

Annual Report

2015

Alm. Brand



Take good care of what *matters* most

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This is a translation of the Danish-language annual report for 2015. In case of any discrepancies, the Danish version prevails.

Alm. Brand in brief

Alm. Brand is a Danish financial services group. We carry on business within banking, insurance and pension.

“
We take care of our customers”

The vision – taking care of – implies that we

- take an interest in our customers' needs and help them get the necessary understanding and decision-making basis for choosing financial services
- are attentive to our customers as part of our day-to-day routines so they know that we take an interest in them
- help and take care of our customers in the best possible way when they find themselves in a new or unexpected situation

Our values



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

Founded

1792

Alm. Brand was founded by Royal Decree on 29 February 1792 – 224 years ago.

Employees

1,600

We are some 1,600 employees working at our head office in Copenhagen and in our local offices and branches.

Branches and offices

25

We have 25 branches and offices across Denmark supplemented by digital platforms.

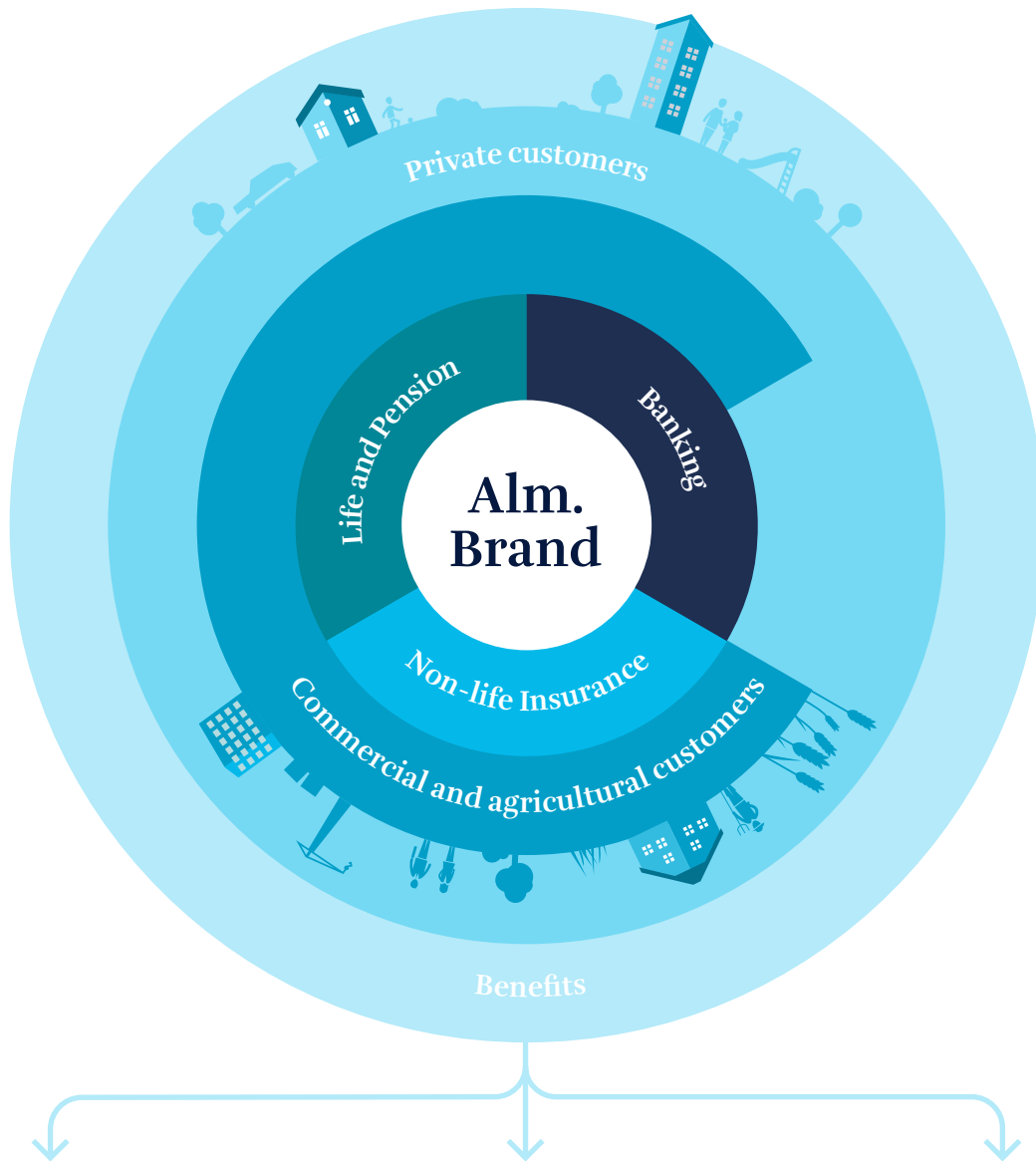
Alm. Brand af 1792 fmba

60%

Our largest shareholder is Alm. Brand af 1792 fmba, which holds about 60% of the shares of Alm. Brand A/S.

Our *business model*

We offer supreme customer service and high-quality products covering the full range of our customers' financial needs.



Benefits for our customers

- All financial solutions consolidated in one place
- Financial advisory services tailored to the needs of each individual customer
- Nation-wide coverage with 25 branches and offices as well as online services
- High quality and customer satisfaction

Benefits for Alm. Brand

- Many customer contact points
- Synergies in the form of shared functions and knowledge sharing across the organisation
- Long-term customer relations
- In-depth knowledge of customer needs, solutions and risks
- Extensive partnership network across Denmark

Supportive group structure

- Strong brand
- Synergies in the form of shared functions
- Cost efficiency
- High employee satisfaction

Overview of 2015 results

The performance was significantly better than expected at the beginning of 2015, and the 13% return on equity made the performance highly satisfactory.

174%

Payout ratio

An ordinary dividend of DKK 1.50 per share and an extraordinary dividend of a similar amount. In addition, a total share buyback programme of DKK 400 million.

Performance of the group

Alm. Brand posted consolidated profit of DKK 652 million before tax, which was slightly better compared with the most recent guidance. The profit was composed of a DKK 1,001 million profit on forward-looking activities and a DKK 349 million loss on winding-up activities.

