2012, corresponding to a decline in carbon emissions of 53,100 kg. The group had also defined a target of reducing its total consumption of printed material, i.e. centralised and decentralised printing, by 5%. This target was also achieved with a reduction of 6.1%, corresponding to a decline in carbon emissions of 6,000 kg.

Survey of the group’s properties

Relevant indoor climate-enhancing and energy and resource efficiency improvements were to be identified in all properties owned by the group. The overall goal is to improve the energy classification of each individual building. All properties have been inspected and thoroughly registered and a plan has been prepared for energy improvements. Moreover, an investment budget is being prepared.

Training of occupational health and safety representatives

Alm. Brand’s occupational health and safety representatives were to receive communication training in order to equip them better to perform the role as CSR ambassadors of the company. This training was completed in connection with the annual FOOT Camp at which the ambassadors were trained in how to use nudging as a tool.

Implementation of CSR policy

The overall CSR policy which is to apply to all of the group’s business areas and activities was to be drafted and implemented. This work is still in progress.

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 2013, 439 policyholders applied for crisis therapy, as compared with 333 in 2012.

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

Employees

The group's health policy is intended to promote health and well-being on the job and in the employees' spare time. Ac-

ordingly, the group offers financial support for a number of sporting activities as well as canteen and fruit services. Alm. Brand also emphasises a healthy working environment and has an ergonomic consultant and architects as well as a special service desk available to prevent and relieve physical problems.

In both 2012 and 2013, the Danish Working Environment Authority conducted four control visits at Alm. Brand without such visits giving rise to any remarks. Alm. Brand received four so-called "green smileys" in both years.

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 conducts sickness absence interviews, provides stress prevention and stress management training for managers and offers health insurance for all employees.

In 2012, the sickness absence rate was 2.98%, increasing slightly to 3.36% in 2013. Sickness absence in per cent is own sickness plus long-term sickness. In 2012, each employee of Alm. Brand had an average sickness absence of 5.84 days. Sickness absence in days is own sickness minus long-term sickness plus child sickness. Alm. Brand's target is to reduce the average number of sick days by one day to 4.84 days of absence by 2016. In 2013, the sickness absence in days had declined to 5.72 days.

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 2013, Alm. Brand had 19 employees in flex jobs or wage subsidy jobs, against 20 in 2012.

Each year, the group accepts post-secondary school students for work experience programmes. In 2013, Alm. Brand had five trainee bachelors in finance, compared with nine trainee bachelors in finance in 2012.

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 2013, the senior-age scheme comprised 19 employees, against 18 employees in 2012.

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.

Gender equality

At the beginning of 2013, the Danish parliament adopted an act intended to ensure a more equal distribution of men and women in management positions. Alm. Brand is also comprised by this act and has therefore adopted a group policy for this area.

Pursuant to the act, a gender is underrepresented if it has a representation of less than 40%. At 1 January 2013, the distribution between men and women on the Board of Directors of Alm. Brand A/S was 100% men to 0% women, equivalent to eight men and zero women, as employee representatives are not counted according to the act. At the annual general meeting in 2013, a new independent female member was

appointed to the Board of Directors, changing the gender distribution to 87%/13%. Alm. Brand A/S has defined a gender distribution target for the Board of Directors of 75%/25% by spring 2017.

The distribution between men and women at the group's other management levels was 127 men to 41 women, equivalent to 76%/24%, at 1 January 2013. In order to ensure that the female gender is not underrepresented, the number of women in management positions must be increased by 27 if the total number of management positions remains unchanged.

Alm. Brand has planned a number of initiatives in order to achieve this target and to support the implementation of the group policy. In 2013, the group's human resources department reviewed Alm. Brand's job advertisements with a view to ensuring unbiased language usage, thereby encouraging both male and female applicants to apply for the jobs in question. In addition, Alm. Brand has planned further initiatives and targets for 2014, including within employer branding, recruitment, induction programmes for new managers/talent spotting and in-house activities and communications.

ENVIRONMENTAL AND CLIMATE RESPONSIBILITY

Alm. Brand seeks to take care of the environment and the climate and therefore works towards reducing its pollution footprint on the environment and the climate. For many years, the environmental and climate efforts have been based on ordinary common sense rather than formalised and written 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 premises that have their own climate control system.

In 2013, we installed new windows and postinsulated the building at Midtermolen 3 and installed more energy-friendly glazing at the branch office in Hillerød. In the building at Midtermolen 1, the energy control systems have been optimised as part of the ongoing work to make the group's portfolio of buildings more energy efficient.

The new, more energy efficient facade with integrated solar panels at the group's head office was commissioned at the turn of the year. The new facade provides thermal insulation and reduces the cooling requirement by around 20,000 kWh per year. The solar panels, which are integrated in the facade, are designed for an annual power production of approximately 32,000 kWh. In 2013, the solar panels produced 32,300 kWh, equivalent to 2.7% of the electricity consumption at the group's head office.

Unwanted and environmentally harmful substances (such as CFC) will gradually be eliminated from all existing cooling systems and replaced with natural refrigerants as this becomes technically and financially feasible. In future, Alm. Brand will focus on water-borne cooling systems and remote cooling options for the group's properties. Currently, more than 65% of the overall cooling base is non-CFC. For example, a new external server room was commissioned in Copenhagen in 2013. In the new server room, conventional refrigerants (CFC etc.) were replaced primarily by water cooling.

For several years, the group has phased in energy-saving electrical products, including light bulbs, thin clients instead of desktops, 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. Light control systems have been installed in 60% of the total floor space.

In 2013, light sources in technical rooms were replaced, and lighting in the underground parking garage at Midtermolen was replaced with LED solutions. The halogen bulbs in the ceilings of our branch offices were also replaced for electrici-

ty-saving LED solutions in 2013. Moreover, several circulating pumps were replaced by new low energy pumps. As part of the climate proofing of the access ramp to the underground parking garage at Midtermolen, the heating in the ramp has been converted from electrical heating to district heating.

The establishment of an in-house data centre in 2012 changed the overall assumptions underlying energy estimates and actual consumption figures to such an extent that for comparative purposes the overview below shows consumption including and excluding the data centre.

In 2013, the group focused on consolidating the data for its owned and leased facilities. As a result of the intensive follow-up on the structure, it was necessary to adjust Alm. Brand's electricity consumption in 2012 relative to the reported consumption in 2012.

The overall energy consumption (power and heat) for office areas and building operations in 2012 and 2013 was as follows:

CONSUMPTION PER EMPLOYEE

(kWh/employee)	Reported	Adjusted	Target	Actual
	2012	2012 ²⁾	2013	2013
Electricity consumption, excl. data centres	1,389	1,551	1,504	1,424
Electricity consumption, incl. data centres	1,754	1,916	1,859	1,831
Heat consumption ²⁾	2,872	2,872	2,786	2,538

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

Note 2: The electricity consumption has been adjusted to reflect meter consolidation.

The target for 2014 and the future reporting of the actual consumption includes data centres. Because the data centres were established in spring 2012, the consumption for 2012 is estimated as an annual consumption. It subsequently turned out that the estimate for data centre 1 was fairly accurate, but that the estimate for data centre 2 was somewhat too low. For additional information on the prerequisites for and details

about energy consumption, see Alm. Brand's 2013 carbon emission accounts, which are available at www.almbrand.dk.

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 does not for the time being allocate resources to document water consumption.

Over the past five 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 recent years, 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. When

in 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.

As part of the group's strategy, CUSTOMERS FIRST, which was launched in 2012, the group has had a target of achieving full digitalisation of 33% of all customer-facing processes by 2016. Digitalisation also contributes to the CSR target because it reduces the group's paper consumption, for example by getting more customers to sign up to receive electronic mail. The customers receive an e-mail when insurance documents are sent to their personalised page Mit Kundeoverblik at almbrand.dk, instead of sending the insurance papers by regular mail. Alm. Brand had a "digitalisation rate" of around 18% in 2013, up from around 6% at the beginning of 2012.

In 2013, Alm. Brand completed a digitalisation project, E/L Mit kundeoverblik, for commercial and agricultural customers, which, via a self-service platform and by using NemID, provides access to the customer's most recent insurance overview and the policies and terms in force from time to time. They can also order new covers or changes to their policies, for example of deductible and sum insured, and correct contact information. The solution was implemented at almbrand.dk at the beginning of 2014.

By the end of 2014, 30,000 commercial and agricultural customers are expected to be active users of E/L Mit kundeoverblik. The solution means that more of the group's communications with commercial and agricultural customers will be digitalised. This will save paper as well bring savings from not having letters physically distributed. The group expects to save more than 1 million sheets of paper annually by distributing policies digitally instead of physically. The group has recorded its consumption of printed material

since 2012. As part of Project FOOT, a target was defined for 2013 to reduce the group’s total consumption of printed material by 5%. This target was achieved by a total reduction of 6.1% in 2013. In 2014, the group aims to reduce its total consumption of printed material even further.

PRINTED MATERIAL IN THE GROUP

	Consumption 2012	Target 2013	Consumption 2013
Print (million prints)	21.1	20.0	19.5

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.

All detergents used in the group are either Swan-labelled or labelled according to a similar scheme.

CO₂

The group aims to reduce its carbon emissions, and the initiatives launched to achieve this include company bicycles, commuter schemes and increased use of video conferences. However, the group does not currently have an overall view of its carbon emissions.

The group’s car policy comprises an incentive for employees with a company car to accept responsibility for eco-friendly driving. Since its implementation in 2009, the car policy has contributed to employees choosing a more eco-friendly car when replacing their company car. Due to the implementation of the environmental policy, the group’s car fleet has been significantly upgraded in recent years. Today, 77% of the cars are environment class A++, A+, A or B cars.

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 motor insurance. 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 2013, more than 85% of all new lease cars for private customers were environment class A, A+ or A++.

Commercial customers expect a high level of advice about the choice of cars for their car fleet, and they have become significantly more conscious about the environmental impacts. Alm. Brand Leasing’s advisory services to these customers therefore always comprises elements of how the company can reduce its carbon footprint by choosing the right cars for its car fleet and at the same time get an optimum solution to its transportation needs.

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 they have since received regular training in communicating the message. Since 2012, Project FOOT has contributed to reducing the group's electricity consumption and consumption of printing paper.

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 but does not have a formalised and written general social responsibility policy, including with respect to human rights. However, the group has separate policies in relation to gifts, corporate governance and insurance fraud.

Customers

In 2013, expenses for fire, water and theft claims in private, commercial and agricultural lines accounted for more than half of the group's total gross claims expenses. It is Alm. Brand's objective to take care of customers in such situations, but some things cannot be replaced. The claims that take the hardest toll on customers psychologically are theft, fire and water damage claims. That is why Alm. Brand goes a long way to educate its customers on how to minimise the risk of loss.

As part of a number of claims-preventing initiatives aimed at private building insurance customers, Alm. Brand offered installation of burglar alarms free of charge in 2013. In addition, the customers may purchase water damage detectors and anti-theft window and door locks at very favourable prices. In 2003, about 1,000 private insurance customers accepted the offer of having a burglar alarm installed.

The group also launched claims prevention measures aimed at its agricultural customers. Over the next couple of years, Alm. Brand, in a collaboration with Kemp & Lauritzen, will offer more than 6,000 agricultural customers a thermographic survey of their buildings free of charge with the aim of reducing the number of farm fires due to electrical faults. A thermographic survey involves infrared scanning with a thermal imaging camera to detect potential overload hazards in a farm's electrical system.

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 million. In 2012, this amount had increased to DKK 45 million but fell to DKK 38 million in 2013.

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, the 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 directed at the investment of Life and Pension's policyholders' funds in credit bonds, as the 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. Life and Pension and the bank regularly review the negative list at investment meetings.

Conflicts of interest

In 2009, the group implemented a policy for receipt of gifts, participation at functions and similar events which applies to all group employees. This policy is intended to prevent suspicion of a conflict of interests. Accordingly, all employees have an obligation to report gifts and functions in excess of a certain amount.

Designated managers and employees are regularly informed about the existing rules in this area and new employees are informed about the rules as part of their introductory course. The current policy is also a component of the staff manual and in the group's system of business procedures.

In 2013, the group's compliance officer received four reports from employees relating to the gift policy, which was on a par with 2012. The reports did not give 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, including football club AGF and handball club Bjerringbro-Silkeborg, both playing in the top Danish leagues and both having attractive sponsor networks, as well as other local causes through sponsorships.

In 2013, the bank signed a four-year partner agreement with the Danish Swimming Union. Under the partner agreement, which builds on a quid pro quo principle, the local swimming clubs will pave the way for new Pluskunder in the bank among the clubs' members in return for receiving a variable amount for each customer agreement signed. The Danish Swimming Union also receives a fixed annual amount for its elite swimmers as part of the agreement.

Donations

Alm. Brand made a DKK 52,500 donation to the Christmas Seal Foundation again in 2013, contributing to improving the daily lives of 750 exposed children who lead a lonely and isolated life trying to combat obesity and bullying.

In 2013, Alm. Brand also made a DKK 50,000 donation to Project Teddybear. The project gathers child burn victims and gives them an opportunity to spend time with children their own age who are either also burn victims or have suffered scalding or frostbite injury or have lost one of their parents in a fire accident.

The branch office in Lyngby organised a fund-raising among its customers and employees for the benefit of the "Support for the Breasts" campaign. The fundraising resulted in a donation of just under DKK 15,000 for the fight against breast cancer, which each year hits almost 5,000 women, typically over 50, and which causes around 1,200 deaths each year.

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 332 bicycles to Baisikeli in 2012, the number increasing to 352 in 2013.

The Mobile Blood Bank

Each day, Alm. Brand helps policyholders who have been exposed to sickness or accident to return to life and their everyday routines. The group's employees also contribute on an individual basis by donating blood to the Mobile Blood Bank twice a year. From 2003 to 2013, Alm. Brand's employees donated 1,656 portions of blood. In 2013, 172 employees donated 189 portions of blood.

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 Director 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 Director 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. Moreover, the Head of Insurance Fraud joined 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 former Danish Minister for the Environment, Ida Auken. This forum was close down at the beginning of 2013

Popular Meeting in Bornholm

On a daily basis, Alm. Brand provides advice to its customers about claims prevention measures that can help protect their values. Be it against cloudburst or burglary. Sometimes our advisory services are not enough, and in such situations we gladly engage in discussions with legislators and authorities with a view to influencing the political decision-making processes and serving our customers' best interest.

In 2013, Alm. Brand participated in the Popular Meeting in Allinge on the Danish island of Bornholm. The group's Head of Claims Processing participated as a representative of the insurance industry in a panel discussion with legal affairs spokespersons from several political parties and a representative of the Danish Crime Prevention Council. The theme for the discussion was: Denmark holds an unpleasant burglary record in Europe. How do we stem organised burglary crime?

The Head of Claims Processing called for an amendment of Danish building regulations to introduce much tougher requirements on residential theft-protection, for example on doors and windows. The tougher requirements should apply to both private and public housing. After the Public Meeting, the legal affairs spokesperson of the Danish Socialist People's Party, Karina Lorentzen, announced that in the coming session of the Danish parliament she would submit a proposal to make burglar-proof doors and windows a statutory requirement for new construction and refurbishments.

INITIATIVES FOR 2014

- To formulate and implement an overall CSR policy that will apply to all of the group's business areas and activities
- To strengthen the group's climate and energy control and climate reporting. For this purpose, a climate and energy report for the group's buildings and offices will be prepared. The climate and energy report will be structured according to recognised conventions and can be used for reporting according to Global Compact (COP report), CDP and Energy Index Denmark
- To reduce the total consumption of printed material, i.e. centralised and decentralised printing, by 5%, corresponding to 1 million sheets of paper. The reduction is expected to lower the group's carbon emissions by 5,900 kg
- To reduce the total electricity consumption by 1%, corresponding to a carbon emission reduction of 18,000 kWh or 5,500 kg
- To focus on physical activity and exercise at work. The target is to incorporate more physical activity and exercise in a sedentary work environment
- To implement a number of initiatives to support target figures for the underrepresented gender and the implementation of the group policy for this area. The initiatives include:
 - To post interviews at almbrand.dk with women in management positions who encourage other women to apply for management positions in Alm. Brand
 - To ensure focus on female candidates when selecting interviewees
 - To ensure that both male and female employees are asked about their interest in management during staff appraisal interviews
 - To develop induction programmes for new managers, both male and female
 - To publish articles in the employee magazine about the working life and experience of men and women in management positions
 - To hold workshops focused on challenges and learning for existing female managers

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 2013.

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 2013 as well as of the results of their operations and cash flows for the financial year 1 January to 31 December 2013.

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, 27 February 2014

Søren Boe Mortensen

Chief Executive Officer

BOARD OF DIRECTORS

Copenhagen, 27 February 2014

Jørgen Hesselbjerg Mikkelsen

Chairman

Boris Nørgaard Kjeldsen

Deputy Chairman

Ebbe Castella

Henrik Christensen

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoeck

Arne Nielsen

Jan Skytte Pedersen

Lars Christiansen

Helle Låsby Frederiksen

Henning Kaffka

Susanne Larsen

Auditors' report

INTERNAL AUDITOR'S 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 2013, 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 2013 and of the results of the group's operations and cash flows for the financial year 1 January to 31 December 2013 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 2013 and of the results of the parent company's operations for the financial year 1 January to 31 December 2013 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, 27 February 2014

Poul-Erik Winther
Group Chief Auditor

INDEPENDENT AUDITOR'S REPORTS

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 2013, 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 2013 and of the results of its operations and cash flows for the financial year 1 January to 31 December 2013 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 2013 and of the results of its operations for the financial year 1 January to 31 December 2013 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, 27 Februar 2014

Deloitte

Statsautoriseret Revisionspartnerselskab

Henrik Wellejus
State-authorized
public accountant

Jens Ringbæk
State-authorized
public accountant

*Financial
statements,*
Group

Balance sheet

DKKm	Note	Group	
		2013	2012
Assets			
Intangible assets	1	0	0
Owner-occupied properties	2	1,058	1,059
Deferred tax assets	3	556	665
Investments in associates	4	42	44
Reinsurers' share of insurance contracts	5	631	164
Current tax assets	6	0	4
Other assets	7	1,397	1,299
Loans and advances	8	7,340	8,396
Investment properties	9	428	393
Investment assets	10	27,094	29,350
Balances due from credit institutions and central banks	11	671	879
Cash in hand and balances at call		363	306
Total assets		39,580	42,559
Liabilities and equity			
Share capital		1,735	1,735
Reserves, retained earnings, etc.		2,797	2,634
Minority interests		153	137
Consolidated shareholders' equity	12	4,685	4,506
Subordinated debt	13	1,100	1,829
Provisions for insurance contracts	14	18,627	19,678
Other provisions	15	32	28
Deferred tax liabilities	16	40	46
Issued bonds	17	31	2,032
Other liabilities	18	1,463	1,018
Deposits	19	10,853	11,240
Payables to credit institutions and central banks	20	2,709	2,182
Total liabilities and equity		39,580	42,559
Contingent liabilities, guarantees and lease agreements	39		
Collateral security	40		
Related parties	41		
Classification of financial instruments	42		
Return on financial instruments	43		
Fair value of financial instruments	44		
Offsetting	45		
Financial instruments by term to maturity	46		
Credit risk	47		
Sensitivity information	48		
Key ratios for the banking group	49		
Risk management	50		
Significant accounting estimates, assumptions and uncertainties	51		
Accounting policies	52		

Income and comprehensive income statement

DKKm	Note	Group	
		2013	2012
Income			
Premium income	21	5,959	5,769
Interest income, etc.	22	1,204	1,414
Fee income, etc.	23	114	86
Other income from investment activities	24	2	25
Profit/loss from investments in associates	25	2	2
Other income	26	77	51
Total income		7,358	7,347
Costs			
Claims expenses	27	-6,008	-4,153
Interest expenses	28	-395	-550
Other expenses from investment activities		-29	-40
Impairment of loans, advances and receivables, etc.	29	-196	-309
Acquisition costs and administrative expenses	30	-1,339	-1,326
Total costs		-7,967	-6,378
Profit/loss from business ceded	31	171	-83
Change in life insurance provisions	32	1,650	-495
Change in collective bonus potential		-429	-116
Value adjustments	33	-359	297
Tax on pension investment returns	34	-49	-151
Profit/loss before tax		375	421
Tax	35	-159	-94
Profit/loss after tax		216	327
The profit/loss before tax is allocated as follows:			
Share attributable to Alm. Brand		355	390
Share attributable to minority interests	36	20	31
The profit/loss before tax allocated		375	421
The profit/loss after tax is allocated as follows:			
Share attributable to Alm. Brand		196	296
Share attributable to minority interests	36	20	31
The profit/loss after tax allocated		216	327
Earnings per share, DKK		1.1	2
Diluted earnings per share, DKK		1.1	2
Comprehensive income			
Profit/loss for the year		216	327
<i>Items that are or may be reclassified subsequently to profit or loss</i>		0	0
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of owner-occupied properties		-4	21
Transferred to collective bonus potential		4	-21
Remeasurement of defined benefit plans		0	-10
Tax on other comprehensive income		0	0
Total other comprehensive income		0	-10
Total comprehensive income		216	327
Proposed allocation of loss:			
Share attributable to Alm. Brand		196	286
Share attributable to minority shareholders		20	31
Total comprehensive income		216	317
Technical result, Non-life Insurance	37		
Realised result, Life and Pension	38		

Statement of changes in equity

DKKm	Share capital	Contingency funds	Other provisions	Retained profit	Shareholders' equity	Minority interests	Consolidated shareholders' equity
Shareholders' equity at 1 January 2012	1,735	182	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		0
Comprehensive income	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	276	276	24	300
Shareholders' equity at 31 December 2012	1,735	182	1,215	1,237	4,369	137	4,506
Shareholders' equity at 1 January 2013	1,735	182	1,215	1,237	4,369	137	4,506
Changes in shareholders' equity 2013:							
Profit/loss for the year				196	196	20	216
Reversed revaluation of owner-occupied properties				-4	-4		-4
Transferred to collective bonus potential				4	4		4
Tax on changes recognised in equity				0	0		0
Comprehensive income	0	0	0	196	196	20	216
Share option scheme				4	4		4
Purchase and sale of treasury shares				-42	-42		-42
Purchase and sale of treasury shares in subsidiaries				-1	-1	-4	-5
Adjustment of tax relating to contingency funds (25% - 22%)				6	6		6
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	163	163	16	179
Shareholders' equity at 31 December 2013	1,735	182	1,215	1,400	4,532	153	4,685

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	2013	2012
Shareholders' equity at 31 December excluding minority interests	4,532	4,369
Consolidation of Pensionskassen under Alm. Brand A/S	-9	-6
Shareholders' equity according to the rules of the Danish Financial Supervisory Authority excluding minority interests	4,523	4,363

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

DKKm	Group	
	2013	2012
Cash flows from operating activities		
Premiums received	5,901	5,978
Claims paid	-5,671	-4,551
Interest, dividends, etc. received	1,207	1,435
Interest paid	-321	-455
Payments concerning reinsurance	-204	117
Fee income received	138	116
Fee income paid	-27	-31
Expenses paid	-1,339	-1,319
Tax on pension investment returns paid	-153	-151
Acquisition of intangible assets, furniture, equipment, etc.	-135	-66
Other ordinary income received	77	39
Taxes paid/received	-10	6
Cash flows from operating activities	-537	1,118
Change in investment placement (net)		
Properties acquired or converted	-35	-48
Sale of property	0	41
Sale/acquisition of equity investments	233	181
Sale/repayment of mortgage deeds and loans	1,175	1,416
Sale/purchase of bonds	1,637	432
Change in investment placement (net)	3,010	2,022
Change in financing		
Other provisions	4	0
Sale/purchase of treasury shares and cost related to share issue	-42	-6
Sale/acquisition of subsidiaries (change in minority interests)	-1	-14
Subordinated debt	-730	0
Share issue	4	3
Change in issued bonds	-2,000	-4,000
Change in deposits	-387	3,284
Change in payables to credit institutions	528	-2,429
Change in financing	-2,624	-3,162
Change in cash and cash equivalents	-151	-22
Cash and cash equivalents beginning of year	1,185	1,207
Cash and cash equivalents, year end	1,034	1,185
Cash and cash equivalents comprise the following items:		
Cash at bank and in hand	363	306
Amounts due from credit institutions and central bank, see Note 11	611	554
Amounts due from credit institutions and central bank, see Note 11	60	325
	1,034	1,185

Segment reporting, balance sheet

2013

DKKm	Note	Non-life	Banking	Life	Other	Elimi- nation	Total
Assets							
Intangible assets	1	0	0	0	0		0
Owner-occupied properties	2	0	0	0	0	1,058	1,058
Deferred tax assets	3	214	336	0	14	-8	556
Investments in associates	4	0	42	40	0	-40	42
Reinsurers' share of insurance contracts	5	608	0	23	0		631
Current tax assets	6	0	166	0	9	-175	0
Other assets	7	446	880	199	79	-207	1,397
Loans and advances	8	0	7,340	0	0	0	7,340
Investment properties	9	16	37	1,433	0	-1,058	428
Investment assets	10	9,372	6,562	11,157	3		27,094
Balances due from credit institutions and central banks	11	0	611	0	60	0	671
Cash in hand and balances at call		5	323	141	11	-117	363
Total assets		10,661	16,297	12,993	176	-547	39,580

Liabilities and equity

Share capital		0	0	0	1,735		1,735
Reserves, retained earnings, etc.		2,184	1,503	1,011	-1,901	0	2,797
Minority interests		0	193	0	0	-40	153
Consolidated shareholders' equity	12	2,184	1,696	1,011	-166	-40	4,685

Subordinated debt	13	149	701	120	250	-120	1,100
Provisions for insurance contracts	14	7,553	0	11,074	0		18,627
Other provisions	15	22	10	0	0		32
Deferred tax liabilities	16	0	0	8	40	-8	40
Issued bonds	17	0	0	0	31		31
Current tax liabilities	6	198	0	17	0	-175	40
Other liabilities	18	402	757	404	21	-121	1,463
Deposits	19	0	10,936	0	0	-83	10,853
Payables to credit institutions and central banks	20	153	2,197	359	0	0	2,709
Total liabilities and equity		10,661	16,297	12,993	176	-547	39,580

2012

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		8,396
Investment properties	9	16	0	1,436	0	-1,059	393
Investment assets	10	9,642	7,182	12,523	3	0	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

Segment reporting, income statement

							2013
DKKm	Note	Non-life	Banking	Life	Other	Elimi- nation	Total
Income							
Premiums	21	5,031	0	928	0		5,959
Interest income, etc.	22	236	571	399	0	-2	1,204
Fee income, etc.	23	0	175	0	0	-61	114
Other income from investment activities	24	1	-2	64	0	-61	2
Profit/loss from investments in associates	25	0	2	5	0	-5	2
Other income	26	0	77	0	0		77
Total income		5,268	823	1,396	0	-129	7,358
Costs							
Claims expenses	27	-3,769	0	-2,239	0		-6,008
Interest expenses	28	-61	-321	-3	-12	2	-395
Other expenses from investment activities		-22	0	-55	-13	61	-29
Impairment of loans, advances and receivables, etc.	29	0	-196	0	0		-196
Acquisition costs and administrative expenses	30	-803	-516	-81	0	61	-1,339
Total costs		-4,655	-1,033	-2,378	-25	124	-7,967
Profit/loss from business ceded	31	174	0	-3	0		171
Change in life insurance provisions	32	0	0	1,650	0		1,650
Change in collective bonus potential		0	0	-425	0	-4	-429
Value adjustments	33	-24	-234	-105	0	4	-359
Tax on pension investment returns	34	0	0	-49	0		-49
Profit/loss before tax		763	-444	86	-25	-5	375
Tax	35	-221	78	-21	5		-159
Profit/loss after tax		542	-366	65	-20	-5	216
							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 from investments in joint ventures	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	-22	38	-40
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	-35	102	-6,378
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	-34	-8	421
Tax	35	-214	128	-19	11		-94
Profit/loss after tax		639	-352	71	-23	-8	327

Overview of notes

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Notes

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 1 Intangible assets										
Software	0				0	0				0
Intangible assets, year-end					0	0	0			0
<i>Software</i>										
Cost beginning of year	336				336	338				338
Additions during the year	0				0	0				0
Disposals during the year	0				0	-2				-2
Cost, year-end	336				336	336				336
Accumulated amortisation and impairment, beginning of year	-336				-336	-338				-338
Amortisation	0				0	0				0
Reversal of prior years' amortisation and impairment	0				0	2				2
Accumulated amortisation and impairment, year-end	-336				-336	-336				-336
Software, year-end	0				0	0				0
Note 2 Owner-occupied properties										
Cost beginning of year					1,085					1,069
Additions during the year					0					16
Disposals during the year					-1					0
Cost, year-end					1,084					1,085
Accumulated revaluations beginning of year					56					35
Revaluations during the year					1					57
Reversal of prior year revaluation through shareholders' equity					-5					-36
Accumulated revaluations, year-end					52					56
Accumulated depreciation and impairment, beginning of year					-82					-19
Impairment for the year					-6					-63
Reversal of prior year impairment through the income statement					10					0
Accumulated depreciation and impairment, year-end					-78					-82
Owner-occupied properties, year-end					1,058					1,059
Restated value beginning of year					1,059					1,085
Additions during the year					0					16
Disposals during the year					-1					0
Value adjustment recognised through the income statement					4					-63
Value adjustment recognised through shareholders' equity					-4					21
Restated value, year-end					1,058					1,059
Average return, office property					5.98%					5.98%
The group's owner-occupied 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	237	420	-9	17	665	171	579	-13	21	758
Prior-year adjustment	0	-1	0	0	-1	0	-1	1	1	1
Change for the year	-23	-83	1	-3	-108	66	-158	3	-5	-94
Deferred tax assets, year-end	214	336	-8	14	556	237	420	-9	17	665

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Deferred tax on intangible assets, etc.	118	2	0	6	126	127	2	0	6	135
Deferred tax on real estate	0	2	-9	0	-7	0	0	-10	0	-10
Deferred tax on goodwill	69	0	1	0	70	78	0	1	0	79
Deferred tax on lease assets	0	133	0	0	133	0	133	0	0	133
Deferred tax on provisions	27	7	0	2	36	32	3	0	2	37
Deferred tax on losses carried forward	0	192	0	6	198	0	282	0	9	291
Deferred tax assets, year-end	214	336	-8	14	556	237	420	-9	17	665

Deferred tax has been capitalised taking into account future earnings and the potential for utilisation. The group had total tax assets of some DKK 609 million at 31 December 2013, of which DKK 556 million has been capitalised.

Note 4 Investments in associates

Investments in associates

Cost beginning of year		39	45		39		47	45		47
Additions		0	0		0		0	0		0
Disposals		0	0		0		-8	0		-8
Cost, year-end		39	45		39		39	45		39
Revaluations and impairment beginning of year		5	-9		5		4	-17		4
Dividends		-4	-1		-4		-1	0		-1
Profit/loss for the year		2	5		2		2	8		2
Revaluation due to change in ownership interest		3	-5		3		5	-9		5
Revaluations and impairment, year-end		3	-5		3		5	-9		5
Investment in associates, year-end		42	40		42		44	36		44

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.

Key figures of associates	Net income	Total assets	Total liabilities	Net income	Total assets	Total liabilities
Nordic Corporate Investments A/S	14	155	26	21	198	63
Cibor Invest A/S	1	163	110	0	174	122
Hirlap Finans ApS	0	0	1	0	0	1

DKKm	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
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Note 5 Reinsurers' share of insurance contracts

Reinsurers' share of life insurance provisions	0		21		21	0		19		19
Reinsurers' share of premium provisions	7		0		7	8		0		8
Reinsurers' share of claims provisions	601		2		603	135		2		137
Reinsurers' share of insurance contracts, year-end	608		23		631	143		21		164

Reinsurers' share of life insurance provisions

Beginning of year			19		19			24		24
Change for the year			2		2			-5		-5
Reinsurers' share of life insurance provisions, year-end			21		21			19		19

Reinsurers' share of premium provisions

Beginning of year	8		0		8	6		0		6
Premiums ceded	-386		0		-386	-289		0		-289
Payments to reinsurers	385		0		385	291		0		291
Discounting	0		0		0	0		0		0
Reinsurers' share of premium provisions, year-end	7		0		7	8		0		8

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
<i>Reinsurers' share of claims provisions</i>										
Beginning of year	135		2		137	330		2	0	332
Claims ceded	552		-14		538	199		-27	0	172
Payments received from reinsurers	-86		14		-72	-393		27	0	-366
Discounting	0		0		0	-1		0	0	-1
Reinsurers' share of premium provisions, year-end	601		2	0	603	135		2	0	137

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	-280	286	-19	17	4	-136	156	-22	8	6
Prior-year tax adjustment	0	0	0	0	0	0	2	0	-2	0
Tax paid/received in respect of prior years	280	-286	19	-17	-4	136	-158	22	-6	-6
Tax paid during the year	0	3	5	0	8	0	0	4	0	4
Estimated tax on profit/loss for the year	-198	163	-22	9	-48	-280	286	-23	17	0
Current tax assets, year-end	-198	166	-17	9	-40	-280	286	-19	17	4

Note 7 Other assets

Receivables from policyholders	104	0	34	0	138	120	0	39	0	159
Receivables from insurance brokers	18	0	0	0	18	7	0	0	0	7
Receivables from insurance companies	0	0	0	0	0	7	0	10	0	17
Receivables from subsidiaries	142	0	0	32	-1	159	0	0	12	0
Other receivables	43	0	20	38	69	22	0	1	36	60
Positive market value of derivatives	0	180	0	0	180	0	234	0	0	234
Furniture and equipment, computers, cars, etc.	5	301	0	0	306	13	158	0	0	171
Other assets	0	73	0	0	73	0	61	0	0	61
Pensionskassen under Alm. Brand A/S	0	0	0	9	9	0	0	0	6	6
Assets temporarily acquired	0	205	0	0	205	0	137	0	0	137
Interest receivable	117	115	125	0	357	131	120	153	0	404
Prepayments	17	6	20	0	43	22	6	15	0	43
Other assets, year-end	446	880	199	79	1,397	481	716	218	54	1,299

Furniture and equipment, computers, cars, etc.

Cost beginning of year	111	207			318	116	126			242
Additions during the year	0	212			212	2	106			108
Disposals during the year	-14	-29			-43	-7	-25			-32
Cost, year-end	97	390	0	0	487	111	207	0	0	318

Accumulated depreciation and impairment,

beginning of year	-98	-49			-147	-88	-29			-117
Depreciation for the year	-4	-51			-55	-13	-33			-46
Impairment	0	-1			-1	0	0			0
Depreciation on disposals	10	15			25	3	12			15
Accumulated depreciation and impairment, year-end	-92	-86	0	0	-178	-98	-50	0	0	-148
Other balances regarding operating leases		-3			-3		1			1
Furniture and equipment, computers, cars, etc., year-end	5	301	0	0	306	13	158	0	0	171

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Future minimum lease payments for assets held under operating leases										
Term of 1 year or less		24			24		13			13
Term of 1-5 years		275			275		143			143
Term of 5 years or more		5			5		1			1
Total		304			304		157			157
Alm. Brand has hedged its pension commitments in Pensionskassen under Alm. Brand A/S										
Present value of commitment beginning of year					-134					-130
Interest expenses					-1					-1
Benefits paid					12					12
Actuarial gains/losses from financial assumptions					-3					-6
Actuarial gains/losses from demographic assumptions					3					-4
Actuarial gains/losses from experience adjustments					3					-5
Present value of commitment year-end					-120					-134
Fair value of plan assets beginning of year					140					134
Return on plan assets					1					1
Return on assets (excluding amounts recognised in net interest expenses)					-3					5
Benefits paid					-11					-12
Extraordinary income					2					12
Fair value of plan assets year-end					129					140
Present value of commitment					-120					-134
Fair value of plan assets					129					140
Net asset recognised in the balance sheet					9					6
Net interest income					0					0
Extraordinary income					2					12
Costs recognised in the income statement					2					12
<i>Remeasurement of defined benefit pension plans</i>										
Return on plan assets excluding amounts recognised in net interest expenses					-3					5
Actuarial gains/losses from financial assumptions					-3					-6
Actuarial gains/losses from demographic assumptions					3					-4
Actuarial gains/losses from experience adjustments					3					-5
Recognise in other comprehensive income					0					-10
Actual return on plan assets					2					2

The plan assets are exclusively comprised of cash and cash equivalents (less than DKK 1 million) and bonds valued at the official market price.