The Board of Directors recommends payment of an ordinary dividend of DKK 1.50 per share and of an extraordinary dividend also in the amount of DKK 1.50 per share. This corresponds to an ordinary dividend of DKK 260 million and an extraordinary dividend in the same amount. In addition, the existing share buyback programme will be extended until end-February 2017 and increased by DKK 100 million to up to DKK 400 million. The increase of the share buyback programme is subject to the approval of the Danish FSA.

This means that Alm. Brand will distribute a total of DKK 920 million based on the 2015 results. The total dividend payout ratio equals 174% of the profit for the year.

Non-life Insurance

The group's non-life insurance activities reported a highly satisfactory pre-tax profit of DKK 959 million in 2015.

At a combined ratio of 80.8, the technical result was significantly better than expected. However, the result was lifted by substantial run-off gains, which improved the combined ratio by 8.6 percentage points.

Major claims expenses continued to be significantly better than expected in 2015, while weather-related expenses were higher than expected, especially in the fourth quarter. The performance of the underlying operations was satisfactory, but it was not as good as in 2014, reflecting in particular the declining average premiums in a more competitive market.

The expense ratio was 16.0, up 0.4 of a percentage point on 2014. Costs were impacted by investments in the group's new CRM system.

Premiums declined by 0.3%, which was more than expected and due to a more competitive market. Premium income declined in the private customer segment and increased slightly in the commercial customer segment.

Life and Pension

Life insurance and pension activities generated a satisfactory profit of DKK 79 million before tax.

Pension scheme contributions rose by 5.8%. Regular premium payments increased by 3.8%, which was in line with the target. Moreover, single payments remained at a high level, increasing by 7.3%.

Overall, the technical result was satisfactory. The expense result was impacted by higher costs related to growth. The investment return on assets allocated to shareholders' equity was adversely affected by the financial market turmoil.

The financial markets were very turbulent in 2015, but Life and Pension nevertheless succeeded in increasing the customers' collective bonus potential while still offering a high rate on policyholders' savings. At 31 December 2015, the bonus potential had increased by DKK 30 million to DKK 942 million, equivalent to a bonus rate of 9.7%.

The rate on policyholders' savings for 2016 remains at 4.00% for new customers and continues to be among the best rates offered in the market.

Banking

The bank's forward-looking activities reported a pre-tax profit of DKK 18 million, which was consistent with the most recent guidance. The results were adversely affected by the financial market turmoil. Among other things, the extremely low level of interest rates with negative short-term interest rates was a challenge given the bank's considerable excess liquidity.

The underlying level of activity in the bank is high and satisfactory in spite of fierce competition in the banking market as well. The bank increased the number of Pluskunder by 13%, lending to private customers grew by almost DKK 200 million, and the portfolio of Totalkredit loans increased by more than DKK 1 billion. In addition, the number of customers and the volume of business in Financial Markets and Leasing grew.

Winding-up activities

The bank's winding-up activities reported a pre-tax loss of DKK 349 million. While in line with expectations, this marked a slight underperformance relative to 2014 due to higher impairment writedowns, whereas the operating loss was reduced, in particular as a result of reduced funding costs.

Impairment writedowns were impacted by the substantially deteriorated market conditions in the agricultural sector. On the other hand, the mortgage deed results improved, and the bank's lending to commercial customers again led to impairment writedown reversals.

The winding up of loans and advances was significantly better than expected. Adjusted for losses and writedowns, the winding-up portfolio was reduced by DKK 490 million.

Major events

Share buyback

On 2 December 2015, Alm. Brand launched a share buyback programme of up to DKK 300 million, which will expire at the end of 2016.

In connection with the financial statements, this programme is extended until end-February 2017 and increased by DKK 100 million to up to DKK 400 million. The increase is subject to the approval of the Danish FSA.

The principal shareholder, Alm. Brand af 1792 fmba, will be participating proportionately in the programme, thereby maintaining its current ownership interest.

Investing in a new CRM system

In 2015, Alm. Brand decided to invest in a new CRM system to be provided by Salesforce.

Through an investment of about DKK 100 million scheduled to be made over the next couple of years, Alm. Brand plans to collect, coordinate and use customer data in one combined IT solution that will optimise the service provided to the group's customers within and across the fields of insurance, banking and pension.

The goal is for Alm. Brand to retain existing customers and attract more customers by providing even better individual advice and service at a pace and of a quality second to none in the Danish market. The CRM system supports the group's continued focus on customer relations by providing an even better understanding of the customer's individual needs and preferences. Improved knowledge about customers will enable Alm. Brand to provide even better service.

Approval of partial internal model

In mid-May 2015, Alm. Brand Forsikring submitted an application to the Danish FSA for approval of the company's partial internal model to be used under the Solvency II regime. The model covers the company's non-life insurance risks excluding personal accident and workers' compensation risks and the company's natural catastrophe risks. On 4 November 2015, the Danish FSA announced that it had approved the application without any comments and that the partial internal model can be used under Solvency II with effect from 1 January 2016.

Changes to the Board of Directors

At the annual general meeting held on 23 April 2015, Anette Eberhard was elected as a new member of the Board of Directors. She filled the vacancy after Arne Nielsen.

Events after the balance sheet date

No events have occurred in the period from 1 January 2016 until the date of the financial statements which would significantly change an assessment of the annual report.

Results 2015

Income by business area

INVESTMENTS ETC.

562

DKKm

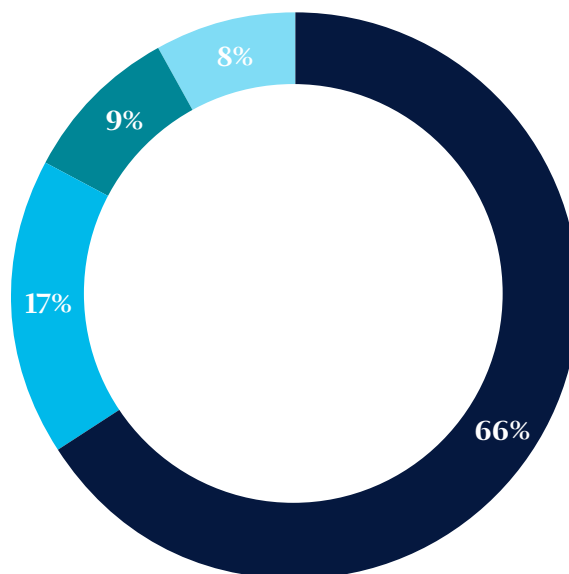
▼5.2%

BANKING

662

DKKm

▼11%



NON-LIFE INSURANCE

5,043

DKKm

▼0.3%

LIFE AND PENSION

1,311

DKKm

▲5.5%

Profit before tax, forward-looking activities

DKKm

1,200

1,000

800

600

400

200

0

2011

2012

2013

2014

2015

Earnings per share

DKK

4

3

2

1

0

-1

-2

-3

-4

2011

2012

2013

2014

2015

Total income

7,578

DKKm

Profit

652

DKKm

Return on equity

12.9%

before tax

Earnings per share

3.1

DKK



JØRGEN HESSELBJERG MIKKELSEN
CHAIRMAN

SØREN BOE MORTENSEN
CHIEF EXECUTIVE OFFICER

A *financial services* group

We are very pleased to note that the Alm. Brand Group achieved a return on equity before tax of 13%, a performance that exceeded our target.

13%

Return on equity before tax

The group has a target of delivering a return on equity before tax of 10%.

We have exceeded our own expectations. In addition to satisfactory operations, the outperformance was driven by gains on prior-year claims that turned out to be less expensive than we had originally estimated. Expenses for major claims were also significantly lower than expected.

We were also pleased to see the level of activity increase in 2015. In spite of competition intensifying, as had been expected, especially in the non-life insurance market, we maintained our market share and succeeded in attracting more banking and pension customers.

Fully in line with our expectations a year ago, macro-economic conditions remained challenging in 2015. Throughout 2015, the agricultural sector was hard hit by low prices on meat and dairy products, and the year was also marked by highly volatile financial markets and negative short-term interest rates, which posed a challenge for all players in the financial sector.

Final year of our CUSTOMERS FIRST strategy

Since 2012, we have been working to incorporate customer service in everything we do. Our efforts have indeed been successful, and we are extremely proud of the way in which our employees have embraced the strategic initiatives.

We have managed to almost double our customer satisfaction ratings from 2012 till today. Our customers are experiencing virtually the same high level of quality no matter what part of Alm. Brand they interact with.

The single most important factor setting us apart from the competition is our customer service approach. Besides getting supreme quality and personalised customer service, our customers are now able to engage with their bank, insurance or pension company online – an option which is increasingly being demanded by customers. At a time when personal contact is widely being replaced by digital solutions, it is essential that we remain visible to our customers and that we are able to add value for them no matter how they choose to interact with us.

Compared with other financial services groups in Denmark, Alm. Brand has a unique position, offering banking, insurance as well as pension products. This gives us the strategic advantage of having a much broader platform for interacting with our customers. In the autumn of 2015, we decided to invest in a new CRM system, which will open up completely new possibilities for our company as well as for our customers.

Our CRM system will give us a complete overview of each individual customer's commitments across all Alm. Brand business units. We want our customers to experience that they get attentive and relevant service each time they interact with us.

In future, we will be able to offer our customers individually tailored information and offers based on their specific circumstances. Our goal is to consolidate our position more firmly in the minds of our customers, whilst ensuring that they benefit from placing all of their financial business with us.

Regulatory burden growing heavier

Since the financial crisis, financial sector regulation has been amended extensively. Carrying on business as a financial enterprise is becoming increasingly complex, and we are seeing even quite large financial enterprises coming under pressure from already implemented or pending regulatory requirements.

We are strongly positioned to comply with the stricter requirements. Our internal risk model for non-life insurance was approved in 2015, and the Danish FSA's most recent inspections were conducted with satisfactory results. In other words, we are well versed in the regulatory requirements, and being a financial services group we derive great benefit from leveraging our regulatory know-how across all of our business segments.

The increased requirements on financial enterprises may trigger a consolidation wave among the small market players, which, all other things being equal, are the most under pressure from the regulatory burden. We will be monitoring

these developments closely over the next couple of years. We aim to strengthen our overall position in the market. Means to achieving this could include collaborating more closely with other companies or making acquisitions.

Historically high dividend distribution

This year, we will be recommending a total dividend distribution of just over DKK 900 million. This is by far the biggest dividend distribution in the history of our company, and we are making it in spite of the fact that our winding-up activities produced a loss of close to DKK 350 million.

Our decision to make such a big dividend distribution is based on an exceptionally strong earnings performance by Non-life Insurance and on our successful reduction of risk in the winding-up bank, which has freed up capital.

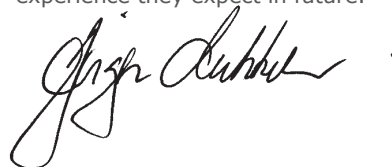
Through our dividend policy, we want to provide greater dividend distribution predictability for our shareholders. Our goal is to be able to make stable dividend distributions and to adjust our capital structure through share buyback programmes.

For 2016, we have recommended payment of an ordinary dividend of DKK 1.50 per share, equivalent to DKK 260 million. Subject to the Danish FSA's approval, the share buyback programme launched in December 2015 will be increased by DKK 100 million to up to DKK 400 million and extended until end-February 2017.

However, the liquidity of our shares places a limit on how much we can actually distribute through share buybacks, and we have therefore chosen also to distribute an extraordinary dividend of DKK 1.50 per share, equivalent to DKK 260 million.

Our employees make the difference

Alm. Brand has come a long way since the introduction of the CUSTOMERS FIRST strategy in 2012. We owe this achievement very much to our skilled and dedicated employees. Our customers expect more of us, the market is becoming increasingly competitive, and market conditions are changing, but we are confident that our employees will ensure that our customers continue to get the service and experience they expect in future.