The pension obligations are calculated on the basis of the following actuarial assumptions

Discount rate at beginning of year	0.51%	0.97%
<i>Average remaining life expectancy in years for pension benefit recipients*</i>		
Male	8.7	9.2
Female	11.0	11.2

*) Based on the Danish FSA's updated mortality benchmark

The pension fund is a defined benefit disbursement-only fund. There are no contribution-paying members, which means that the members are either retired themselves or retired spouses. All payments are regular life benefits originally determined as a percentage of the members' pensionable salary. The benefits are adjusted twice annually. The adjustment rate is determined as the development in the net price index less 1% p.a.

The pension fund is managed by Alm. Brand A/S, which pays all costs related thereto. Auditing expenses and regulatory fees and taxes are paid by the pension fund. Alm. Brand A/S has undertaken to pay pension contribution determined by the pension fund's chief actuary and any extraordinary contributions required by the Danish FSA. 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. The pension fund is managed by a board of directors comprised of eight members, half of whom are elected by an among the voting members of the pension fund.

The pension fund is exposed to risks such as life expectancy risk, interest rate risk and inflation risk.

The calculation of the pension obligations is based on life expectancy. If this life expectancy changes, the value of the pension obligations will increase or decline depending on whether the life expectancy rises or falls. If the actual lifetime exceeds the life expectancy, the pension fund will incur an expense. Conversely, a shorter actual lifetime will result in income for the pension fund.

The obligations of the pension fund are calculated on the basis of expected benefits discounted by an interest rate published by the Danish FSA (the 10-year spot on the discount curve) with correction for the rules applicable on benefit adjustment. An interest rate change will affect the value of both assets and liabilities. The difference in this effect equals the interest rate risk.

The benefits are adjusted by the development in the net price index less 1 percentage point. Provisions are calculated on the basis of an expected annual increase in the net price index of 2%. If the expected future development in the net price index changes, the value of pension provisions will change as well. If the actual adjustment exceeds the expected adjustment, the pension fund will incur an expense. Conversely, a lower adjustment rate will equal an income.

The actuarial assumptions underlying the determination of the pension obligation comprise discount rate, expected rate of inflation and life expectancies. The sensitivity analysis below has been calculated on the basis of probable changes in the respective assumptions existing at the balance sheet date, while all other variables are maintained.

If the discount rate is 100 bps higher (lower), the pension obligations will decline by DKK 0 million (increase by DKK 3 million). If the average remaining lifetime declines (increases) by 0.4 of a year for both men and women, the pension obligation will decline by DKK 4 million (increase by DKK 5 million).

The sensitivity analysis does not necessarily reflect the actual change in the obligations, as it is unlikely that changes in one assumption will occur isolated from changes in other assumptions. The present value of the pension obligations in the above sensitivity analysis is calculated in the same way as the calculation of the pension obligations recognised in the balance sheet.

The method used for the sensitivity analysis and the assumptions included therein are unchanged from prior years.

As the pension fund is a disbursement-only pension fund, no contributions are expected to be made to the scheme next year. The average weighted duration of the pension obligations at 31 December 2013 was 7.3 years (2012: 7.4 years).

DKK m	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 8 Loans and advances										
Loans and advances at fair value		2,497			2,497		2,930			2,930
Loans and advances at amortised cost		4,843			4,843		5,466			5,466
Loans and advances, year-end		7,340			7,340		8,396			8,396
<i>Loans and advances at fair value</i>										
Mortgage deeds		2,497			2,497		2,930			2,930
Loans and advances at fair value, year-end		2,497			2,497		2,930			2,930
<i>Loans and advances at amortised cost</i>										
Loans		6,236			6,236		6,942			6,942
Leases		52			52		74			74
		6,288			6,288		7,016			7,016
Impairment etc.		-1,445			-1,445		-1,550			-1,550
Loans and advances at amortised cost, year-end		4,843			4,843		5,466			5,466
<i>Gross investment in finance leases</i>										
Term of less than one year		30			30		39			39
Term of between one and five years		24			24		38			38
Term of more than five years		1			1		1			1
		55			55		78			78
Unearned financial income		-3			-3		-4			-4
Net investment in finance leases, year-end		52			52		74			74
<i>Net investment in finance leases</i>										
Term of less than one year		30			30		38			38
Term of between one and five years		22			22		35			35
Term of more than five years		0			0		1			1
Net investment in finance leases, year-end		52			52		74			74
Of this, any unguaranteed residual value		-			-		-			-
Impairment of finance leases		0			0		1			1
<i>Value of loans and advances for which there is an objective evidence of impairment</i>										
<i>Individual assessment</i>										
Loans and advances before impairment		2,093			2,093		2,240			2,240
Impairment, etc.		-1,328			-1,328		-1,420			-1,420
Individual assessment, year-end		765			765		820			820

DKK M	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
<i>Group assessment</i>										
Loans and advances before impairment		3,727			3,727		4,069			4,069
Impairment, etc.		-118			-118		-129			-129
Group assessment, year-end		3,609			3,609		3,940			3,940
Loans and advances after impairment, year-end		4,374			4,374		4,760			4,760

Note 9 Investment properties

Carrying amount beginning of year	16	0	1,436		393	22		1,496		433
Additions during the year	0	48	10		58	0		35		19
Disposals during the year	0	-7	-11		-17	-6		-48		-54
Value adjustments	0	-4	-2		-6	0		-47		-5
Investment properties, year-end	16	37	1,433		428	16		1,436		393
Average return, office property	6.73%		6.07%		6.33%	6.73%		6.07%		6.33%
Average return, residential property			6.00%		6.00%			6.00%		6.00%
Total average return	6.73%		6.07%		6.30%	6.73%		6.07%		6.30%

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.

Investment properties Non-life and Life and Pension

The fair value of investment properties is calculated according to the yield method on the basis of the operating return on the individual property and a return requirement linked to the individual property which reflects the transactions taking place in the property market in the period up to the date of valuation. The resulting fair value is adjusted for deposits, rent above/below market rent, rent on vacant premises and deferred maintenance works and necessary refurbishment expenses.

The methods applied in the calculation of fair values in the current year are unchanged.

The profit for the period includes an unrealised loss of DKK 2 million in Other income from investment activities.

The most important non-observable inputs used in the fair value calculation are:

Required rate of return 6,73%

Rent per m² 1.266 DKK

An increase in the return requirement would result in a decline in the fair value of the properties, while an increase in rent per square metre relative to the assumptions applied would result in an increase in the fair value of the properties. A general increase in rent per square metre in the areas in which the group's investment properties are located would, all other things being equal, result in a slight decline in the return requirement.

Investment properties Banking

Investment property comprises single-family houses and rental property which are not expected to be sold within 12 months. Single-family houses are measured on the basis of valuations received from external appraisers. Rental property is measured on the basis of a cash flow model that takes into account a return requirement which is dependent on location, financial strength of tenants, lease terms and use etc. Rental property is supplemented by valuations received from external appraisers if the property is deemed to be difficult to sell.

Note 10 Investment assets

Government bonds	70	149	2,110	0	2,329	537	0	1,753	0	2,290
Mortgage bonds	8,801	5,657	7,367	0	21,825	8,533	6,612	8,641	0	23,786
Other fixed-rate instruments	241	150	373	0	764	244	30	521	0	795
Other floating-rate instruments	100	0	27	2	129	98	0	92	2	192
Listed shares	0	403	763	0	1,166	0	350	670	0	1,020
Unlisted shares	8	203	207	1	419	9	190	209	1	409
Other	152	0	310	0	462	221	0	637	0	858
Investment assets, year-end	9,372	6,562	11,157	3	27,094	9,642	7,182	12,523	3	29,350

The group's holding of listed and unlisted shares had a market value of DKK 1,585 million at 31 December 2013 (2012: DKK 1,429 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 2,347 million at 31 December 2013 (2012: DKK 2,011 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	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 11 Balances due from credit institutions and central banks										
Balances at notice with central banks	0	0	0	0	0	0	0	0	0	0
Balances due from credit institutions	0	611	0	60	671	55	554	45	225	879
Balances due from credit institutions and central banks, year-end	0	611	0	60	671	55	554	45	225	879
<i>By term to maturity:</i>										
Balances at call	0	611	0	0	611	0	554	0	0	554
Up to and including 3 months	0	0	0	60	60	55	0	45	225	325
Over 3 months and up to and including 1 year	0	0	0	0	0	0	0	0	0	0
Year-end	0	611	0	60	671	55	554	45	225	879
Receivables in connection with genuine purchase and resale transactions:										
Due from credit institutions and central banks		178			178		0			0
Other debtors		0			0		0			0
Year-end		178			178		0			0

Note 12 Consolidated shareholders' equity

Share capital, year-end	1,735	1,735
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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	2013	2012	2011	2010	2009
Share capital beginning of year	1,735	1,735	1,735	1,388	1,476
Reduction of capital on 11 November 2010	0	0	0	-1,215	0
Share issue on 30 December 2010	0	0	0	1,562	0
Cancellation of treasury shares	0	0	0	0	-88
Share capital, year-end	1,735	1,735	1,735	1,735	1,388

Reference is made to the statement of changes in equity.

DKKm	2013	2012
<i>Solvency</i>		
Tier 1 capital after deductions	4,054	4,417
Capital base after deductions	3,746	4,210
Weighted items subject to credit risks	9,368	10,647
Weighted items subject to market risks	2,154	2,024
Weighted items subject to operational risks	451	520
Total weighted items	11,973	13,191
Tier 1 capital after deductions as a percentage of total weighted items	33.9%	33.5%
Solvency ratio	31.3%	31.9%

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	-710	-298
No. of shares beginning of year	172,790	173,202

DKKm	2013	2012
Employee shares issued	0	325
Shares acquired/sold during the year	-2,135	-737
Issued shares year end	173,500	173,500
Treasury shares year end	-2,845	-710
No. of shares at year end	170,655	172,790
<i>Treasury shares</i>		
Carrying amount beginning of year	0	0
Value adjustment	-42	-7
Acquired during the year	42	12
Sold during the year	0	-5
Treasury shares, year-end	0	0
Nominal value beginning of year	7	3
Acquired during the year	21	9
Sold during the year	0	-5
Nominal value, year-end	28	7
Holding (no. of shares) beginning of year	710	298
Acquired during the year	2,135	893
Sold during the year	0	-481
Holding (no. of shares), year-end	2,845	710
Percentage of share capital, year-end	1.6%	0.4%

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 13 Subordinated debt										
<i>Subordinated loan capital</i>										
Floating rate bullet loans maturing 2013.05.09	0	0	0	0	0	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	300	120	250	699	149	400	120	250	799
<i>Hybrid loan capital</i>										
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		226			226		855			855
Hybrid loan capital, year-end		401			401		1,030			1,030
Hedging of interest rate risk at fair value					0		0			0
Subordinated debt, year-end	149	701	120	250	1,100	149	1,430	120	250	1,829
Interest on subordinated debt	2	71	2	11	84	4	116	3	12	132
Of which amortisation of costs incurred on raising	0	1	0	0	1	0	1	0	0	1
Extraordinary instalments	0	630	0	0	630	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 carry 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 derivative financial instruments. See note 47.

DKKm	2013					2012				
	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 1,100 million of the group's subordinated capital of DKK 925 million was recognised in accordance with the applicable rules.

Note 14 Provisions for insurance contracts

Unearned premium provisions	1,858		0		1,858	1,877		0		1,877
Life insurance provisions	0		10,198		10,198	0		11,832		11,832
Outstanding claims provisions	5,695		49		5,744	5,338		45		5,383
Collective bonus potential	0		827		827	0		586		586
Provisions for insurance contracts, year-end	7,553		11,074		18,627	7,215		12,463	0	19,678

Unearned premium provisions

Beginning of year	1,877				1,877	1,831				1,831
Premiums received	5,019				5,019	4,897				4,897
Premiums recognised as income	-5,033				-5,033	-4,866				-4,866
Discounting, all years	3				3	4				4
Value adjustment, all years	-8				-8	11				11
Unearned premium provisions, year-end	1,858				1,858	1,877				1,877

DKKm	2013		2012	
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Life insurance provisions

Life insurance provisions, end of preceding year		11,832		11,332
Change in the use of bonus potential on paid-up policies, beginning of year		0		4
Life insurance provisions beginning of year		11,832		11,336
Accumulated value adjustments, end of preceding year		-1,661		-1,294
Change in the use of bonus potential on paid-up policies, beginning of year		0		-4
Accumulated value adjustments beginning of year		-1,661		-1,298
Retrospective provisions, end of preceding year		10,171		10,038
Opening adjustment due to contribution move etc.		0		2
Retrospective provisions beginning of year		10,171		10,040
Adjustment negative bonus		0		0
Change in share of provisions in Forenede Gruppeliv		11		-4
Gross premiums		928		903
PAL compensation (gross)		0		0
Interest		270		353
Resetting negative bonus		14		12
Claims and benefits		-2,240		-974
Expense supplement after addition of expense bonus		-81		-80
PAL cost		0		0
Risk gain after addition of risk bonus		-71		-74
Change as a result of changes in the level of interest rates and mortality rates (annuities)		0		0
Other changes		-5		-5
Retrospective provisions, year-end		8,997		10,171
Accumulated value adjustments, year-end		1,201		1,661
Life insurance provisions, year-end		10,198		11,832
Guaranteed benefits		8,244		10,386
Bonus potential on future premiums		1,216		931
Bonus potential on paid-up policy benefits		738		515
Life insurance provisions, year-end		10,198		11,832

DKKm	2013			
	Guaranteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Total
<i>Life insurance provisions per basis</i>				
Yield group 0	1,551	1,144	602	3,297
Yield group 1	1,484	43	92	1,619
Yield group 2	1,047	18	29	1,094
Yield group 3	4,036	11	15	4,062
Portfolios with bonus entitlement, year-end	8,118	1,216	738	10,072
Yield group L66/U74	126	0	0	126
Portfolios without bonus entitlement, year-end	126	0	0	126
Life insurance provisions year-end	8,244	1,216	738	10,198

DKKm	2012			
<i>Life insurance provisions per basis</i>				
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

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	2013	2012
The supplement has been calculated taking into account the probability of surrender and totals	71	123
Without taking into account the probability of surrender, the supplement amounts to	71	123
When calculating life insurance provisions at market value, a risk premium has been included, which amounts to	12.00%	12.00%

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
<i>Outstanding claims provisions</i>										
Beginning of year	5,338		45		5,383	5,537		43		5,580
Claims paid regarding current year	-1,923		-2,239		-4,162	-1,765		-971		-2,736
Claims paid regarding previous years	-1,354		0		-1,354	-1,874		0		-1,874
Change in claims regarding current year	3,977		2,239		6,216	3,248		973		4,221
Change in claims regarding previous years	-208		0		-208	-68		0		-68
Discounting	55		0		55	70		0		70
Value adjustment, all years	-142		0		-142	209		0		209
Hedging of inflation risk	-48		0		-48	-19		0		-19
Change in share of provisions in Forenede Gruppeliv	0		4		4	0		0		0
Outstanding claims provisions, year-end	5,695		49		5,740	5,338		45		5,383

The determination of expected future inflation is explained in the accounting policies. For provisions for workers' compensation the inflation factor applied for 2013 is 3.13%.

DKKm	2008	2009	2010	2011	2012	2013	Total
<i>Run-off triangle, gross</i>							
Estimated accumulated claims							
Year-end	3,604	3,756	3,887	4,126	3,268	4,004	
1 year later	3,684	3,737	3,810	4,271	3,151		
2 years later	3,661	3,777	3,866	4,280			
3 years later	3,723	3,783	3,817				
4 years later	3,673	3,750					
5 years later	3,648						
	3,648	3,750	3,817	4,280	3,151	4,004	22,650
Paid to date	-3,351	-3,342	-3,345	-3,695	-2,477	-1,886	-18,096
Provisions before discounting effect, year-end	297	408	472	585	674	2,118	4,554
Discounting effect	0	-1	-2	-4	-5	-14	-26
Accumulated value change, health and personal accident insurance	5	6	6	5	4	11	37
	302	413	476	586	673	2,115	4,565
Provisions from 2007 and prior years							1,131
Gross outstanding claims provisions, year-end							5,696
<i>Run-off triangle, net of reinsurance</i>							
Estimated accumulated claims							
Year-end	3,589	3,703	3,811	3,559	3,246	3,467	
1 year later	3,671	3,680	3,768	3,542	3,120		
2 years later	3,639	3,712	3,817	3,556			
3 years later	3,704	3,722	3,773				
4 years later	3,661	3,690					
5 years later	3,637						
	3,637	3,690	3,773	3,556	3,120	3,467	21,243
Paid to date	-3,343	-3,329	-3,313	-2,996	-2,459	-1,863	-17,303
Provisions before discounting effect, year-end	294	361	460	560	661	1,604	3,940
Discounting effect	0	0	-2	-4	-5	-14	-25
Accumulated value change, health and personal accident insurance	7	7	7	5	4	14	44
	301	368	465	561	660	1,604	3,959
Provisions from 2007 and prior years							1,136
Outstanding claims provisions year-end, net of reinsurance							5,095

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.

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
<i>Undiscounted expected cash flows</i>										
<u>Life insurance provisions</u>										
Cash flow 1 year or less			249		249			502		502
Cash flow 1-5 years			1,239		1,239			1,552		1,552
Cash flow 5 years or more			11,095		11,095			12,361		12,361
<u>Gross claims provisions</u>										
Cash flow 1 year or less	2,120		49		2,169	1,563		45		1,608
Cash flow 1-5 years	1,670		0		1,670	1,535		0		1,535
Cash flow 5 years or more	1,453		0		1,453	1,575		0		1,575
<i>Collective bonus potential</i>										
Beginning of year			586		586			454		454
Provisions for the year through profit or loss			425		429			137		116
Contribution group move, beginning of year			1		1			-5		-5
Transferred from revaluation reserves from equity			0		-4			0		21
Accelerated taxation of unallocated provisions			-185		-185			0		0
Collective bonus potential, year end			827		827			586		586

DKKm						2013
	Yield group 0	Yield group 1	Yield group 2	Yield group 3	Risk groups	Total
<i>Collective bonus potential per interest rate group</i>						
Beginning of year	273	202	72	30	10	587
Change relative to beginning of year*	32	-19	-12	-1	0	0
Quota change	0	0	0	0	0	0
Beginning of year	305	183	60	29	10	587
Change in collective bonus	141	80	58	145	1	425
Accelerated taxation of unallocated provisions	-27	-27	-29	-102	0	-185
Provisions during the year	114	53	29	43	1	240
Collective bonus potential, year end	419	236	89	72	11	827

DKKm						2012
	Yield group 0	Yield group 1	Yield group 2	Yield group 3	Risk groups	Total
<i>Collective bonus potential per interest rate group</i>						
Beginning of year	0	308	82	59	5	454
Change relative to beginning of year*	188	-171	-20	-2	0	-5
Quota change	0	0	0	0	0	0
Beginning of year	188	137	62	57	5	449
Change in collective bonus	85	65	10	-27	5	138
Accelerated taxation of unallocated provisions	0	0	0	0	0	0
Provisions during the year	85	65	10	-27	5	138
Collective bonus potential, year end	273	202	72	30	10	587

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

	2013	2012
<i>Bonus rate per interest rate group</i>		
Yield group 0	12.8%	8.9%
Yield group 1	15.3%	10.7%
Yield group 2	8.9%	5.7%
Yield group 3	2.4%	0.8%

Calculation of claims provisions

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.

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 inflation 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.

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 15 Other provisions										
Provisions for jubilees, severance payments, etc.	22	2			24	19	2			21
Provisions for losses on guarantees	0	8			8	0	7			7
Other provisions, year-end	22	10		0	32	19	9		0	28
Provisions for jubilees, severance payment, etc.,										
beginning of year	19	2			21	19	2			21
New and adjusted provisions	5	0			5	-1	-1			-2
Net provisions recognised during the year	-1	0			-1	-1	0			-1
Reversed provisions during the year	-1	0			-1	-1	0			-1
Discounting effect	0	0			0	3	1			4
Provisions for jubilees, severance payment, etc., year-end	22	2			24	19	2			21

DKK m	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Provisions for losses on guarantees beginning of year		7			7		7			7
Provisions for the year		4			4		5			5
Reversed provisions for the year		-3			-3		-5			-5
Reversed provisions during the year		0			0		0			0
Provisions for losses on guarantees, year-end		8			8		7			7

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			8	40	40			9	46	46
Deferred tax liabilities, year-end			8	40	40			9	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		0		0	0		2,000		0	2,000
Employee bonds		0		31	31		0		32	32
Issued bonds, year-end		0		31	31		2,000		32	2,032

Note 18 Other liabilities

Payables to policyholders	9	0	0	0	9	14	0	0	0	14
Payables related to direct insurance	0	0	13	0	13	1	0	10	0	11
Payables related to reinsurance	86	0	11	0	97	3	0	1	0	4
Payables to subsidiaries	33	22	32	3	3	17	44	6	1	1
Repo/reverse transactions, negative values	0	177	0	0	177	0	0	0	0	0
Negative market value of derivatives	0	234	6	0	240	0	350	2	0	352
Liabilities temporarily acquired	0	166	0	0	166	0	37	0	0	37
Other payables	272	157	342	18	755	205	141	239	12	597
Deferred income	2	1	0	0	3	1	1	0	0	2
Other liabilities, year-end	402	757	404	21	1,463	241	573	258	13	1,018

Note 19 Deposits

Deposits at call		4,030			3,956		3,377			3,321
At notice		5,643			5,643		6,549			6,549
Time deposits		0			-9		4			-25
Special categories of deposits		1,263			1,263		1,395			1,395
Deposits, year-end		10,936			10,853		11,325			11,240

Note 20 Payables to credit institutions and central banks

Central banks	0	1,003	0		1,003	0	1,001	0		1,001
Credit institutions	153	1,194	359		1,706	234	396	551		1,181
Payables to credit institutions and central banks, year-end	153	2,197	359		2,709	234	1,397	551		2,182

Of which falling due after more than five years

	0	0	0		0	0	0	0		0
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Debt arising from genuine purchase and resale transactions:

Debt to credit institutions and central banks		772			772		0			0
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Note 21 Premium income

Gross premium	5,018		928		5,946	4,897		903	0	5,800
Change in unearned premium provisions	13		0		13	-31		0	0	-31
Total premium income	5,031		928		5,959	4,866		903	0	5,769

Direct insurance is exclusively written in Denmark

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
<i>Premium income, life insurance</i>										
Regular premiums			626		626			618		618
Single premiums			302		302			285		285
Total premium income, life insurance			928		928			903		903
Individually written insurance			453		453			446		446
Insurance written in employment relationship			277		277			278		278
Group life schemes			198		198			179		179
Total premium income, life insurance			928		928			903		903
<i>Number of policies ('000)</i>										
Individually written insurance			63		63			67		67
Insurance written in employment relationship			7		7			7		7
Group life schemes			72		72			64		64

All policies written include a bonus arrangement.
The life insurance company only writes direct Danish insurance.

Note 22 Interest income, etc.

Equity investments	1	0	23	0	24	0	0	21	0	21
Bonds	194	166	313	0	673	218	211	362	0	791
Loans secured by mortgages	0	175	0	0	175	0	202	0	0	202
Other loans	0	266	0	0	266	0	342	0	0	342
Deposits in credit institutions	0	1	0	0	1	1	4	0	1	6
Other investment assets	41	-37	63	0	65	31	-31	55	0	52
Total interest income, etc.	236	571	399	0	1,204	250	728	438	1	1,414

Interest income in connection with genuine purchase and resale transactions:

Due from credit institutions and central banks					0		0			0
Other debtors		0			0		0			0

Note 23 Fee income, etc.

Securities trading and deposits		145			84		104			66
Payment transfers		4			4		5			5
Loan fees		0			0		0			0
Commission fees		6			6		6			6
Other fees and commissions		40			40		34			34
Dividends		7			7		6			6
Fees paid		-27			-27		-31			-31
Total fee income, etc.		175			114		124			86

Note 24 Other income from investment activities

Rental income	2	1	128		45	2	0	130		46
Operation and maintenance - occupied leases	-1	-1	-49		-26	-1	0	-38		-14
Operation and maintenance - vacant leases	0	-2	-15		-17	0	0	-7		-7
Total other income from investment activities	1	-2	64		2	1	0	85		25

Note 25 Profit/loss from investments in associates

Investments in associates		2	5		2		2	8		2
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Profit/loss from investments in associates comprises the group's share of the profit in Nordic Corporate Investments A/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		77			77		51			51
Total other income		77			77		51			51

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 27 Claims expenses										
Claims paid	-3,277		-2,239		-5,516	-3,639		-971		-4,610
Change in outstanding claims provisions	-492		0		-492	459		-2		457
Total claims expenses	-3,769		-2,239		-6,008	-3,180		-973		-4,153
Run-off result, gross	207				207	67				67
Run-off result, ceded business	0				0	168				168
Run-off result, net	207				207	235				235

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			-87		-87			-86		-86
Insurance sums on critical illness			-21		-21			-18		-18
Insurance sums on disability			-7		-7			-7		-7
Insurance sums on expiry			-353		-353			-131		-131
Pension and annuity benefits			-307		-307			-304		-304
Surrenders			-1,334		-1,334			-308		-308
Cash bonus payments			-130		-130			-117		-117
Total claims and benefits, life insurance			-2,239		-2,239			-971		-971

Note 28 Interest expenses

Credit institutions and central banks	0	-11	0	0	-11	0	-36	0	0	-36
Deposits and other payables	0	-227	0	0	-227	0	-228	0	0	-228
Issued bonds	0	-11	0	-1	-12	0	-76	0	-1	-77
Subordinated debt	-2	-71	-2	-11	-84	-4	-116	-3	-12	-132
Other interest expenses	-2	-1	-1	0	-4	-2	-1	-1	0	-4
Discounting insurance contracts	-57	0	0	0	-57	-73	0	0	0	-73
Total interest expenses	-61	-321	-3	-12	-395	-79	-457	-4	-13	-550

Interest expenses arising from genuine purchase and resale transactions:

Debt to credit institutions and central banks		0			0		1			1
Deposits and other payables		0			0		0			0

Note 29 Impairment of loans, advances and receivables, etc.

Individual assessment:

Impairment and value adjustments, respectively, during the year		-333			-333		-436			-436
Reversal of impairment in previous years		121			121		240			240
Total individual assessment		-212			-212		-196			-196

Group assessment:

Impairment and value adjustments, respectively, during the year		-51			-51		-105			-105
Reversal of impairment in previous years		63			63		25			25
Total group assessment		12			12		-80			-80
Losses not previously provided for		-37			-37		-52			-52
Bad debts recovered		41			41		19			19
Other losses and provisions		0			0		0			0
Total impairment of loans, advances and receivables, etc.		-196			-196		-309			-309

DKKm	2013										2012										
Note 30 Acquisition costs and administrative expenses																					
Acquisition commission, etc.	-144	0	-3	0	-147	-153	0	-4	0	-157											
Other acquisition costs	-405	0	-40	0	-445	-395	0	-38	0	-433											
Administrative expenses	-254	-516	-38	0	-747	-242	-518	-37	0	-736											
Total acquisition costs and administrative expenses	-803	-516	-81	0	-1,339	-790	-518	-79	0	-1,326											
Salaries and wages					928					935											
Pension					136					135											
Payroll tax, etc.					112					101											
Share-based payment					4					3											
Total salaries and wages, pension, etc.					1,180					1,174											

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	1,585	1,592
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From this:

Remuneration to the Management Board (DKK '000)

Salaries	5,518	5,663
Pension plans	1,650	1,537
Share-based payment	770	513
Total remuneration to the Management Board	7,938	7,713

Remuneration to the Board of Directors (DKK '000)

Directors' fees	3,493	3,175
Total remuneration to the Board of Directors	3,493	3,175

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	13,653	13,560
Pension	2,522	2,516
Share-based payment	1,225	919
Total remuneration to key employees	17,400	16,995

No. of key employees	6	6
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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 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	Expiry date
Granted on 4 September 2012	328,130	15.39	3.01	04.11.16
Granted on 8 march 2013	922,610	20.06	2.28	08.05.17
Granted on 3 september 2013	906,705	20.42	2.32	03.11.17

The weighted average remaining contractual term is three years, five months and twenty-four days.

The company bought 2,844,855 shares in connection with the option scheme.

In 2013, share options were granted on 8 March and 3 September, respectively. The estimated fair value was DKK 2.28 and DKK 2.32 per option, respectively. 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:

	2013		2012
	08.03.13	03.09.13	04.09.12
Share price at the date of grant (DKK per share)	18.24	18.56	13.99
Exercise price (DKK per share)	20.06	20.42	15.39
Expected volatility (%)	22.71	26.48	35.87
Risk-free rate of interest (%)	0.60	0.89	0.60
Expected dividend yield (%)	0.00	0.00	0.00
Term to maturity (number of years)	3	3	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

4

DKK 2 million of this amount concerns the period 1 July 2013 to 31 December 2013. The grant for this period will take place in March 2014.

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
<i>Audit fees (DKK '000)</i>										
Deloitte - Audit	1,539	1,197	567	625	3,928	1,618	1,457	594	625	4,294
Deloitte - Engagements other than audits and reviews	99	575	121	0	795	614	445	96	0	1,155
Deloitte - Tax consultancy	0	9	0	515	524	0	44	0	479	523
Deloitte - Non-audit services	577	344	22	110	1,053	686	585	122	182	1,575
Total audit fees	2,215	2,125	710	1,250	6,300	2,918	2,531	812	1,286	7,547
Note 31 Profit/loss from business ceded										
Reinsurance premiums ceded	-387		-22		-409	-288		-23		-311
Reinsurers' share received	87		14		101	392		28		420
Change in reinsurers' share of insurance contracts	466		2		468	-195		-5		-200
Commissions and profit shares from reinsurance companies	8		3		11	5		3		8
Total loss from business ceded	174		-3	0	171	-86		3		-83
Note 32 Change in life insurance provisions										
Guaranteed benefits			2,142		2,142			-233		-233
Bonus potential on future premiums			-285		-285			-145		-145
Bonus potential on paid-up policies			-223		-223			-117		-117
Change in share of provisions in Forenede Gruppeliv			16		16			0		0
Total change in life insurance provisions			1,650		1,650			-495		-495

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 33 Value adjustments										
<i>Investment assets</i>										
Equity investments	1	78	384	0	463	1	58	200	0	259
Unit trust units	0	2	1	0	3	0	2	4	0	6
Bonds	-116	-62	-304	0	-482	31	-16	117	0	132
Shares in collective investments	0	0	0	0	0	0	0	0	0	0
Loans secured by mortgages	0	-246	0	0	-246	0	-77	0	0	-77
Other investment assets	-58	10	-182	0	-230	82	-60	256	0	278
Exchange rate adjustments	0	-12	0	0	-12	0	-8	0	0	-8
	-173	-230	-101	0	-504	114	-101	577	0	590
<i>Land and buildings</i>										
Investment properties	-1	-4	-4	0	-9	0	0	-52	0	-10
Owner-occupied properties	0	0	0	0	4	0	0	0	0	-63
	-174	-234	-105	0	-509	114	-101	525	0	517
Discounting insurance contracts	150	0	0	0	150	-220	0	0	0	-220
Total value adjustments	-24	-234	-105	0	-359	-106	-101	525	0	297

Change in fair values based on valuation models and recognised in the income statement

Mortgage deeds	0	81	0	0	81	0	61	0	0	61
Unlisted shares	2	0	0	0	2	0	0	2	0	2
Investment properties	-1	-4	-4	0	-9	0	0	-52	0	-10
Owner-occupied properties	0	0	0	0	4	0	0	0	0	-63
Total change in fair values	1	77	-4	0	78	0	61	-50	0	-10

Note 34 Tax on pension investment returns

Tax on pension investment returns regarding prior years			-3		-3			0		0
Tax on pension investment returns regarding current year			-46		-46			-151		-151
Total tax on pension investment returns			-49		-49			-151		-151

Note 35 Tax

Estimated tax on profit/loss for the year	-198	163	-22	9	-48	-280	286	-23	17	0
Adjustment of tax relating to prior years	0	-1	0	-1	-2	0	1	1	-1	1
Final withholding tax paid	0	-1	0	0	-1	0	-1	0	0	-1
Adjustment of deferred tax relating to prior years	-23	-83	1	-3	-108	66	-158	3	-5	-94
Total tax	-221	78	-21	5	-159	-214	128	-19	11	-94

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%	0.0%	-0.1%	0.2%	0.0%	-0.2%	-1.5%	0.3%	-0.4%
Adjustment of tax relating to prior years	0.0%	0.0%	-0.3%	0.1%	0.0%	0.0%	0.3%	0.2%	-0.3%	0.0%
Tax adjustment	3.9%	-7.3%	-0.9%	-5.0%	20.2%	0.1%	1.6%	-2.6%	-1.1%	-1.6%
Total effective tax rate	29.0%	17.5%	23.9%	20.0%	45.4%	25.1%	26.7%	21.1%	23.9%	23.0%

Note 36 Share attributable to minority interests

Share of profit/loss before tax attributable to minority interests

Alm. Brand Formue A/S		25			20		39			31
Total share of profit/loss before tax attributable to minority interests		25			20		39			31

Share of profit/loss after tax attributable to minority interests

Alm. Brand Formue A/S		25			20		39			31
Total share of profit/loss after tax attributable to minority interests		25			20		39			31

Note 37 Technical result, Non-life Insurance

DKKm	Health and accident insurance	Workers' compensation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, commercial	Liability insurance	Other direct insurance	2013 Total
Gross premiums	580	315	520	858	1,155	1,283	97	210	5,018
Gross premium income	580	314	527	852	1,142	1,279	97	240	5,031
Gross claims expenses	-358	-160	-437	-441	-892	-1,316	-18	-147	-3,769
Gross operating expenses	-94	-51	-83	-137	-184	-205	-16	-33	-803
Profit/loss from business ceded	-7	-3	-2	0	48	139	-1	0	174
Investment return on insurance business	1	1	1	2	2	2	0	0	9
Total technical result	122	101	6	276	116	-101	62	60	642
No. of claims	12,769	3,080	15,253	46,406	94,463	40,853	1,974	23,626	238,424
Frequency of claims	0.041	0.108	0.041	0.150	0.226	0.333	0.042	0.104	0.104
Average damages paid for claims incurred, DKK '000	25	77	29	10	10	32	26	7	17

DKKm	Health and accident insurance	Workers' compensation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, commercial	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
Numbers 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

Direct insurance is written only in Denmark

DKKm	2013	2012
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Note 38 Realised result, Life and Pension

Technical result of life and pension activities	83	78
Transfer of investment return	1	45
Tax on pension investment return	49	151
Change in collective bonus potential	425	137
Settlement of tax on accumulated value adjustments	-119	0
Change in bonus potential on paid-up policies	0	0
Result of portfolios without bonus entitlement	0	9
Addition of bonus	76	82
Return equity deposit	-3	-12
Health and accident insurance deposits	4	-41
Realised result	516	449

Return requirement for shareholders' equity

Unconditional shares:		
Actual investment return before tax on pension investment return	3	12
Result of portfolios without bonus entitlement	0	-9
Result of health and accident insurance	32	2
Total unconditional shares	35	5

Conditional shares:

Risk premium of 0.1% of the average life insurance provisions	11	11
100% of expense result, net of reinsurance	3	3
100% of risk result, net of reinsurance	71	77
Total conditional shares	85	91

Profit/loss for the year before tax	120	96
Transferred to shadow account	-2	-4
Profit/loss for the year before tax including health and accident insurance	118	92
Profit/loss for the year before tax excluding health and accident insurance	86	90

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 2013 are unchanged from 2012.

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.

The risk premium for 2013 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.

DKKm	2013	2012
Note 39 Contingent liabilities, guarantees and lease agreements		
Guarantee commitments	1,150	1,473

The group's companies have made lease and rental agreements for computer equipment and premises with total annual payments of DKK 23 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 guarantees, 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.

Forsikringselskabet 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 Company 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.

Note 40 Collateral security

Carrying amounts of assets provided as collateral security for technical provisions

Cash	0	285	285	0	397	397
Bonds	7,272	10,088	17,360	6,914	11,244	18,158
Equity investments and units in unit trusts	0	969	969	0	879	879
Interest receivable	41	89	130	32	107	139
Properties, mortgage deeds	0	71	71	0	72	72
Investments in subsidiaries	0	316	0	0	708	0
Collateral security, year-end	7,313	11,818	18,815	6,946	13,407	19,645

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 2013 the bank provided bonds as security vis-à-vis the Danish Central Bank at a market value of DKK 1,281 million (2012: DKK 1,704 million) and loans provided as security representing a loan value of DKK 478 million (2012: DKK 530 million).