Jørgen Hesselbjerg Mikkelsen
Chairman



Søren Boe Mortensen
Chief Executive Officer

5-year highlights

	DKKm	2015	Q4 2015	2014	2013	2012	2011
GROUP	Income						
	Non-life Insurance	5,043	1,266	5,058	5,031	4,866	4,772
	Life and Pension	1,311	341	1,243	928	903	724
	Banking	662	161	744	791	903	1,044
	Investment etc.	562	121	593	570	675	678
	Total income	7,578	1,889	7,638	7,320	7,347	7,218
	Profit/loss excluding minority interests						
	Non-life Insurance	959	196	651	763	853	460
	Life and Pension	79	30	78	86	90	137
	Banking, forward-looking activities	18	17	61	-90	-47	-164
	Other activities	-55	-12	-53	-28	-36	-40
	Profit/loss before tax, forward-looking activities	1,001	231	737	731	860	393
	Banking, winding-up activities	-349	-115	-336	-379	-472	-990
	Profit/loss before tax	652	116	401	352	388	-597
	Tax	-123	-15	-53	-159	-94	98
	Profit/loss after tax	529	101	348	193	294	-499
	Consolidated profit/loss						
	Consolidated profit/loss before tax	652	116	409	372	419	-622
	Tax	-123	-15	-53	-159	-94	97
	Consolidated profit/loss after tax	529	101	356	213	325	-525
	Total provisions for insurance contracts	19,340	19,340	19,449	18,627	19,678	19,197
	Consolidated shareholders' equity	5,232	5,232	4,847	4,676	4,500	4,202
	Share attributable to minority interests	-	-	-	153	137	113
	Total assets	35,083	35,083	39,078	39,580	42,559	44,913
	Average no. of employees	1,557	1,557	1,590	1,585	1,592	1,572
	Return on equity before tax (%)	12.9	9.0	8.6	8.0	9.2	-13.8
	Return on equity after tax (%)	10.4	7.7	7.4	4.4	7.0	-11.6
PARENT COMPANY	Profit/loss before tax	516	98	335	188	273	-509
	Tax	13	3	13	5	11	10
	Profit/loss for the year	529	101	348	193	284	-499
	Total assets	5,548	5,548	5,172	4,874	4,711	4,436
	Total investment assets	5,478	5,478	5,081	4,772	4,623	4,365
	Share capital	1,735	1,735	1,735	1,735	1,735	1,735
	Shareholders' equity	5,232	5,232	4,847	4,523	4,363	4,089
	Payables	39	39	50	61	52	51
	Return on equity before tax* (%)	12.9	9.0	8.6	7.9	8.9	-13.7
	Return on equity after tax (%)	10.4	7.7	7.4	4.3	6.7	-11.6
KEY RATIOS	Earnings per share	3.1	0.6	2.0	1.1	1.7	-2.9
	Diluted earnings per share	3.1	0.6	2.0	1.1	1.7	-2.9
	Net asset value per share	30	30	28	27	25	24
	Share price at 31 December	48.4	48.4	32.7	24.1	14.0	8.15
	Price/NAV	1.60	1.60	1.17	0.91	0.55	0.34
	Average no. of shares (in thousands)	169,236	169,033	170,194	171,587	173,123	173,140
	No. of shares at year-end, diluted (in thousands)	172,509	172,509	173,002	170,655	172,790	173,202
	Average no. of shares, diluted (in thousands)	173,007	172,963	173,311	171,587	173,123	173,140
	Dividend per share**	1.5	1.5	0.5	-	-	-
	Dividend per share, extraordinary***	1.5	1.5	-	-	-	-
	No. of shares bought back (thousands)	574	574	-	-	-	-
	Avg. price of shares bought back, DKK	46.7	46.7	-	-	-	-
	Total payout ratio	0.3	0.3	-	-	-	-

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

**Proposed dividend for the financial year.

***Proposed extraordinary dividend for the financial year.

Outlook for 2016

The consolidated pre-tax profit is expected to be in the range of DKK 500-600 million.

The outlook is based on the assumption that interest rates will remain at the current very low level throughout 2016.

The group's forward-looking activities are expected to generate pre-tax profit of DKK 575-650 million, while the winding-up activities are expected to produce a loss of DKK 50-75 million.

The outlook is based on the assumption that interest rates will remain at the current very low level throughout 2016. The group has a substantial portfolio of investment assets, and the low level of interest rates is affecting all of the group's business areas.

Non-life Insurance

The group's non-life insurance activities are expected to generate pre-tax profit of DKK 525 million.

The effect of competition will impact premium income in 2016 as well. In an effort to meet the intensified competition, Alm. Brand has introduced a new motor insurance product with increased micro-rating and lower prices. Overall, premium income is expected to decline by about 1-2% in 2016.

The combined ratio is expected to be about 91. This level is based on an expectation of an underlying combined ratio of about 80, while major claims and weather-related claims are expected to impact the combined ratio by 10-12 percentage points.

The expense ratio is expected to be at the level of 16.5%. In 2016, the expense ratio will be adversely affected by the anticipated decline in premium income.

Outlook

DKKm	2016
Total expected profit	500-600
Forward-looking activities	575-650
Non-life Insurance	525
Life and Pension	75
Banking	70
Other activities	-50
Winding-up activities	-50 to -75

Life and Pension

The company expects to generate pre-tax profit of about DKK 75 million in 2016. The return on investment assets allocated to equity is not expected to contribute to the profit due to the current very low level of short-term bond yields.

Growth in regular premiums is expected to be at the level of 5% in 2016.

Banking

The forward-looking activities are expected to generate pre-tax profit of about DKK 70 million in 2016.

The improvement is expected to be driven by growth in Leasing and activities in Financial Markets. After a turbulent start to 2016 in the financial markets, normal returns are expected for the rest of the year.

Other activities

Other activities, comprising costs and interest related to the parent company, Alm. Brand A/S, are expected to be unchanged relative to 2015.

Winding-up activities

The winding-up activities are expected to post a pre-tax loss of DKK 50-75 million. The results before impairment writedowns are expected to improve substantially on 2015 as a result of lower funding costs. Moreover, impairment writedowns on agricultural exposures are expected to decline significantly as a result of the considerable impairment writedowns taken in 2015.

However, developments in the agricultural sector remain subject to significant uncertainty, and a further deterioration of conditions in the agricultural sector could have an adverse effect on the outlook.

The bank's winding-up portfolio is expected to be reduced by DKK 200 million in 2016.