As collateral for positive and negative fair values of derivative financial instruments, respectively, cash in the amount of DKK 1 million was received and cash in the amount of DKK 340 million was paid at 31 December 2013 (2012: DKK 0 million and DKK 432 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 transactions 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 205 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			2013	
	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	66	1,271	1	5	1
Purchase of services	66	1,399	0	0	0
Interest and fee income	0	20	0	0	0
Interest and fee expenses	15	0	1	1	0
Receivables	0	403	2	1	1
Debt	312	0	32	46	0
Collateral	0	0	2	1	0
Interest rates			1.7-8.5%	1.7-8.5%	0
					2012
Sale of services	47	1,210	-	2	1
Purchase of services	5	1,020	-	1	0
Interest and fee income	0	16	-	0	0
Interest and fee expenses	16	0	-	1	1
Receivables	0	550	-	6	17
Debt	315	0	-	37	0
Collateral	0	0	-	1	16
Interest rates				1.7-4.5%	1.7-5.3%

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 length 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.

DKKm	2013			2012		
	Fair value	Amortised cost	Total	Fair value	Amortised cost	Total
Note 42 Classification of financial instruments						
<i>Financial assets</i>						
Government bonds	2,329	0	2,329	2,290	0	2,290
Mortgage bonds	21,825	0	21,825	23,786	0	23,786
Other fixed-rate instruments	764	0	764	795	0	795
Other floating-rate instruments	129	0	129	192	0	192
Listed shares	1,166	0	1,166	1,020	0	1,020
Unlisted shares	419	0	419	409	0	409
Investment properties	428	0	428	393	0	393
Other investment assets	462	0	462	858	0	858
Receivables from policyholders	0	138	138	0	159	159
Receivables from insurance brokers	0	18	18	0	7	7
Receivables from insurance companies	0	0	0	0	17	17
Other receivables	0	69	69	0	60	60
Positive market value of derivative financial instruments	180	0	180	234	0	234
Other assets	0	73	73	0	61	61
Pensionskassen under Alm. Brand A/S	0	9	9	0	6	6
Assets temporarily acquired	0	205	205	0	137	137
Interest receivable	357	0	357	404	0	404
Prepayments	0	43	43	0	43	43
Balances due from credit institutions and central banks	0	671	671	0	879	879
Cash in hand and demand deposits	0	363	363	0	306	306
Loans and advances	2,497	4,843	7,340	2,930	5,466	8,396
Financial assets, year-end	30,556	6,432	36,988	33,311	7,141	40,452

<i>Financial liabilities</i>						
Subordinated debt	0	1,100	1,100	0	1,829	1,829
Issued bonds	0	31	31	0	2,032	2,032
Payables to policyholders	0	9	9	0	14	14
Payables related to direct insurance	0	13	13	0	11	11
Payables related to reinsurance	0	97	97	0	4	4
Payables to subsidiaries	0	3	3	0	1	1
Negative market value of derivative financial instruments	240	0	240	352	0	352
Other payables	39	716	755	45	552	597
Deferred income	0	3	3	0	2	2
Deposits	0	10,853	10,853	0	11,240	11,240
Payables to credit institutions and central banks	0	2,709	2,709	0	2,182	2,182
Financial liabilities, year-end	279	15,534	15,813	397	17,867	18,264

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Fair value measurement of financial instruments										
<i>Quoted prices</i>										
<i>Financial assets</i>										
Loans and advances	0	0	0	0	0	0	0	0	0	0
Bonds	9,158	5,956	9,127	2	24,243	9,359	6,642	9,372	2	25,375
Shares	0	403	763	0	1,166	0	350	670	0	1,020
Other assets	0	0	0	0	0	0	0	2	0	2
Total financial assets	9,158	6,359	9,890	2	25,409	9,359	6,992	10,044	2	26,397
<i>Financial liabilities</i>										
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										
<i>Financial assets</i>										
Loans and advances	0	0	0	0	0	0	0	0	0	0
Bonds	0	0	625	0	625	0	0	1,486	0	1,486
Shares	0	0	0	0	0	0	0	0	0	0
Other assets	269	295	435	0	999	352	354	657	0	1,363
Total financial assets	269	295	1,060	0	1,624	352	354	2,143	0	2,849

DKK M	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
<i>Financial liabilities</i>										
Other payables	0	273	6	0	279	0	395	2	0	397
Total financial liabilities	0	273	6	0	279	0	395	2	0	397
Non-observable data										
<i>Financial assets</i>										
Loans and advances	0	2,497	0	0	2,497	0	2,930	0	0	2,930
Bonds	54	0	125	0	179	53	0	149	0	202
Shares	8	203	207	1	419	9	190	209	1	409
Investment properties	16	37	1,433	0	428	16	0	1,436	0	393
Other assets	0	0	0	0	0	0	0	131	0	131
Total financial assets	78	2,737	1,765	1	3,523	78	3,120	1,925	1	4,065
<i>Financial liabilities</i>										
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

There were no transfers between categories in the fair value hierarchy in 2012 or 2013.

Loans, advances and other receivables at fair value comprises mortgage deeds measured using a valuation model which estimates the present value of expected future cash flows. The valuation is based in part on observable market data (interest rates) and in part on expected future redemption 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%-17.5% 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. For additional information, see note 51.

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. Unlisted equities primarily comprise sector equities which are priced on the basis of information from the Association of Local Banks in Denmark and equities received for credit-defence purposes in which case the valuation is typically based on interim balance sheets.

Other assets comprises interest receivable and positive values of derivative financial instruments. Interest rates are measured on the basis of normal principles of accrual. Derivative financial instruments are measured on the basis of observable data in the form of yield curves, volatilities or share indices.

Other liabilities comprises interest payable and negative values of derivative financial instruments. Interest rates are measured on the basis of normal principles of accrual. Derivative financial instruments are measured on the basis of observable data in the form of yield curves, volatilities or share indices.

<i>Loans and advances</i>							
Carrying amount beginning of year		2,930		2,930	3,154		3,154
Additions during the year		35		35	141		141
Disposals during the year		-222		-222	-289		-289
Realised value adjustments		-177		-177	-153		-153
Unrealised value adjustments		-69		-69	77		77
Carrying amount, year end		2,497		2,497	2,930		2,930

Value adjustments are recognised in the income statement		-246		-246	-76		-76
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<i>Bonds</i>								
Carrying amount beginning of year	53		149	202	51		121	172
Additions during the year	0		2	2	0		26	26
Disposals during the year	0		-26	-26	0		0	0
Realised value adjustments	0		0	0	0		0	0
Unrealised value adjustments	1		0	1	2		2	4
Carrying amount, year end	54		125	179	53		149	202

Value adjustments are recognised in the income statement	1		0	1			2	4
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DKK M	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
<i>Shares</i>										
Carrying amount beginning of year	9	190	209	1	409	9	184	210	1	404
Additions during the year	0	0	1	0	1	0	2	0	0	2
Disposals during the year	0	0	0	0	0	0	-9	0	0	-9
Realised value adjustments	0	-1	0	0	-1	0	1	0	0	1
Unrealised value adjustments	-1	14	-3	0	10	0	12	-1	0	11
Carrying amount, year end	8	203	207	1	419	9	190	209	1	409
Value adjustments are recognised in the income statement	-1	13	-3	0	9	0	13	-1	0	12
<i>Other assets</i>										
Carrying amount beginning of year			131		131			80		80
Additions during the year			0		0			0		0
Disposals during the year			-93		-93			0		0
Realised value adjustments			-38		-38			0		0
Unrealised value adjustments			0		0			51		51
Carrying amount, year end			0		0			131		131
Value adjustments are recognised in the income statement			-38		-38			51		51

See note 9 for a specification from 1 January to 31 December of the investment properties.

Value adjustments are recognised in the income statement under value adjustments.

<i>Rating of bonds</i>										
Rated AAA	7,934	5,274	8,855	0	22,063	8,645	6,087	9,862	0	24,594
Rated AA- to AA+	1038	17	308	0	1,363	500	320	245	0	1,065
Rated A- to A+	188	109	260	0	557	267	26	461	0	754
Others	52	556	454	2	1,064	0	209	439	2	650
Bonds at fair value, year-end	9,212	5,956	9,877	2	25,047	9,412	6,642	11,007	2	27,063

DKK M	2013				2012			
	Fair value	Assets at amortised cost	Debt at amortised cost	Total	Fair value	Assets at amortised cost	Debt at amortised cost	Total
Note 43 Return on financial instruments								
Interest income, etc.	919	285	0	1,204	948	466	0	1,414
Fee income etc. management	15	0	0	15	38	0	0	38
Fee income etc. other	62	37	0	99	19	29	0	48
Other income	-1	78	0	77	0	51	0	51
Total income	995	400	0	1,395	1,005	546	0	1,551
Interest expenses	-74	0	-321	-395	-94	0	-456	-550
Value adjustments excluding credit losses on mortgage deeds	-204	0	0	-204	452	0	0	452
Credit losses on mortgage deeds	-155	0	0	-155	-155	0	0	-155
Impairment of loans, advances and receivables, etc.	0	-196	0	-196	0	-309	0	-309
Profit/loss before tax	562	204	-321	445	1,208	237	-456	989

DKKm	2013		2012	
	Fair value	Recognised amount	Fair value	Recognised amount
Note 44 Fair value of financial instruments				
<i>Financial assets at fair value through profit or loss</i>				
Government bonds	2,329	2,329	2,290	2,290
Mortgage bonds	21,825	21,825	23,786	23,786
Other fixed-rate instruments	764	764	795	795
Other floating-rate instruments	129	129	192	192
Listed shares	1,166	1,166	1,020	1,020
Unlisted shares	419	419	409	409
Investment properties	428	428	393	393
Other investment assets	462	462	858	858
Receivables from policyholders	138	138	159	159
Receivables from insurance brokers	18	18	7	7
Receivables from insurance companies	0	0	17	17
Other receivables	69	69	60	60
Positive market value of derivative financial instruments	180	180	234	234
Other assets	73	73	61	61
Pensionskassen under Alm. Brand A/S	9	9	6	6
Assets temporarily acquired	205	205	137	137
Interest receivable	357	357	404	404
Prepayments	43	43	43	43
Balances due from credit institutions and central banks	671	671	879	879
Cash in hand and demand deposits	363	363	306	306
Loans and advances	7,346	7,340	8,395	8,396
Fair value of financial instruments, year-end	36,994	36,988	40,451	40,452
<i>Financial liabilities at fair value through profit or loss</i>				
Subordinated debt	1,100	1,100	1,829	1,829
Issued bonds	31	31	2,032	2,032
Reinsurance deposits	0	0	0	0
Payables to policyholders	9	9	14	14
Payables related to direct insurance	13	13	11	11
Payables related to reinsurance	97	97	4	4
Payables to subsidiaries	3	3	1	1
Negative market value of derivative financial instruments	240	240	352	352
Other payables	755	755	597	597
Deferred income	3	3	2	2
Deposits	11,035	10,853	11,553	11,240
Payables to credit institutions and central banks	2,709	2,709	2,182	2,182
Financial liabilities at fair value through profit or loss, year-end	15,995	15,813	18,577	18,264

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 218,0 million at the end of 2013 and are attributable to higher interest rates on the underlying assets and liabilities relative to the level of interest rates at year-end. 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.

Note 45 Offsetting

Financial assets	Gross recognised assets	Liabilities offset in the balance sheet	Financial assets stated at net amounts in the balance sheet	Related amounts which have not been offset in the balance sheet		Net amount
				instru-ments	Financial collateral	
Derivatives	766	-61	705	-3	-678	24
Total	766	-61	705	-3	-678	24

Financial obligations	Gross recognised liabilities	Assets offset in the balance sheet	Financial liabilities stated at net amounts in the balance sheet	Related amounts which have not been offset in the balance sheet		Net amount
				instru-ments	Financial collateral	
Derivatives	339	-61	278	-3	-231	44
Total	339	-61	278	-3	-231	44

2013											2012										
DKKm	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total	

Note 46 Financial instruments by term to maturity*Bonds*

Expiry within 1 year	3,360	2,588	1,504	0	7,452	2,271	1,221	1,002	0	4,494
Expiry between 1 year and 5 years	4,353	1,256	1,552	0	7,161	4,754	2,352	1,695	0	8,801
Expiry after more than 5 years	1,499	2,112	6,821	2	10,434	2,387	3,069	8,310	2	13,768
Bonds, year-end	9,212	5,956	9,877	2	25,047	9,412	6,642	11,007	2	27,063

Cash in hand and balances at call

Expiry within 1 year	5	323	141	11	363	5	305	87	11	306
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	323	141	11	363	5	305	87	11	306

Loans, advances and receivables

Expiry within 1 year	122	2,789	34	60	3,005	189	3,144	94	225	3,652
Expiry between 1 year and 5 years	0	960	0	0	960	0	1,402	0	0	1,402
Expiry after more than 5 years	0	4,202	0	0	4,202	0	4,404	0	0	4,404
Loans, advances and receivables, year-end	122	7,951	34	60	8,167	189	8,950	94	225	9,458

Deposits and payables to credit institutions and central banks

Expiry within 1 year	248	11,030	383	0	11,587	252	10,482	562	0	11,240
Expiry between 1 year and 5 years	0	1,195	0	0	1,186	0	1,227	0	0	1,198
Expiry after more than 5 years	0	908	0	0	908	0	1,013	0	0	1,013
Deposits and payables to credit institutions and central banks, year-end	248	13,133	383	0	13,681	252	12,722	562	0	13,451

Issued bonds

Expiry within 1 year		0		0	0		2,000		0	2,000
Expiry between 1 year and 5 years		0		31	31		0		32	32
Issued bonds, year-end		0		31	31		2,000		32	2,032

Guarantees

Expiry within 1 year		104			104		96			96
Expiry between 1 year and 5 years		7			7		12			12
Expiry after more than 5 years		542			542		862			862
Guarantees, year-end		653			653		970			970

Financial liabilities stated at net amounts in the balance sheet

Expiry within 1 year		211			211		72			72
Expiry between 1 year and 5 years		38			38		281			281
Expiry after more than 5 years		24			24		42			42

Financial liabilities stated at net amounts in the balance sheet, year-end

		273			273		395			395
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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.

DKKkM	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 47 Credit risk										
<i>Credit risk by type of financial asset</i>										
Government bonds	70	149	2,110	0	2,329	537	0	1,753	0	2,290
Mortgage bonds	8,801	5,657	7,367	0	21,825	8,533	6,612	8,641	0	23,786
Other fixed-rate instruments	241	150	373	0	764	244	30	521	0	795
Other floating-rate instruments	100	0	27	2	129	98	0	92	2	192
Other investment assets	152	0	310	0	462	221	0	637	0	858
Reinsurance deposits	608	0	23	0	631	143	0	21	0	164
Receivables from policyholders	104	0	34	0	138	120	0	39	0	159
Receivables from insurance brokers	18	0	0	0	18	7	0	0	0	7
Receivables from insurance companies	0	0	0	0	0	7	0	10	0	17
Other receivables	43	0	20	38	69	22	0	1	36	60
Positive market value of derivative financial instruments	0	180	0	0	180	0	234	0	0	234
Other assets	0	73	0	0	73	0	61	0	0	61
Interest receivable	117	115	125	0	357	131	120	153	0	404
Balances due from credit institutions and central banks	0	611	0	60	671	55	554	45	225	879
Cash in hand and demand deposits	5	323	141	11	363	5	305	87	11	306
Loans and advances	0	7,340	0	0	7,340	0	8,396	0	0	8,396
Maximum credit risk	10,259	14,598	10,530	111	35,349	10,123	16,312	12,000	274	38,608

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	86		86	73	73
Impairment during the year and reversal of impairment	-8		-8	13	13
Impairment, year-end	78		78	86	86

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	9.3%		9.3%	10.2%	10.2%
Manufacturing and raw materials extraction	0.1%		0.1%	0.1%	0.1%
Energy supplies	0.2%		0.2%	0.2%	0.2%
Construction	0.1%		0.1%	0.3%	0.3%
Trade	0.2%		0.2%	0.4%	0.4%
Transport, restaurant and hotel industry	0.1%		0.1%	0.1%	0.1%
Information and communications	0.0%		0.0%	0.0%	0.0%
Credit and financing and insurance	15.6%		15.6%	5.0%	5.0%
Property administration and trading, business services	14.9%		14.9%	18.8%	18.8%
Other business	7.9%		7.9%	8.3%	8.3%
Business total	48.4%		48.4%	43.4%	43.4%
Private customers	51.6%		51.6%	56.6%	56.6%
Total	100.0%		100.0%	100.0%	100.0%

Impairment

Individual assessment

Impairment beginning of year	1,427		1,427	1,570	1,570
Impairment during the year	333		333	436	436
Reversal of impairment	-121		-121	-240	-240
Loss (written off)	-303		-303	-339	-339
Impairment individual assessment, year-end	1,336		1,336	1,427	1,427

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
<i>Group assessment</i>										
Impairment beginning of year		129			129		50			50
Impairment during the year		51			51		105			105
Reversal of impairment		-62			-62		-26			-26
Impairment group assessment, year-end		118			118		129			129
Total impairment		1,454			1,454		1,556			1,556
Value of security for loans found to be impaired based on individual assessments		32			32		12			12
Reasons for individual impairment writedowns										
<i>Loans, advances and other receivables before impairment</i>										
Estate administration		234			234		144			144
Debt collection		85			85		102			102
Uncollectible claims		1,787			1,787		2,006			2,006
Total		2,106			2,106		2,252			2,252
<i>Impairment, etc.</i>										
Estate administration		229			229		141			141
Debt collection		73			73		82			82
Uncollectible claims		1,034			1,034		1,204			1,204
Total		1,336			1,336		1,427			1,427
Loans, advances and other receivables after impairment		770			770		825			825
Value of security for loans which in an individual assesment have been found to be impaired		843			843		992			992
Description of security										
<i>Value of security</i>										
Real property, private		59			59		45			45
Real property, commercial		734			734		896			896
Cash, deposits and highly marketable securities		6			6		13			13
Cars		2			2		5			5
Other security		42			42		33			33
Value of security, year-end		843			843		992			992

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	11	11	42	42
Real property, commercial	132	132	0	0
Current-asset investments	35	35	142	142
Cars	5	5	8	8
Total value of realised security	183	183	192	192

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 realisation immediately, unless additional collateral is provided. Typically, such clauses will enter into force if the value of the collateral drops to a certain level of the loan, typically 105-110%.

DKKm	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Loans, advances and other receivables, etc. in arrears										
<i>How much in arrears</i>										
Up to three months		9			9		30			30
Three to six months		0			0		0			0
Six to twelve months		1			1		1			1
More than twelve months		1			1		5			5
Arrears year-end		11			11		36			36
Value of collateral security for loans in arrears		561			561		792			792
Description of security										
<i>Value of security</i>										
Real property, private		69			69		130			130
Real property, commercial		409			409		583			583
Cash and marketable securities		19			19		35			35
Cars		5			5		11			11
Other security		59			59		33			33
Value of security, year-end		561			561		792			792
Total value of security at the balance sheet date		5,792			5,792		6,671			6,671
Description of security										
<i>Value of security</i>										
Real property, private		2,554			2,554		2,779			2,779
Real property, commercial		2,773			2,773		3,290			3,290
Cash and marketable securities		187			187		293			293
Cars		108			108		204			204
Other security		170			170		105			105
Value of security, year-end		5,792			5,792		6,671			6,671
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.										
<i>Loans, advances and other receivables at fair value – by credit quality category</i>										
Loans and advances with normal credit quality		1,471			1,471		1,628			1,628
Loans and advances with certain indications of weakness		169			169		203			203
Loans and advances with substantial weaknesses		281			281		343			343
Loans that are neither due nor impaired		1,921			1,921		2,174			2,174
Loans and advances with an objective evidence of impairment		1,323			1,323		1,471			1,471
Total residual debt before value adjustment etc.		3,244			3,244		3,645			3,645
Value adjustments etc.		-747			-747		-715			-715
Loans, advances and other receivables at fair value, year-end		2,497			2,497		2,930			2,930
Of value adjustments etc. of DKK 747 million, DKK 926 million was attributable to credit-related value adjustments at 31 December 2013.										
<i>Loans, advances and other receivables at amortised cost – by credit quality category</i>										
Loans and advances with normal credit quality		1,897			1,897		2,117			2,117
Loans and advances with certain indications of weakness		1,296			1,296		1,521			1,521
Loans and advances with substantial weaknesses		710			710		799			799
Loans that are neither due nor impaired		3,903			3,903		4,437			4,437
Loans and advances with an objective evidence of impairment		2,386			2,386		2,579			2,579
Total residual debt before value adjustment etc.		6,289			6,289		7,016			7,016
Value adjustments etc.		-1,446			-1,446		-1,550			-1,550
Loans, advances and other receivables at amortised cost, year-end		4,843			4,843		5,466			5,466

DKKkM	2013					2012				
	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
<i>Guarantee debtors – by credit quality category</i>										
Guarantee debtors with normal credit quality		365			365		299			299
Guarantee debtors with certain indications of weakness		138			138		512			512
Guarantee debtors with substantial weaknesses		29			29		29			29
Guarantee debtors that are neither due nor impaired		532			532		840			840
impairment		130			130		137			137
Total guarantee debtors before provisions etc.		662			662		977			977
Provisions etc.		-8			-8		-6			-6
Guarantee debtors, year-end		654			654		971			971

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/bankpakke.

DKKkM	2013					% of share-holders' equity
	Non-life	Banking	Life share-holders' equity	Other	Total	

Note 48 Sensitivity information

Sensitivity information, group

Risk on shareholders' equity in case of specific events:

Interest rate increase of 1 percentage point	-31	-89	-11	0	-131	-2.8%
Interest rate fall of 1 percentage point	-23	58	12	0	47	1.0%
Share price fall of 12%	-1	-58	0	0	-59	-1.3%
Fall in property prices of 8%	-1	-4	0	0	-5	-0.1%
Maximum exchange rate loss of 99.5% probability of 10 days	0	1	0	0	1	0.0%
Loss on counterparties of 8%	-3	0	0	0	-3	-0.1%
Loss on credit of 8%	-81	-46	-6	0	-133	-2.8%
Castastrophe events:						
- one "100-year event"	-235	0	0	0	-235	-5.0%
- two "100-year events"	-405	0	0	0	-405	-8.6%

*) Interest rate sensitivities for the bank concern balance sheet items included in the interest rate risk for accounting purposes. The bank's interest rate risk for accounting purposes in the event of a 1 percentage point change in interest rates amounted to DKK 74 million at 31 December 2013 (calculated on the basis of modified option-adjusted durations). The bank's property risk concerns properties held directly. The banking group's sensitivity to equity price declines is stated inclusive of share options in associates.

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

DKKkM	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum effect on bonus potential on paid-up policies	Maximum effect on applied bonus potential on paid-up policies
Event:				
Interest rate increase of 1 percentage point	-12	-108	261	0
Interest rate fall of 1 percentage point	2	-10	-253	5
Share price fall of 12%	0	-187	0	0
Fall in property prices of 8%	0	-98	0	7
Exchange rate risk (VaR 99.5%)	0	-34	0	0
Loss on counterparties of 8%	-11	-83	0	7
Fall in mortality intensity of 10%	-38	0	2	0
Increase in mortality intensity of 10%	33	0	-2	0
Increase in disability intensity of 10%	-22	0	-11	0

NOTE 50 Risk Management

The group assumes a number of risks. These include the very different 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. Risk management is therefore an essential component of Alm. Brand's business.

Managing the group's risk exposure is a key management priority, because uncontrolled developments in different risks may have a substantial impact on financial performance and solvency and, by extension, on the future business potential.

The purpose of Alm. Brand's risk management function is to ensure ongoing, proactive risk management in day-to-day activities based on common sense. This imposes a duty on the risk management function to ensure that the necessary reporting is available in order for the business to make sound and informed decisions. Alm. Brand has three independent business areas. This requires that reporting and sparring is aligned to the specific business areas in order to make risk management relevant for the business and, hence, for the customers. The decentralised entities in Alm. Brand's risk management system include the non-life insurance actuarial department dealing with non-life insurance risks, the life insurance actuarial department dealing with life insurance risks, the credit secretariat dealing with the bank's credit risks, a special committee dealing with IT-related risks and a group risk management function dealing with market risks and capital management. In other words, the structure of risk management is decentralised with respect to the principal business risks, while the overall risk management is of course followed up at group level.

The board of directors of each individual subsidiary defines and approves the overall policy for the company's acceptance of risks, and the board of directors determines the overall limits for such risks and the required reporting. On this basis, the management boards of the individual subsidiaries determine the operational risk management.

The statutory audit committee supports the board of directors, among others, in the risk and capital management work. The audit committee is composed of three members of the board of directors of the relevant group company.

The group's central risk forum is a group risk committee, the objective of which is to ensure coordination and uniformity in the group companies with respect to accepting, calculating and reporting risk. In addition, a group investment committee ensures that the group's investments and market risks are within the limits defined by the board of directors and the policies of the individual companies.

The group compliance function assists management in ensuring that the companies' methods and procedures are adequate to ensure compliance with the legislation and rules in force from time to time. The internal audit department oversees the companies' administrative and financial reporting procedures, the group's control procedures and compliance with management's policies and guidelines.

In addition, a forum for operational risk collates information about operational events in Alm. Brand Forsikring and Alm. Brand Bank. Participating in this forum are Risk Management, Compliance and Internal Audit. Moreover, an approval committee for financial products has been set up. This committee is responsible for ensuring that business procedures, processing routines, etc. are in place before new products or activities are implemented, thereby helping to mitigate operational risk.

NOTE 50 Risk Management - continued

RISK FACTORS

We take various types of calculated risk in support of the group’s long-term business objectives. The content and size of risks encountered in the various business areas differ considerably, but generally risk parameters for the group can be illustrated as shown in the figure below.

The risk scenarios of the group’s three business areas, Non-life Insurance, Life and Pension and Banking, are described in detail below.

NON-LIFE INSURANCE

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 A/S on a regular basis.

Non-life insurance risks

The primary risks are premium risks (the risk of claims expenses and costs exceeding premium income), claims provision risks (the risk of provisions being too low relative to the ultimate cost of the loss) and catastrophe risks (the cost of extreme events).

Rules governing acceptance and writing of new business at customer and product level reduce premium risks. Written risks are assessed for the possibility that several

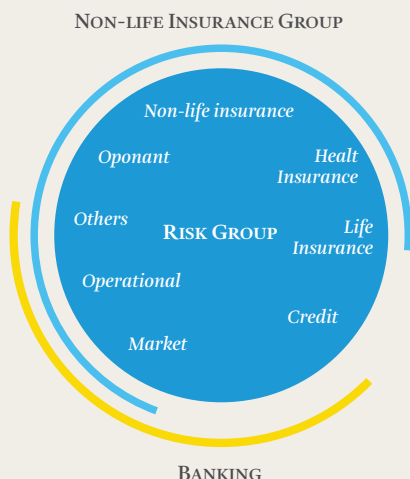
policies can be affected by the same loss event (accumulation). Moreover, each salesperson has been given instructions as to what risks can be accepted. In addition, premium risks are reduced by using reinsurance and by frequently monitoring trends in tariff parameters.

The most important reasons for claims provision risks are model and calculation uncertainties as to claims provisions and claims inflation. The amount of run-off gains and losses is also evaluated in the annual actuarial report relative to the expectations from the company’s internal capital model. This check contributes to providing a true and fair view of the risk of run-off losses.

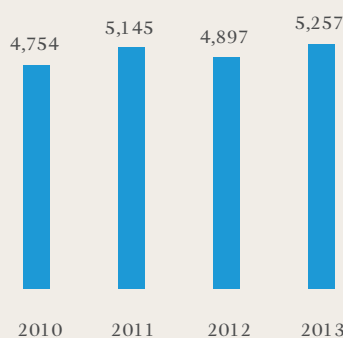
Catastrophe risk is covered through reinsurance. The purpose of the reinsurance programme is to ensure that a single loss event or a random accumulation of large losses does not lead to an unacceptable loss of capital and, moreover, the purpose is to reduce the size of fluctuations in technical results.

The largest single risks in Non-life Insurance 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.

Risk parameters



Claims provision (DKKm)



NOTE 50 Risk Management - continued

For 2013, Non-life Insurance has bought catastrophe reinsurance up to DKK 4.1 billion with retention of DKK 75 million. The reinsurance programme covers fire claims up to DKK 500 million with retention of DKK 30 million and personal injury on accident and workers' compensation claims up to DKK 700 million with retention of DKK 20 million. Moreover, the company has taken out frequency cover on major fire claims covering large 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" precipitation claims (cloudburst, snow load, etc.) 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.

The lines motor insurance (comprehensive and liability) and professional liability insurance in general are covered by separate reinsurance programmes with retention of DKK 20 million each.

The risk of a terrorist attack is not always comprised by the insured risks. In cases in which Alm. Brand covers this type of events, the company's risk is covered by one of the following two options: First of all, the so-called terrorism pool and the government guarantee scheme covers claims involving nuclear, biological or chemical claims events. Secondly, Alm. Brand has coverage through own programmes directed at claims in connection with terrorist attacks due to other ("conventional") causes and any spill-over from the terrorism pool. In addition, Alm. Brand has taken out specific coverage on selected buildings relative to conventional terrorist attacks.

Health insurance risks

Health insurance risk arises as a result of coverage provided by the insurance group under workers' compensation and personal accident policies. These policies all give rise to both premium, claims provision and catastrophe risks, as described in the section on non-life insurance risks.

Particularly workers' compensation insurance is affected by legislative amendments and changed legal practice as well as by social inflation. Social inflation means that claims expenses increase due to developments in social and economic factors. Such factors have a tendency to drive up the number of insurance-covered claims and ave-

rage claims expenses. These external risk factors arise due to trends in society and are difficult to predict, thereby making it difficult to price health insurance risks correctly.

Because workers' compensation insurance is of a longer-tail nature and because the legislative framework is more complicated, the potential impact of risk factors on the results of workers' compensation lines is greater compared with personal accident lines.

Market risk

The management of market risk is intended to ensure achievement of an optimum return without putting the capital base of Alm. Brand Forsikring A/S at risk of significant deterioration due to financial market developments or financial difficulties of individual issuers.

The asset allocation of Alm. Brand Forsikring A/S at 31 December 2013 reflects a focus on stable returns and low investment risk. The investment assets of Alm. Brand Forsikring A/S are predominantly placed in interest-bearing assets, most of which are Danish mortgage bonds with a high credit rating. The average duration is between two and three years.

Most of the interest rate exposure on assets is aligned to the interest rate exposure on provisions by means of interest rate swaps. The difference in the total interest rate risk between assets and liabilities is limited.

Alm. Brand Forsikring A/S has no exposure to investment equities, and less than one per cent of the assets are placed in unlisted equities, primarily in the form of strategic sector equities. These equities are held for the purpose of supporting the insurance activities.

The currency risk of Alm. Brand Forsikring A/S is related partly to a limited exposure to bonds denominated in foreign currency and partly to positive market values of derivative fixed-income instruments denominated in foreign currency.

Counterparty risk

Counterparty risk arises when a counterparty in a financial agreement fails to meet its obligations. For the insurance group, this risk mainly arises through reinsurers or receivables from customers or financial counterparties.

NOTE 50 Risk Management - continued

Counterparty risk related to reinsurance arises for example if Non-life Insurance's reinsurers go into insolvent liquidation, resulting in a partial loss of receivables and in new coverage of the business having to be purchased. In order to minimise the risk related to each reinsurer, reinsurers must be rated at least A- with Standard & Poors, Moody's and/or A.M. Best. Deviations from this rating must be approved by the board of directors.

Receivables from policyholders in non-life insurance arise on an ongoing basis and an allowance is made in that respect in the solvency requirement.

Financial counterparties are most often credit institutions in which case the receivable arises in a bilateral derivative agreement or, for instance, by depositing cash funds in a bank account. Placement limits contain restrictions as to the companies' maximum receivable from specific credit institutions.

Alm. Brand Forsikring A/S limits counterparty risks in connection with derivative agreements by entering into margin agreements and netting with the counterparties. Margin agreements ensure that collateral is provided when the exposure exceeds a certain level. Netting is described in the ISDA Master Agreements and means that gains and losses on derivative financial instruments may be offset if a counterparty breaches its obligations. Agreements on derivative financial instruments of a longer-term nature can only be concluded if they also have a netting agreement with collateral provided. If deemed expedient, deviations from this general rule may in rare circumstances be accepted subject to management consent.

Other risks

Weather-related events put Non-life Insurance's liquidity the most under pressure. However, liquidity risk is limited because the companies' premiums are pre-paid. Moreover, the possibility of procuring liquidity by realising assets is very significant.

BANKING

The bank's continuing activities offer products that meet private customer financial needs. Moreover, the bank has activities within leasing, bond, equity and currency trading as well as research (Markets) and asset management (Asset Management). This is reflected in the types of risk accepted by the bank.

Credit risk

Credit risk is the risk of incurring a financial loss due to default on counterparties' payment obligations. Credit risk includes losses/impairment writedowns on loans, guarantees, derivatives, etc., concentration risk on customer types, exposure types, collateral types, etc., a general change in credit quality due to changes in legislation, economic conditions, market practices and conditions, etc.

The bank's future lending strategy is directed at private customers. As a result, Alm. Brand Bank mainly grants loans to private customers and investment credit facilities and leasing in the subsidiary Alm. Brand Leasing. The bank still holds mortgage deeds and credit exposures with commercial and agricultural customers as counterparties, but this part of the business will be phased out in the years ahead.

Once a year, the bank's board of directors reviews and approves the credit policy and the associated guidelines describing the rules governing the bank's loan granting, provision of guarantees and other credit risks. The guidelines contain specific limits for the individual products offered by the bank and the customer segments buying the bank's credit products.

The bank's lending to private customers is based on the application of credit scoring models and budget and disposable income calculations. The credit scoring models have been developed over a number of years. The models are still being developed and improved on the basis of recent experience and changes in market conditions. Credit scoring models are applied to secured as well as unsecured loans.

Alm. Brand Bank A/S uses an authorisation control system for private customers. In combination with the bank's credit application and approval system, this system ensures that the approvals made by individual managers and employees are consistent with their lines. The system also supports collection of information on individual customers. This information is included in the overall decision-making basis for credit segmentation of the customer and determination of the maximum exposures and risks, including already established facilities.

NOTE 50 Risk Management - continued

In the winding-up portfolio, loans are granted only for credit-defence purposes when this is deemed to minimise the bank's risk of loss.

As part of the control environment, an independent credit control function has been established, which has been charged with the task of making spot checks to identify any potential process shortcomings.

Market risk

The bank regularly takes positions in the financial markets for the account of customers as well as for its own account. The financial positions may involve different types of market risk. Active risk management is applied across the bank in order to balance out financial risks on assets and liabilities with the aim of achieving a satisfactory return that matches the bank's risks and applied capital. The bank's risk management uses derivative financial instruments to adjust the market risk.

The asset allocation of Alm. Brand Bank A/S did not change significantly in 2013, and mortgage bonds still represent the majority of the investment assets. Spread risk is mitigated by means of rating-defined limits for investments in bonds

The board of directors of Alm. Brand Bank A/S has defined limits for interest rate risk within and outside the trading portfolio. The bank's interest rate risk in the trading portfolio is derived from the portfolio of bonds and other financial instruments and from trading on behalf of customers. Most of the bank's interest rate exposure is to Danish kroner. The bank seeks to minimise interest rate risk in currencies other than DKK and EUR.

The bank's interest rate risk outside the trading portfolio is derived exclusively from the portfolio of mortgage deeds. Most of the mortgage deeds are Danish but the portfolio also comprises a limited number of Swedish mortgage deeds. For the purpose of calculating and managing interest rate risk related to the mortgage deed portfolio, the bank uses an internal mark-to-model mortgage deed model, which takes into account expected prepayments and credit losses on mortgage deeds. As part of the bank's strategy, interest rate risk derived from mortgage deeds is hedged with a view to minimising the interest rate risk on the mortgage deed portfolio after hedging.

The banking group's daily currency risk is calculated and managed on the basis of the sum of receivables and payables denominated in foreign currency translated into Danish kroner. This corresponds to the unweighted and weighted exchange rate indicator 1. At 31 December 2013, the bank's currency risk calculated according the unweighted exchange indicator 1 was DKK 361 million, against DKK 105 million at 31 December 2012. The bank's currency risk calculated according to the weighted exchange rate indicator 1 was DKK 7.1 million at 31 December 2013, against DKK 5.5 million at 31 December 2012. The calculated currency risk may fluctuate as a result of day-to-day operations.

The risk weights used in the calculation of the weighted exchange rate indicator 1 are intended to ensure that, in the foreign exchange area, the bank uses the risk weights that best reflect the underlying market risk. The risk weights are determined every six months on the basis of the standard deviation of the last 500 days' return history. For each currency pair, the risk weights are based on internal assessments. The use of internal assessments may be due to the bank expecting a trend to continue or to the bank assessing that the calculated risk weight is too low to reflect the actual risks in the market.