Combined ratio

91

*Expected Non-life
Insurance result*

Growth in Life and Pension

5%

*Expected growth in
regular premiums in
Life and Pension.*

Growth in lending

5%

*Expected net increase in
loans to private customers.*

Financial key ratios

Gross premiums **5,043**
DKKm

Combined Ratio **80.8**

Profit before tax **959**
DKKm

Non-life Insurance

Non-life Insurance is the group's core business, exclusively targeting the Danish market with a special focus on private customers, small and medium-sized enterprises, property owners and administrators, agricultural customers and the public sector.

Denmark's 4th largest insurer



300,000

Private customers
(approx. 200,000 Pluskunder)



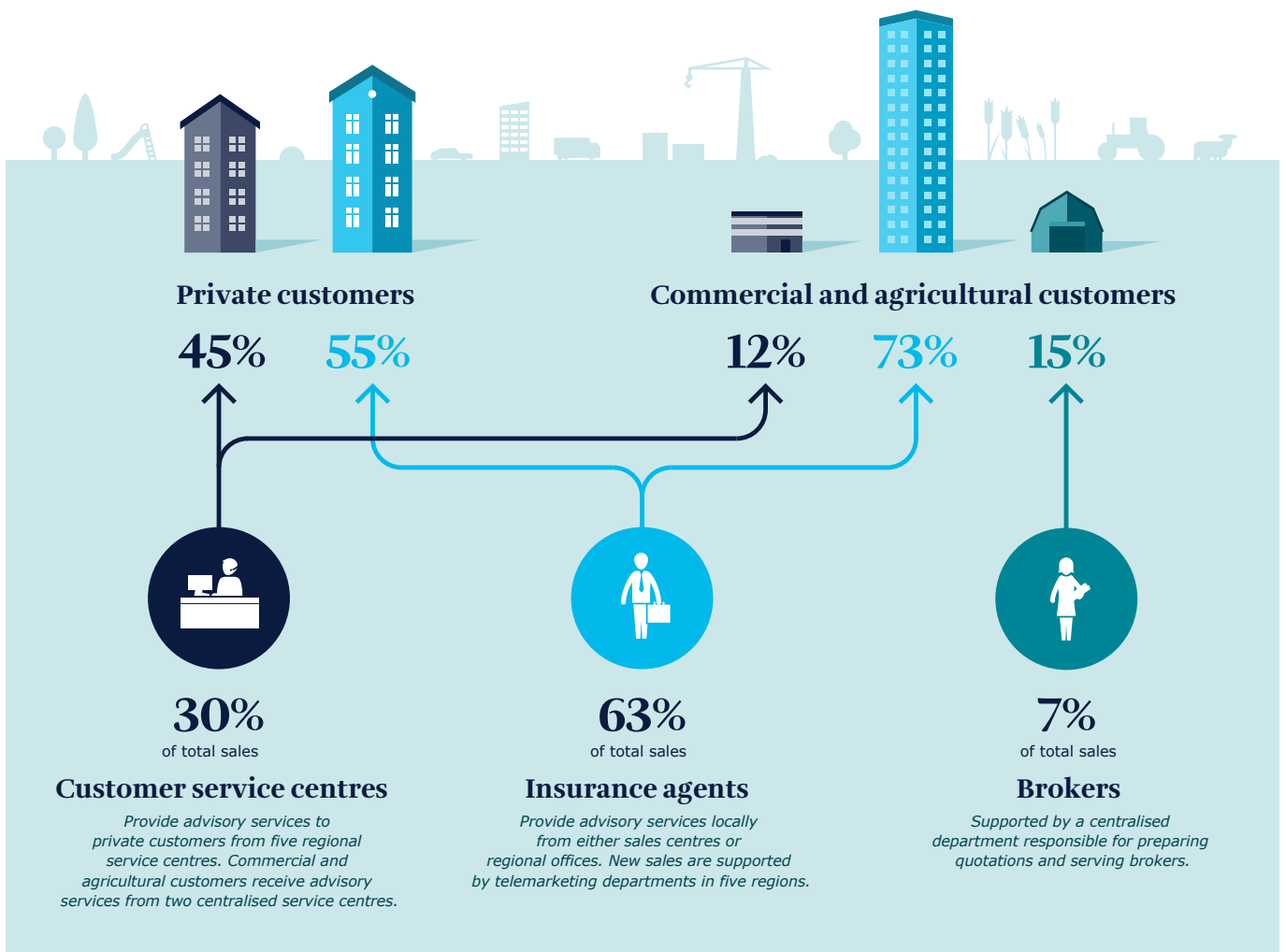
100,000

Commercial and agricultural customers



10.2%

Market share





JESPER MØRCH SØRENSEN
MANAGING DIRECTOR, NON-LIFE INSURANCE

Non-life Insurance

Highly satisfactory pre-tax profit of DKK 959 million.

“

An extremely strong technical result, but the market is very competitive.

Market

According to the Danish Insurance Association's official statistics, the overall market for direct insurance in Denmark was flat from Q3 2014 to Q3 2015.

Alm. Brand's market share was unchanged at 10.1%, covering small declines in motor insurances and private lines, while commercial lines grew at a fair rate and health and personal accident insurances improved slightly.

The market for private lines excluding motor and personal accident insurances increased by 1.5% in 2015 (from Q3 2014 to Q3 2015), while Alm. Brand's premium income only grew by 0.9%. The market for commercial lines excluding motor insurances increased by 1.3% in the same period, while Alm. Brand's gross premium income grew by 2.0%.

Gross premiums in the motor insurance market grew by 2.0% in 2015, while Alm. Brand's gross premium income declined by 1.3% in the same period. In recent years, this market has become significantly more competitive, especially due to medium-sized market players.

Private

The number of new motor car registrations hit peak again in 2015, for the third consecutive year, at 207,700. Whereas sales of new cars was previously dominated by micro cars, the sale of mini cars, SUVs and large mid-sized cars increased in 2015. Cars in the latter segments are typically more expensive to insure, but due to the more competitive motor insurance market, premium income nevertheless declined.

In late 2014, the Danish Insurance Association launched an updated version of forsikringsguiden.dk. At 31 December 2015, Alm. Brand had its four main products (contents, houseowner's, holiday home and motor insurance) represented on the website. Alm. Brand expects to have personal accident insurances included on forsikringsguiden.dk by the end of Q1 2016.

Commercial

Small and medium-sized enterprises

Other than an increase in employment, the market for insurance of small and medium-sized enterprises 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 slowdown that has characterised Denmark for a number of years. The weak growth is also reflected in the commercial insurance market.

The market remained fiercely competitive in 2015. Insurers are accepting lower premiums than they did previously in order to attract new customers. There is a general trend that international insurers are focusing increasingly on the Danish commercial insurance market, making the market more competitive.

In recent years, the major insurance brokers have focused increasingly on offering standardised insurance terms, making the insurance premium the key competitive parameter for customers in this segment. However, Alm. Brand maintains its focus on offering its customers individual product solutions with respect to both price and terms. However, the trend towards standardised insurance terms may cause market shares to shift over the next few years.

Agriculture

Alm. Brand is a leading insurance provider to Danish agriculture with an estimated market share of about 30%.

Premium income from the agricultural sector has declined in recent years, among other things due to the trend towards larger but fewer farms. The number of farms is currently under 38,000, having declined by approximately 1,000 farms per year in recent years.

For a number of years, Alm. Brand has worked with individual farmers concerning claims prevention, conducting, among other things, electrical and thermographic surveys of farm buildings with a view to reducing potential fire hazards. Vacant buildings are converted from replacement-cost insurance to fixed-sum insurance, which for the customer means lower insurance payouts but also lower premiums because of the lower risk.

Product development

Alm. Brand is continuously working to develop new products and adjust existing products in order to offer its customers special benefits. Alm. Brand increasingly involves existing and prospective customers in the work to design its products.

Youth insurance

Since July 2014, Alm. Brand has offered a youth insurance to young people under the age of 28. In order to ensure adequate insurance cover, the youth insurance is sold as a package solution consisting of both contents and personal accident insurance at a particularly attractive price.

Business travel product

Alm. Brand launched a new business travel product in the third quarter of 2015. The product has been developed in collaboration with customers from all commercial and agricultural segments, which became involved early in the development process with a view to composing the most value-generative covers for business travellers. As a result of these efforts, Alm. Brand now has a product providing optional coverage of alternative return journey, among other things.

Wage guarantee

As a new feature, Alm. Brand has offered wage guarantee cover for Pluskunder of Alm. Brand Bank and Alm. Brand Forsikring since 1 October 2015. This is a unique product in that it is also available to customers who are not members of an unemployment fund. Moreover, all customers get improved cover compared to a wage guarantee with an unemployment fund, including coaching by a career consultant with a view to quick reemployment.

New motor insurance

In mid-February 2016, Alm. Brand launched new motor insurance products for its private, agricultural and commercial customers. The products are based on three different basic covers:

- Liability insurance combined with full comprehensive motor insurance
- Liability insurance combined with partial comprehensive motor insurance, which is intended for older cars
- Liability insurance only

All three basic covers may be combined with a variety of supplementary covers, including cover of mechanical damage or parking damage or cover of costs in connection with the return of a leased vehicle, allowing the insurance to be tailored specifically to the needs of each individual customer. The new products ensure that Alm. Brand has an attractive offering for all customer segments in the important motor insurance market.

Traffic behaviour and motor insurance risk

Alm. Brand has launched a project, the objective of which is to collect data and investigate connections between driving patterns and the risk of claims. Customers are given access to data collected about their own driving habits with the aim of making them aware of their driving patterns and traffic behaviour. The project is based on specific customer cases in which the concept has already been tested. This will make the customers aware of the advantages of the collaboration, as they will be able to influence their insurance premium directly through their driving patterns.

Emergency response vehicle

As a natural part of the company's focus on providing good customer service, Alm. Brand has acquired an emergency response vehicle, which can be deployed to any area of Denmark within a couple of hours. With this vehicle, Alm. Brand is able to bring its claims processing and customer service functions directly to customers in areas affected by claims. The vehicle will be used for major claims events in which many customers in a given area are affected, for example due to flooding after storm surges, sudden thaw or cloudbursts.

Performance

The group's non-life insurance activities generated pre-tax profit of DKK 959 million in 2015 (2014: DKK 651 million). The performance was highly satisfactory and better than expected. The performance resulted in a return on equity of 38% before tax (2014: 30%).

The technical result was DKK 964 million (2014: DKK 744 million), equivalent to a combined ratio of 80.8. Compared with 2014, the performance was affected in particular by a significant increase in run-off gains. Adjusted for these, the combined ratio was 89.4, against an expected normal level of 91-92.

Combined ratio

	2015	2014	2013	2012
Combined ratio, underlying business	79.4	77.0	78.8	79.7
Weather-related claims net of reinsurance	4.4	4.2	3.7	2.1
Major claims net of reinsurance	5.3	5.8	7.2	6.2
Reinstatement premiums	0.3	1.1	1.8	0.2
Run-off result net of reinsurance	-8.6	-2.6	-4.1	-4.9
Combined ratio	80.8	85.5	87.4	83.3

Developments in the underlying business were less favourable in 2015 than in previous years, particularly due to a higher claims frequency. Falling average premiums also detracted from the performance. As a result, the underlying combined ratio was 79.4, which was in line with expectations, as the target is about 80.

Premiums

Gross premiums declined by 0.3% to DKK 5,043 million in 2015, which was less than expected. The lower level of premiums was due to intensified competition, especially on motor insurances. However, the retention rate remains high in both the private customer segment and the commercial customer segment.

Premiums



- 23% Fire & property, Private
- 26% Fire & property, Commercial
- 27% Motor insurance
- 6% Workers' compensation
- 12% Health and personal accident
- 6% Other insurances

80.8

Combined ratio

Lifted by run-off gains and few expenses for major claims. Increasing claims frequency in the underlying business.

Claims experience

The claims experience (gross claims ratio less net reinsurance ratio) was 64.8% (2014: 69.8%). Excluding run-off gains, the claims experience was 73.8%, which was 2.5 percentage points higher than in 2014. The claims experience was in line with expectations.