Equities in the trading portfolio (excluding Alm. Brand Formue), amounting to DKK 10 million, are held with a view to trading on behalf of customers or as part of the bank's investment portfolio. The bank's trading portfolio consists of positions in listed Nordic equities and unit trust certificates held with a view to supporting the bank's markets and asset management functions.

The bank's portfolio of equities outside the trading portfolio comprises equities held through Alm. Brand Formue and equities taken over for credit-defence purposes. The portfolio also comprises sector equities intended to support the bank's operations. Participation in sector companies is deemed necessary, and the bank does not expect to sell these equities, which are therefore recognised outside the trading portfolio. Most of the sector equities are unlisted. Exposure to equities through the ownership of Alm. Brand Formue is hedged.

NOTE 50 Risk Management - continued
Counterparty risk

The bank's financial counterparty risks arise mainly through placement of cash funds with other banks and bilateral derivative agreements. Based on an individual assessment, exposure limits are defined for each counterparty.

The bank reduces its exposure by means of margin agreements and netting with the relevant counterparties. Margin agreements ensure that collateral is provided when the exposure exceeds a certain level. The way in which this collateral is managed is described in detail in a framework agreement or in the form of an ISDA Credit Support Annex to an ISDA Master Agreement. Netting is also described in the framework agreements or in the ISDA Master Agreements and means that gains and losses on derivative financial instruments may be offset if the counterparty breaches its obligations.

Other risks

The banking group aims to ensure that liquidity is at all times sufficient to support its future operations and comply with the statutory requirements, including the guideposts of the Danish FSA's Supervisory Diamond. Compliance with the bank's liquidity target is ensured through the internally defined limits for the composition of funding, including funding sources and their repayment structure as well as requirements for the size of the bank's liquidity reserve. The bank determines its liquidity management on the basis of a conservative risk profile. The bank manages and monitors its 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. 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 bank has also established a set-up for repo transactions and the possibility of selling the cash portfolio.

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. A significant part of the bank's current funding will expire at the turn of the

year 2014/2015 with the expiry of a substantial share of the fixed-rate agreements. However, the excess liquidity coverage is expected to be adequate afterwards as well, as the bank has a successful track record and extensive experience in attracting fixed-interest deposits. The re-financing requirement will depend on developments in deposits and lending in 2014, and the bank is working continuously to reduce the bank's assets related to activities being wound up.

LIFE AND PENSION*Life insurance risk*

Biometric risk comprises mortality, life expectancy and disability. The risk of disability and death is restricted by guidelines for how large a risk the company may accept. It is Alm. Brand Liv og Pension's policy to not write risk coverage without the customer providing individual health information. Moreover, risks are limited through a reinsurance programme. 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 A/S' breakdown into contribution groups means that generally there is no collective bonus potential in the contribution groups for mortality, life expectancy and disability, respectively. In general, this means that losses incurred in these groups will be paid through equity. However, the overall buffers may be applied through the use of negative bonus, thereby limiting the risk to the reaction rate of bonus rate adjustments.

Alm. Brand Liv og Pension A/S has a relatively small exposure to life expectancy, as the portfolio is predominantly composed of capital, retirement and instalment pension schemes.

Health insurance risks

New health and personal accident business in Alm. Brand Liv og Pension A/S is written outside the framework of guaranteed interest, ensuring that the customers receive a sharper but also more flexible insurance price. These policies give rise to both premium, claims provision and catastrophe risks but are also affected by legislative amendments and changed legal practice as well as by social inflation. Social inflation means that claims expenses increase due to developments in social and economic factors. Premium risk is limited to one year due to the possibility of a quick change of price.

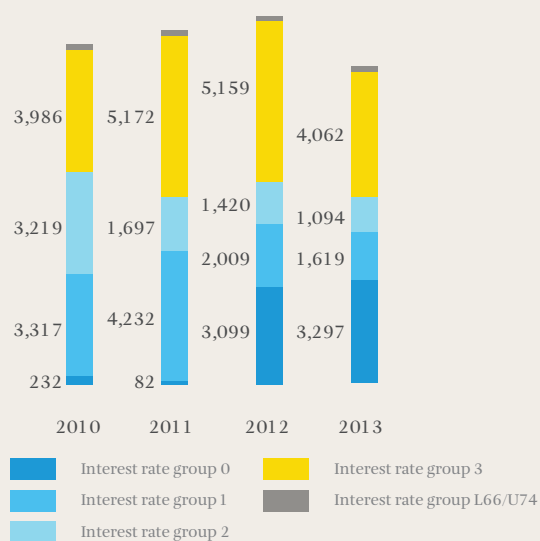
NOTE 50 Risk Management - continued

Market risk

Alm. Brand Liv og Pension A/S' insurance portfolio is divided into four interest rate contribution groups characterised by the different guarantee levels on which the insurances are based. There are fair-sized investment buffers on low interest rate contribution groups, whereas the highest interest rate contribution group still had a very limited investment buffer at 31 December 2013 in spite of positive developments. The investment strategies of the individual interest rate contribution groups are carefully designed to match the investment buffers of each individual group. This means that the highest interest rate contribution group has a relatively small share of higher-risk assets relative to provisions.

Alm. Brand Liv og Pension A/S has introduced the principle that the full amount of any surplus on the policies' interest rate, risk or expense results must be used to lower the future required rate of return on the insurances. This gradually reduces the guarantees for the interest rate groups and has the effect that, over time, they will be moved to interest rate groups with lower guarantees.

Development in interest rates, Liv og Pension (DKKm)



Note: Before 2011: Interest rate group 0= Unguaranteed and 0.5%-1.5%, Interest rate group 1= 1.5%-2.5%, Interest rate group 2= 2.5%-3.51%, Interest rate group 3=>3.51%

No new business is written in the highest group, which predominantly consists of insurances under disbursement or close to retirement. As a result, the portfolio dwindles automatically. In 2013, the tax reform reduced the pension liabilities for interest rate group 3 by almost DKK 1.1 billion to just over DKK 4 billion at 31 December 2013. The reason for this is that the tax reform enabled the customers to settle tax on their savings now and convert them to retirement pension schemes. Accordingly, the decline in liabilities was due to the tax settlement with the Danish tax authorities (SKAT). For accounting purposes, the tax settlement is neutral, but it had a positive effect on the capital requirement, as insurances from this interest rate group contribute a relatively high capital requirement

The asset allocation of Alm. Brand Liv og Pension A/S at 31 December 2013 was widely diversified across a number of asset classes. The risk appetite is calculated relative to the total assets and allocated to each portfolio according to size. Risk tolerance can thereby be measured regardless of the guarantees issued in each interest rate contribution group. This has the consequence that groups with large investment buffers will have more higher-risk assets than groups with low investment buffers, as the overall risk exposure for shareholders' equity must be identical.

Derivatives are used to adjust the interest rate risk of the individual contribution groups in order to achieve the desired risk profile between assets and liabilities for each interest rate contribution group. The greatest interest risk arises in the event of a sudden and severe interest rate fall, giving the company no time to adjust its hedging activities. The duration of provisions increases with the decline in interest rates.

Equity exposure is only accepted on investment equities for policyholders' funds, and the exposure is accepted on the basis of a global investment universe. In addition, Alm. Brand Liv og Pension A/S holds a limited number of unlisted equities, primarily in the form of strategic sector equities. These equities are held for the purpose of supporting the business activities.

Property exposure is accepted only for policyholders' funds. Most of the property investments are in owner-occupied properties, but direct investments are also made

NOTE 50 Risk Management - continued

in property sector equities and office property. 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.

Alm. Brand Liv og Pension A/S pursues a proactive currency strategy, which means that foreign equity and bond positions are not currency hedged unless deemed expedient.

Counterparty risk

Counterparty risk often arises due to a receivable in connection with a bilateral derivative agreement or, for instance, by depositing cash funds in a bank account with a credit institution. Placement limits contain restrictions as to how large an exposure a company may have with specific credit institutions.

Counterparty risks in connection with derivative agreements are limited by entering into margin agreements and netting with the relevant counterparties. This ensures that collateral is provided as and when receivables exceed a certain level, and gains and losses on derivative financial instruments may be offset if the counterparty breaches its obligations. Deviations from this general rule may be accepted only in rare circumstances subject to management consent if deemed expedient.

Other risks

The greatest liquidity risk is the risk of a large number of customers wanting to move their pension savings at the same time. Should this materialise, the risk may be mitigated to a certain extent by introducing a transfer and surrender charge.

OTHER RISKS FACING THE GROUP

The Alm. Brand Group's operational risks, i.e. costs associated with operational errors, are assessed on an ongoing basis. The 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. The extent of control 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.

Reputational risks are costs associated with having a poor public reputation. This affects the group's ability to maintain and develop the business volume. A reputation arises through media coverage of the group or incidents in relation to the group, for instance in news media and/or on social media. The group has drawn up media contingency plans to handle any incidents that could lead to unfavourable media coverage.

The group is making a proactive effort to reduce the number of potential events that could give rise to poor reputation. For example, a customer ambassador has been appointed in Non-life Insurance. The group wishes to reduce the number of complaints filed with the Insurance Complaints Board, and even though the insurance company has a track record of winning most of the complaints filed, every complaint is one too many because it means that the group has a dissatisfied customer. The customer ambassador looks at a case from the customer's point of view and is responsible for ensuring that the customers' views are heard. This is done to promote a good dialogue between the group and its customers. Often a disagreement arises because the customer does not understand why his or her claim is not covered. The complaints are subsequently analysed, enabling the group to develop its insurance products and to become better at explaining its insurance terms.

Strategic risks have an adverse effect on earnings or capital requirements. They arise due to inexpedient business decisions, insufficient implementation of business initiatives or slow response to the challenges facing the group.

Strategic risks cannot be avoided but they can be limited by maintaining high professional standards, openness and willingness to change in the organisation. Alm. Brand's strategy has been prepared by the group management on the basis of a structured process and in cooperation with each group subsidiary's board of directors, management board and managerial groups.

The group's risk profile and risk management are described in detail at <http://www.almbrand.dk/abdk/OmAlm-Brand/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 but which are inherently uncertain and unpredictable.

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 as well as provision for losses on guarantees.

Unlisted financial instruments for which there is no active market are measured using recognised valuation methods or measured at cost less any impairment. Deferred tax is recognised to the extent management deems that the asset can be utilised over the next couple of years, which includes an estimate of the group's expected future earnings.

In addition to these assumptions, the banking group is exposed to special risks and uncertainties in respect of impairment writedowns on loans and provision for losses on guarantees, which may cause actual results to differ from such estimates.

NON-LIFE INSURANCE

Liabilities under insurance contracts are measured based on a number of actuarial calculations, applying among other things assumptions about a number of variables. The liabilities are furthermore affected by the discount rate.

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. To date, Alm. Brand has only seen a few claims under the new act, and the claims filed have not affected the claims ratio to any significant extent.

Moreover, an expert committee has been set up to consider a revision of the Danish Act on Industrial Injuries, among other things 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.

In addition, the attorney to the Danish government (Kammeradvokaten) is investigating the case processing of the National Labour Market Authority based on criticism raised by a former employee regarding the workload of the examiners and the resulting poor case processing.

Against this background, Alm. Brand has made an additional reserve in respect of the uncertainty deriving from these factors.

LIFE AND PENSION

Liabilities under insurance contracts are measured based on a number of actuarial calculations, applying among other things assumptions about a number of variables. The liabilities are furthermore affected by the discount rate.

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.

NOTE 51 Significant accounting estimates, assumptions and uncertainties - continued
BANKING*Impairment losses on loans and advances and provision for losses on guarantees*

In respect of impairment of loans, advances and other receivables and provision for losses on guarantees, 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 writedowns especially on loans for activities concerning the funding of real property and agriculture.

In addition, changes are regularly made to the rules that form the basis of the calculation of impairment writedown and provisioning requirement in the bank. Changes that are subsequently introduced may trigger higher impairment writedowns on the bank's loans and provisions, 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 2013, Alm. Brand Bank A/S had a solvency ratio of 20.3.

On 26 February 2013 and 22 August 2013, Alm. Brand A/S contributed DKK 700 million and DKK 200 million, respectively, in equity to Alm. Brand Bank. The capital injections were used partly to repay DKK 630 million of the state-funded hybrid core capital and partly to strengthen the bank's capital base.

On 27 February 2014, the parent company Alm. Brand A/S injected DKK 400 million into Alm. Brand Bank A/S as equity. This capital injection will be used, among other things, to repay the remaining part of the hybrid core capital. In addition, due to the new capital adequacy rules, the subordinated loans in Alm. Brand Bank A/S cannot be recognised as part of the capital base effective 1 January 2014. The value of the bank's supplementary capital will decline by a total of approximately DKK 200 million in 2014, and the capital injection is therefore also made in part to cover this decline.

Repayment of the remaining part of the hybrid core capital 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.

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.

Valuation of loans and advances at fair value

The bank's mortgage deed portfolio is included in loans and advances at fair value, and the valuation is partly based on non-observable input and therefore to some extent subject to estimates. The calculation of the fair value of mortgage deeds is based on a credit model and a market value model which include parameters such as expected prepayments, loss rates and interest rate level.

Mortgage deeds in arrears are measured on the basis of the credit model and any unsecured part is written down if relevant. The level of credit adjustments and loss rates in the model are on an ongoing basis held up against the realised credit writedowns with respect to mortgage deeds in arrears. It is assumed that the mortgage deeds can be sold in a compulsory sale at the calculated collateral value.

NOTE 51 Significant accounting estimates, assumptions and uncertainties - continued

The market value model used for the valuation of mortgage deeds not in arrears comprises a number of assumptions relating to return requirement, expected credit losses and repayments – assumptions basically concerning what a mortgage deed could trade for between two independent parties. The model revalues the mortgage deed at a value above the nominal amount of the residual debt if the mortgage deed coupon is higher than the discount rate less expected credit losses. This market value supplement is sensitive to the model assumptions.

The repayment rates included in the market value model are updated on an ongoing basis to reflect the development in realised repayments. An increase in repayment rates would currently have an adverse effect on the market value supplement. An increase in expected future credit losses would reduce the value as would also a higher return requirement and/or interest rate level.

Cash resources

To secure adequate cash resources throughout 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.

On 22 March 2013, the bank repaid just over DKK 1 billion of government guaranteed bonds, and on 1 July 2013 the remaining DKK 950 million of the bond issue was repaid.

At 31 December 2013, the bank's excess liquidity coverage 202%, or DKK 3.0 billion, relative to the statutory minimum requirement.

Management continues to monitor the bank's liquidity closely, and it is expected that the excess liquidity coverage will be reduced further in 2014.

SENSITIVE 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 142 to 149.

DKKm	Life Shareholder's				% of Shareholder's	
	Non-life	Bank	equity	Other	Total	equity
Sensitivity information, group						
Risk on shareholders' equity in case of specific events:						
Interest rate increase of 1 percentage point	- 31	- 89	- 11	- 131	26	- 2.8%
Interest rate fall of 1 percentage point	- 23	58	12	47	- 61	- 1.0%
Equity price fall of 12%	- 1	- 58	0	- 59	- 49	- 1.3%
Fall in property prices of 8%	- 1	- 4	0	- 5	- 10	- 0.1%
Maximum exchange rate loss of 99.5%						
probability of 10 days	0	1	0	1	0	0.0%
Loss on counterparties of 8%	- 3	0	0	- 3	- 23	- 0.1%
Loss on credit of 8%	- 81	- 46	- 6	- 133	- 133	- 2.8%
Catastrophic events:						
- one "100-year event"	- 235	0	0	- 235	- 220	- 5.0%
- two "100-year events"	- 405	0	0	- 405	- 375	- 8.6%

The bank's interest rate risk for accounting purposes in case of an interest rate movement of 1 of a percentage point totalled DKK 74 million at 31 December 2013. The bank's property risk concerns properties held directly.

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. The accounting policies are unchanged from the policies applied in the Annual Report 2012, except for the amendment to IAS 19 described below.

IMPLEMENTATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Annual Report 2013 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 2013. The following new or amended standards and interpretations, which apply to financial years starting on 1 January 2013, have been implemented in the consolidated financial statements for 2013:

- IAS 19, Employee benefits. As a result of this amendment, actuarial gains and losses on defined benefit plans should be recognised in "Other comprehensive income" as opposed to previously when they were recognised in "Staff costs and administrative expenses". The elimination of the corridor method has had no impact on the financial statements, as the Alm. Brand Group has not used this method.

The comparative figures for 2012 have been restated as a result of the implementation of the amendment to IAS 19. The restatement increased "Profit for the year" by DKK 10 million and reduced "Other comprehensive income" by DKK 10 million. The restatement had no effect on shareholders' equity. The amendment to IAS 19 had no effect on "Profit for the year" or "Other comprehensive income" for 2013.

- IAS 1, Presentation of financial statements. The amendment requires that items presented in other comprehensive income must be broken down on items which are subsequently recycled to profit and loss and items which are not recycled.
- IFRS 13, Fair value measurement. The new standard has resulted in additional disclosures in connection with fair value measurement, particularly fair values on level 3 of the fair value hierarchy.
- IFRS 7, Financial instruments: Disclosures. The amendment has resulted in a requirement for additional disclosure of information about offsetting financial assets and financial liabilities.
- Annual improvements to IFRS 2009-2011. The amendments of various standards resulting from IASB's annual improvements are minor.

Except for the amendment to IAS 19 mentioned, the implementation of the above amendments and interpretations did not have any effect on the profit for the year, other comprehensive income, total assets or shareholders' equity.

NOTE 52 Accounting policies - continued

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/or been adopted for use in the EU 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 is not expected to come into force until at the earliest for financial years starting on or after 1 January 2017. 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.

The derecognition provisions of IAS 39 are unchanged in IFRS 9. IFRS 9. The standard is not expected to come into force until at the earliest for financial years starting on or after 1 January 2017. 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 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.