Weather-related claims

Denmark was hit by a number of weather-related loss events in 2015, the eight largest of which are expected to result in total costs of just over DKK 250 million. The windstorm Gorm, which hit Denmark on 29 November 2015, was the largest of the eight loss events, and Alm. Brand expects to receive a total of about 7,500 claims from this windstorm alone.

Alm. Brand's reinsurance programmes cover a substantial part of the risk associated with such major weather-related loss events. The windstorm Gorm was the only single loss event in 2015 large enough to trigger compensation under the reinsurance cover. But due to the large number of weather-related loss events, particularly in the fourth quarter, Alm. Brand received compensation on its frequency cover for windstorm claims.

Weather-related claims expenses net of reinsurance amounted to DKK 221 million in total (2014: DKK 210 million), affecting the combined ratio adversely by 4.4 percentage points, which was slightly above the normal level of 3-4%.

Moreover, reinstatement of reinsurance cover related to the windstorm Gorm affected the combined ratio adversely by 0.3 of a percentage point.

Major claims

Net of reinsurance, major claims totalled DKK 269 million, which was DKK 23 million less than in 2014. Major claims affected the combined ratio by 5.3 percentage points, which was significantly better than the expected normal level of 7-8%.

Underlying business

Although the level increased in 2015, the underlying claims experience remained better than the target. The increase was due to a higher claims frequency, which was only partly offset by a slight decline in average claims. Falling average premiums also detracted from the performance.

The number of reported claims was 2% higher than in 2014, and the claims frequency increased on a number of products in 2015, especially on commercial liability and workers' compensation. Moreover, the trend of an increase in the number of travel claims continued in 2015, while the number of theft and burglary claims was seen to decline.

The interest rate used for the discounting of provisions declined further in the first half of 2015 to a historically low level with short-term interest rates moving into negative territory. In the second half of the year, interest rates climbed back to a level equivalent to the second half of 2014. Overall, interest rate developments increased the claims experience by 0.6 of a percentage point.

Run-off result

Run-off gains net of reinsurance were extraordinarily high in 2015 at DKK 435 million (2014: DKK 131 million). The 2015 run-off gains mainly derived from the personal insurance lines workers' compensation, motor liability and health and personal accident insurance and to a minor extent from change of ownership insurance. Changes to the provisioning models for workers' compensation and motor liability alone resulted in a combined run-off gain of about DKK 250 million in 2015.

Costs

Total costs amounted to DKK 807 million in 2015 (2014: DKK 787 million), equivalent to an expense ratio of 16.0. Compared to 2014, the expense ratio was 0.4 of a percentage point higher, among other things due to the investment in a new CRM system.

Net reinsurance ratio

The net reinsurance ratio for the year was positive at 4.8 (expense), against a negative ratio of 0.9 in 2014 (income). The net expense for the year was due to the fact that only one weather-related loss event triggered a small compensation under the reinsurance cover, while the net income in 2014 related to an upwards adjustment of the expected claims from the 2013 windstorms Allan and Bodil, which were fully covered by the reinsurance programme. Net of run-off on prior-year claims, the net reinsurance ratio was 4.4 in 2014.

Investment result

After transfer to insurance activities, the investment result was a loss of DKK 5 million (2014: DKK 93 million loss). Before transfer to insurance activities and expenses, the investment result was a profit of DKK 35 million (2014: DKK 19 million loss). The investment result was not satisfactory.

The investment assets are distributed on Danish and international bonds, mortgage deeds and equities and a small portfolio of properties. The goal is to achieve a satisfactory financial risk/return ratio. The overall goal is to keep the market risk low. The financial risk may be adjusted by using derivative financial instruments.

Bonds etc. consist of a bond portfolio placed in Danish government and mortgage bonds, a small volume of credit bonds and derivative fixed-income instruments. The government and mortgage bonds predominantly have the highest rating, whereas the credit bonds are in the investment grade segment. The return on bonds etc. is limited due to the low level of interest rates. The interest rate risk on mortgage bonds is largely offset by the interest rate risk on provisions supplemented by interest hedging arrangements. In 2015, liquidity in the mortgage credit market was affected

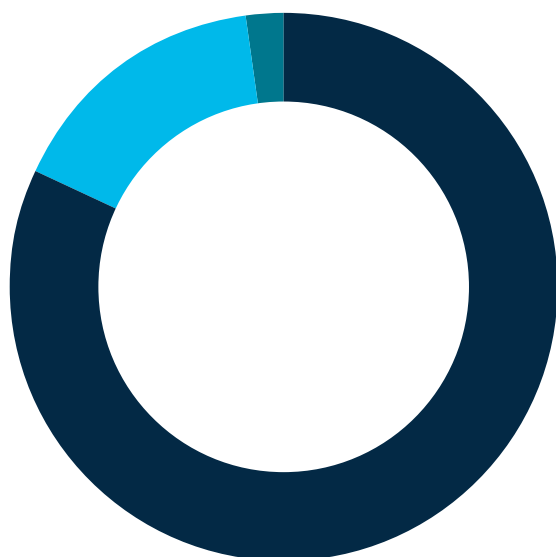
by stricter regulation in the financial sector, which had an adverse impact on the return. Over the year, the hedging of the company's liabilities was roughly neutral.

In December 2014, Alm. Brand Forsikring acquired mortgage deeds from Alm. Brand Bank. The transaction includes an option agreement protecting Alm. Brand Forsikring against credit losses, as Alm. Brand Forsikring can sell back mortgage deeds if the mortgage deed debtors default on their payment obligations. The return on the mortgage deeds is affected by changes in the level of interest rates as well as by prepayments. In spite of an increase in the share of prepayments in 2015, mortgage deeds made for a better investment than Danish bonds over the year.

The equity exposure of Non-life Insurance consists of equity futures on international equity indices and a small proportion of strategic equities that support the business. This makes it possible to quickly change the equity exposure in line with expectations for market conditions. The company increased its exposure to global equities in 2015.

The property portfolio consists of a few investment properties, which generated a satisfactory return.