NOTE 52 Accounting policies - continued

- IAS 27, Consolidated and separate financial statements (May 2011). This amendment is a consequence of the adoption of IFRS 10. 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.
- IAS 28, Investments in associates and joint ventures (May 2011). This amendment is a consequence of the adoption of IFRS 10-12. 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.
- 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.
- IAS 36, Impairment of assets (May 2013). The amendment clarifies the disclosure requirements with respect to impairment of assets etc. and narrows the disclosure requirement with respect to the recoverable amount. 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.
- IAS 39, Financial instruments: Recognition and measurement (June 2013). The amendment means that a replacement of a counterparty with respect to a hedging instrument should not be considered expiration or termination of the hedging instrument, which would also result in the discontinuance of hedge accounting if certain criteria are met. 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.
- IAS 19, Employee benefits (November 2013). The amendment simplifies the treatment of contributions from employees or a third party which are not dependent on the length of service. The amendment comes into force for financial years starting on or after 1 July 2014. The standard has not been adopted for use in the EU.
- Annual improvements to IFRS 2010-12 (December 2013). The amendments of various standards resulting from IASB's annual improvements are minor. The amendment comes into force for financial years starting on or after 1 July 2014. The standard has not been adopted for use in the EU.
- Annual improvements to IFRS 2011-13 (December 2013). The amendments of various standards resulting from IASB's annual improvements are minor. The amendment comes into force for financial years starting on or after 1 July 2014. The standard has not been adopted for use in the EU.
- IFRIC 21, Levies (May 2013). This interpretation provides guidance on when and how to recognise a liability for a levy imposed by a government arising from participation on a specific market. The amendment comes into force for financial years starting on or after 1 January 2014. The standard has not been adopted for use in the EU.

Management believes that the implementation of the above standards, amended standards and interpretations, except for the implementation of IFRS 9, the effect of which has not been investigated in connection with the preparation of the annual report, will only have a minor impact on the annual report.

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.

NOTE 52 Accounting policies - continued

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.

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.

GENERAL RECOGNITION AND MEASUREMENT POLICIES

Assets are recognised in the balance sheet when, due to a previous event, 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, due to a previous event, 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

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.

NOTE 52 Accounting policies - continued

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 through other comprehensive income and tied in 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

NOTE 52 Accounting policies - continued

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.

Investment assets are measured at fair value on initial and subsequent recognition. The determination of fair value and the classification of value adjustments of financial instruments in the financial statements depend 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. 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.

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 parts of 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. 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.

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.

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. Measurement of securities is unchanged, and both 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

Derivatives are measured at cost on initial recognition. Subsequently, derivatives are measured at fair value at the balance sheet date. Changes in fair value are recognised in the income statement as financial income or expenses.

Loans, advances and receivables

Mortgage deeds are classified as loans, advances and receivables at fair value through profit or loss, as they are held for trading. The loans, advances and other receivables involved must be measured at fair value on initial and subsequent recognition.

Loans, advances and other receivables at fair value comprises mortgage deeds measured at fair value on initial and subsequent recognition. The fair value is measured using a valuation model which estimates the present value of expected future cash flows. The valuation is based in part on observable market data (interest rates) and in part on expected future redemption and loss rates.

NOTE 52 Accounting policies - continued

Measurement at fair value is based on a swap yield curve plus 50 basis points and expected repayment rates between 0.5% and 17.5%, depending on the remaining term to maturity, and expected loss rates in the 0.75%-4.25% range, depending on property type and loan-to-value ratios. The valuation technique is in accordance with generally recognised methods of pricing financial instruments.

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 if it is deemed that the debtor is able to make payments in addition to cash flows from the assets provided as collateral for the loan. However, a realisation principle is used if the debtor is not deemed to be able to make payments in addition to cash flows from the assets provided as collateral for the loan.

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.

The model-based calculation of collective impairment charges is supplemented by a management estimate where management finds that there are factors which the model does not sufficiently take into account.

The management estimate hence reflects the effect of expectations for the development in credit risk in selected segments.

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.

NOTE 52 Accounting policies - continued

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 as a change 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.

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.

NOTE 52 Accounting policies - continued

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 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.

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.

NOTE 52 Accounting policies - continued

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 with counterparties which are not credit institutions or central banks and customers' receivable margins in connection with futures and option transactions if the customer is not a credit institution.

Payables to credit institutions and central banks

Payables to credit institutions and central banks are measured at amortised cost and comprise, among other things, obligations in connection with genuine sale and repurchase transactions with counterparties which are credit institutions or central banks and receivable margins in connection with futures and option transactions if the customer is a credit institution.

NOTE 52 Accounting policies - continued
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 group'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 corre-

sponding 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.

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

NOTE 52 Accounting policies - continued

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.

CURRENT AND DEFERRED 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

NOTE 52 Accounting policies - continued

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 2014. 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

DKKm	Note	Parent company	
		2013	2012
Assets			
Investment in group enterprises	1	4,698	4,384
Loans to group enterprises		0	0
Total investments in group enterprises and associates		4,698	4,384
Equity investments		1	1
Other loans and advances		2	2
Deposits with credit institutions	2	60	225
Cash in hand and balances at call	3	11	11
Total other financial investment assets		74	239
Total investment assets		4,772	4,623
Receivables from group enterprises		14	11
Other receivables		57	37
Total receivables		71	48
Current tax assets	4	9	17
Deferred tax assets	5	13	17
Total other assets		22	34
Total assets		4,865	4,705
Liabilities and equity			
Share capital		1,735	1,735
Other provisions		1,215	1,215
Retained earnings		1,573	1,413
Total shareholders' equity	6	4,523	4,363
Subordinated debt		250	250
Subordinated debt	7	250	250
Deferred tax liabilities	8	40	46
Total provisions		40	46
Payables to group enterprises		3	2
Issued bonds		31	32
Other payables		18	12
Total payables		52	46
Total liabilities and equity		4,865	4,705
Contingent liabilities, guarantees and lease agreements	9		
Staff costs	10		
Auditors' fees	11		
Related parties	12		

Income and comprehensive income statement

DKK m	Note	Parent company	
		2013	2012
Income from group enterprises	13	216	319
Interest income and dividends, etc.	14	0	1
Interest expenses	15	-12	-13
Administrative expenses related to investment activities	16	-16	-34
Total return on investments		188	273
Profit/loss before tax		188	273
Tax	17	5	11
Profit/loss for the year		193	284
Proposed allocation of loss:			
Retained earnings		193	284
Comprehensive income			
Profit/loss for the year		193	284
Comprehensive income		193	284
Proposed allocation of loss:			
Retained earnings		193	284
Accounting policies	18		

Statement of changes in equity

DKK m	Share capital	Other provi- sions	Retained earnings	Share- holders' equity
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			284	284
Purchase and sale of treasury shares			-6	-6
Purchase and sale of treasury shares in subsidiaries			-7	-7
Share option scheme			3	3
Tax on changes recognised in equity			0	0
Changes in shareholders' equity			274	274
Shareholders' equity at 31 December 2012	1,735	1,215	1,413	4,363
Shareholders' equity at 1 January 2013	1,735	1,215	1,413	4,363
Changes in shareholders' equity 2013:				
Profit/loss for the year			193	193
Comprehensive income			193	193
Purchase and sale of treasury shares			-42	-42
Purchase and sale of treasury shares in subsidiaries			-1	-1
Share option scheme			4	4
Adjustment of tax relating to contingency funds (25% - 22%)			6	6
Tax on changes recognised in equity			0	0
Changes in shareholders' equity			160	160
Shareholders' equity at 31 December 2013	1,735	1,215	1,573	4,523

Notes

DKKm	2013	2012
Note 1 Investment in group enterprises		
Cost beginning of year	7,591	7,291
Additions during the year	900	300
Cost, year-end	8,491	7,591
Revaluation and impairment beginning of year	-3,208	-3,020
Dividend received	-800	-500
Profit/loss for the year	216	319
Revaluation of owner-occupied properties associates	0	0
Revaluation and impairment of treasury shares in subsidiaries	-1	-6
Revaluation and impairment, year-end	-3,793	-3,207
Investment in group enterprises, year-end	4,698	4,384
Specification of carrying amount:		
Alm. Brand Bank A/S	-1,502	-996
Alm. Brand Forsikring A/S	-3,195	-3,387
Asgaard Finans A/S	-1	-1
Investment in group enterprises, year-end	-4,698	-4,384
Note 2 Deposits with credit institutions		
Fixed-term deposits, eksternal banks	60	225
Deposits with credit institutions, year-end	60	225
Note 3 Cash in hand and balances at call		
Deposits held at call, Alm. Brand Bank	3	3
Escrow account, Alm. Brand Bank	8	8
Custody accounts, eksternal banks	0	0
Cash at hand and balances at call, year-end	11	11
Note 4 Current tax assets		
Current tax assets beginning of year	17	8
Prior-year tax adjustment	0	-2
Tax paid in respect of prior years	-17	-6
Tax on profit/loss for the year	9	17
Current tax assets, year-end	9	17
Note 5 Deferred tax assets		
Deferred tax assets beginning of year	17	20
Prior-year tax adjustment	0	1
Change for the year	-4	-4
Deferred tax assets, year-end	13	17
Deferred tax on equipment	5	6
Deferred tax on provisions	2	2
Deferred tax on losses carried forward	6	9
Deferred tax assets, year-end	13	17

DKKm	2013	2012
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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	2013	2012	2011	2010	2009
Share capital beginning of year	1,735	1,735	1,735	1,388	1,476
Reduction of capital on 11 November 2010	0	0	0	-1,215	0
Share issue on 30 December 2010	0	0	0	1,562	0
Cancellation of treasury shares	0	0	0	0	-88
Share capital, year end	1,735	1,735	1,735	1,735	1,388

Reference is made to the statement of changes in equity.

DKKm	2013	2012
Solvency		
Tier 1 capital after deductions	3,892	3,680
Capital base after deductions	3,524	3,264
Weighted assets subject to market risks, etc.	3,972	3,579
Total weighted assets	3,972	3,579
Tier 1 capital after deductions as a percentage of total weighted items	98.0%	102.8%
Solvency ratio	88.7%	91.2%

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	-710	-142
No. of shares beginning of year	172,790	173,358
Employee shares issued	0	325
Shares acquired/sold during the year	-2,135	-737
Issued shares, year-end	173,500	173,500
Treasury shares, year-end	-2,845	-710
No. of shares at year-end	170,655	172,790

Treasury shares

Carrying amount beginning of year	0	0
Value adjustment	-42	-7
Acquired during the year	42	12
Sold during the year	0	-5
Carrying amount year-end	0	0

Nominal value beginning of year	7	1
Acquired during the year	21	9
Sold during the year	0	-3
Nominal value, year-end	28	7

Holding (no. of shares) beginning of year	710	142
Acquired during the year	2,135	893
Sold during the year	0	-325
Holding (no. of shares), year-end	2,845	710

Percentage of share capital	1.6%	0.4%
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DKKm	2013	2012
Note 7 Subordinated debt		
Floating rate bullet loans maturing 2017.09.07	250	250
Subordinated debt, year-end	250	250
Interest on subordinated debt	11	12
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.

Note 8 Deferred tax liabilities		
Deferred tax on contingency funds in group enterprises	40	46
Deferred tax, year-end	40	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 9 Contingent liabilities, guarantees and lease agreements		
Guarantee commitments	581	639

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	1
Total salaries and wages, pension, etc.	15	15

Average number of employees	3	3
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Remuneration to the Board of Directors (DKK '000)	3,493	3,175
Remuneration to the Management Board (DKK '000)	7,938	7,713
Total remunerations	11,431	10,888

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.

<i>Remuneration to key employees (DKK '000)</i>		
Fixed salary	234	248
Pension	33	37
Share-based payment	20	15
Total remuneration to key employees	287	300
No. of key employees	2	2

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.

Note 11 Audit fees

Deloitte (DKK '000):

Audit	625	625
Tax consultancy	515	479
Non-audit services	110	182
Total audit fees	1,250	1,286

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 transactions 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	-392	-391
Alm. Brand Forsikring A/S	608	710
Asgaard Finans A/S	0	0
Total income from group enterprises	216	319

The results are recognised in the following items:

Income from group enterprises	216	319
Total income from group enterprises	216	319

Note 14 Interest income and dividends, etc.

Interest, Alm. Brand Bank	0	1
Other interest	0	0
Total interest income and dividends, etc.	0	1

Note 15 Interest expenses

Interest expenses, group enterprises	-15	-15
Other interest expenses	3	2
Total interest expenses	-12	-13

Note 16 Administrative expenses related to investment activities

Cost, group enterprises	-1	-1
Other costs	-15	-33
Total administrative expenses related to investment activities	-16	-34

DKKm	2013	2012
Note 17 Tax		
Estimated tax on profit/loss for the year	9	17
Prior-year adjustment	0	-1
Adjustment of deferred tax	-4	-5
Total tax	5	11
<i>Effective tax rate</i>		
Current tax rate	25.0%	25.0%
Adjustment of deferred tax relating to prior years	0.1%	2.9%
Adjustment of tax relating to prior years	-0.1%	-2.9%
Tax adjustments	-6.3%	-0.3%
Total effective tax rate	18.7%	24.7%

Note 18 Accounting policies**Generally**

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 2012.

Financial ratios

$$\text{Return on equity before tax} = \frac{\text{Profit before tax} \times 100}{\text{Average shareholders' equity}}$$

$$\text{Return on equity after tax} = \frac{\text{Profit for the year} \times 100}{\text{Average shareholders' equity}}$$

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

$$\text{Net asset value per share} = \frac{\text{Shareholders' equity} \times 100}{\text{No. of shares at year-end}}$$

$$\text{Earnings per share} = \frac{\text{Profit for the year after tax} \times 100}{\text{Average no. of shares}}$$

In the determination of the average number of shares, any stock options and warrants are taken into consideration.

$$\text{Diluted earnings per share} = \frac{\text{Profit for the year after tax} \times 100}{\text{Average no. of shares}}$$

$$\text{Price/NAV} = \frac{\text{Share price}}{\text{Net asset value per share}}$$

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:

$$\text{Gross claims ratio} = \frac{\text{Gross claims incurred} \times 100}{\text{Gross premium income}}$$

$$\text{Gross expense ratio} = \frac{\text{Insurance operating expenses} \times 100}{\text{Gross premium income}}$$

$$\text{Net reinsurance ratio} = \frac{\text{Profit/loss on reinsurance} \times 100}{\text{Gross premium income}}$$

$$\text{Combined ratio} = \frac{(\text{Gross claims expenses} + \text{Insurance operating expenses} + \text{Profit/loss on reinsurance}) \times 100}{\text{Gross premium income}}$$

$$\text{Operating ratio} = \frac{(\text{Gross claims expenses} + \text{Insurance operating expenses} + \text{Profit/loss on reinsurance}) \times 100}{\text{Gross premium income} + \text{Technical interest}}$$

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

$$\text{Interest margin} = \frac{\text{Interest receivable}}{\text{Average interest-bearing assets}} - \frac{\text{Interest payable}}{\text{average interest-bearing liabilities passiver}}$$

$$\text{Impairment ratio for the year} = \frac{\text{Impairment for the year} \times 100}{\text{Loans and advances} + \text{guarantees} + \text{impairment}}$$

$$\text{Income/cost ratio} = \frac{\text{Income}}{\text{Costs}}$$

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 Shoppen A/S

Danish Agro Finance A/S

Tømremester Søren Gliese-Mikkelsen A/S

Member of the Boards of Directors of:

DPL Invest A/S (Investeringselskabet for

Dansk Primær Landbrug)

Hesselbjerg Agro A/S

Vilomix International Holding A/S

DLA International Holding A/S

Dan Agro Holding A/S

DLA Foods Holding A/S

Managing Director of:

J.H.M. Holding 2010 ApS

Member of the Chairmanship, Landbrug & Fødevarer

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 committee)

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 committee)

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

Forsikringselskabet 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 Enterprise 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:

H. Klindt Petersen A/S

Hjallerup Træ og Spærfabrik A/S

O.J. Malerentreprise A/S

T.E. Gruppen A/S

Torben Enggaard Holding A/S

Anelin A/S

Restaurationsselskabet af 1.11.1996 ApS

Rosenkrantz A/S

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:

Ejendomsselskabet Højen ApS

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 committee)

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 Board 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

Cand.polit.

Ebbe Castella

Born 1950

Member of the Board of Directors since 2013

Member of the Boards of Directors of:

Alm. Brand A/S

Alm. Brand Bank A/S

SPECIAL QUALIFICATIONS

General management experience

Experience from the Alm. Brand Group's customer segments

Insight into financial matters

Insight into economic matters

DIRECTORSHIP

Managing Director

Karen Sofie Hansen-Hoeck

Born 1965

Member of the Board of Directors since 2013

Member of the Board of Directors of:

Alm. Brand A/S

DIRECTORSHIPS OUTSIDE THE ALM. BRAND GROUP

Member of the Boards of Directors of:

Plast Team A/S

Mup Ejendomme A/S

Green Food Holding A/S

Sirius Company A/S

Good Food Group A/S

Mup Turkey A/S

Danske Spil A/S

Alfred Pedersen & Søn ApS

Softline A/S

Kontrapunkt Group A/S

Fairtrade Mærket Danmark Fonden

Chairman of the Boards of Directors of:

Fooducer A/S

Madkulturen (institution under Fødevareministeriet)

Managing Director of:

Fooducer A/S

Retail Network ApS

SPECIAL QUALIFICATIONS

General management experience

Experience from the Alm. Brand Group's customer segments

Experience in audit and accounting matters

Insight into financial matters

Insight into economic matters

Insight into legal 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 Board of Directors of:

Personaleforeningen i Alm. Brand Forsikring A/S

SPECIAL QUALIFICATIONS

Experience from the Alm. Brand Group's customer segments

DIRECTORSHIP

Business insurance agent

Lars Christiansen

Employee representative

Born 1971

Member of the Board of Directors since 2013

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 Board 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 Board 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 Board of Directors of:

Forsikringsakademiet A/S

Member of the Board of Directors of:

Forsikring & Pension

Group companies

DKK m		Profit/loss for the year	Shareholders' equity at year-end	Owner- ship interest
PARENT COMPANY				
Alm. Brand A/S, København	Holding	193	4,523	
NON-LIFE INSURANCE				
Alm. Brand Forsikring A/S, København	Insurance	608	3,195	100%
LIFE AND PENSION				
Forsikringselskabet Alm. Brand Liv og Pension A/S, København	Insurance	90	1,047	100%
Alm. Brand Ejendomsinvest A/S, København	Real property	43	1,389	100%
BANK AND FINANCE				
Alm. Brand Bank A/S, København	Bank	-392	1,503	100%
Alm. Brand Leasing A/S, København	Car finance and leasing	-17	65	100%
Alm. Brand Formue A/S, København	Investment	47	343	43%
<p>The Alm. Brand Bank Group also consists of five 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.</p>				
OTHER ACTIVITIES				
Alm. Brand Præmieservice A/S, København	Financing	0	1	100%
Asgaard Finans A/S, København	Holding	0	1	100%
ASSOCIATED COMPANIES				
Nordic Corporate Investments A/S	Investment			25%
Hirlap Finans ApS	Trade, industry and investment			25%
Cibor Invest	Investment			33%

“Ownership interest” indicates Alm. Brand A/S’ direct or indirect ownership interests.