Investment assets



- 82% Bonds
- 16% Mortgage deeds
- 2% Equities

Note: Equities are stated inclusive of exposure to futures contracts

Investment return

DKKm	2015		2014	
Bonds etc.	-35	-0.4%	303	3.1%
Mortgage deeds etc.	14	0.8%	3	0.3%
Equities	3	2.3%	5	7.2%
Property	1	6.5%	0	1.6%
Total return on investments	-17	-0.2%	311	3.2%
Administrative expenses related to investment activities	-30		-21	
Capital gains related to the discounting of technical provisions	52		-330	
Interest on technical provisions	-10		-53	
Return on investments after technical interest	-5		-93	

Approx.

14,000

Weather-related claims

In 2015, Denmark was hit by both windstorm, cloudburst and snow load events. Eight major weather-related events resulted in total claims of DKK 250 million.

Private

The technical result excluding technical interest was a profit of DKK 365 million, equivalent to a combined ratio of 86.0. The performance was highly satisfactory.

Premium income declined by 1.4% to DKK 2,605 million, which was slightly more than expected. The customer retention rate remained high in 2015 but continued on a slightly declining trend in a more competitive market. Competition was particularly fierce within motor insurances, but other lines were also affected, as terminations tend to involve entire household insurance packages. Both the inflow and outflow of customers increased relative to 2014, reflecting a higher customer turnover rate in the market.

The very competitive market also impacted the rest of the private customer market. By way of example, Alm. Brand sold over 10% more contents insurances compared with 2014, but at a lower average premium.

The claims experience excluding run-off gains was 74.0% (2014: 69.2%). Despite the increase, the claims experience was slightly above target in 2015.

Net of reinsurance, total weather-related claims amounted to DKK 84 million (2014: DKK 59 million). Weather-related claims affected the combined ratio by 3.2 percentage points (2014: 2.2 percentage points).

The number of major claims increased in the first four months of the year compared with the same period of 2014, but the frequency subsequently declined to the 2014 level. For the year as a whole, claims expenses net of reinsurance increased to DKK 84 million from DKK 59 million in 2014, impacting the combined ratio for 2015 by 3.2 percentage points (2014: 2.2 percentage points). Overall, major claims expenses were slightly below the level expected at the beginning of the year.

The decline in the underlying claims ratio seen in recent years stabilised. However, travel insurance saw an overall increase in the claims frequency of about 10% due to the discontinuation of the Danish public travel health insurance scheme. The scheme was discontinued with effect from 31 August 2014, and Alm. Brand opted in that connection to expand the cover free of charge to ensure that customers have the same coverage as they did before. On the other hand, the declining trend in the number of burglary and theft claims continued in 2015 to currently stand at the lowest level in more than six years.

The expense ratio increased by 0.3 of a percentage point to 17.7, primarily due to lower premium income and the investment in a new CRM system.

The run-off result net of reinsurance produced a gain of DKK 144 million (2014: DKK 59 million). The run-off result was mainly attributable to gains on motor liability claims and to a minor extent to houseowner's and change of ownership insurances.

The net reinsurance ratio was 2.3 (expense) in 2015, against a negative ratio of 0.9 in 2014 (income). In spite of the several different weather-related loss events in 2015, the net reinsurance ratio was only slightly impacted by the windstorm Gorm, whereas the 2014 level was attributable to upwards adjustments of the estimates relating the windstorms Allan and Bodil in the fourth quarter of 2013.

Private

DKKm	2015	2014
Gross premium income	2,605	2,642
Gross claims expenses	-1,718	-1,805
Insurance operating expenses	-462	-459
Profit/loss on reinsurance	-60	23
Technical result*	365	401
Run-off result	144	59
Gross claims ratio	66.0	68.3
Net reinsurance ratio	2.3	-0.9
Claims experience	68.3	67.4
Gross expense ratio	17.7	17.4
Combined ratio	86.0	84.8

*) Excluding technical interest

Commercial

DKKm	2015	2014
Gross premium income	2,438	2,416
Gross claims expenses	-1,307	-1,774
Insurance operating experience	-345	-328
Profit/loss on reinsurance	-185	24
Technical result*	601	338
Run-off result	291	72
Gross claims ratio	53.6	73.4
Net reinsurance ratio	7.6	-1.0
Claims experience	61.2	72.4
Gross expense ratio	14.2	13.6
Combined ratio	75.4	86.0

*) Excluding technical interest

Commercial

The technical result excluding technical interest was a profit of DKK 601 million (2014: DKK 338 million), equivalent to a combined ratio of 75.4. The performance was highly satisfactory.

The significant improvement on 2014 was driven in particular by significant run-off gains on private insurance lines as well as on building insurances. Moreover, the major claims experience was exceptionally good. The underlying business was on a par with last year.

Gross premium income increased by 0.9% to DKK 2.438 million. The customer retention rate has been at a stable, high level for the past 18 months, which is very satisfactory in light of the competitive market.

The claims experience excluding run-off gains was 73.2 (2014: 74.8).

Net of reinsurance, total weather-related claims amounted to DKK 137 million in 2015, corresponding to a claims ratio of 5.6 (2014: 6.2).

Net of reinsurance, major claims totalled DKK 185 million (2014: DKK 233 million). Overall, major claims expenses were significantly below the expected level. In particular, the number of major claims on agricultural buildings was well below the expected level.

The results of building insurances for commercial and agricultural customers, respectively, still failed to meet the group's profitability requirements. Alm. Brand has developed and implemented a new profitability assessment system

based on data from all segments of Alm. Brand's portfolio. The system is designed to provide a more precise assessment of the risk associated with each individual customer, enabling Alm. Brand to offer customers the best terms and prices.

The run-off result net of reinsurance produced a gain of DKK 291 million (2014: DKK 72 million). The gains were mainly attributable to workers' compensation insurance, as the company's new model for calculation of claims provisions provides a somewhat lower provisioning level for prior-year claims than the previous model did. Building insurance and motor liability lines also generated run-off gains.

The expense ratio was 14.2 (2014: 13.6). In spite of the increase in 2015, the expense ratio was slightly better than expected at the beginning of the year.

The net reinsurance ratio for the year was 7.6 (expense) in 2015, against a negative ratio of 1.0 in 2014 (income). The net reinsurance ratio was impacted by the windstorm Gorm, whereas the 2014 level was attributable to upwards adjustments of the estimates relating the windstorms Allan and Bodil in the fourth quarter of 2013.

Major events

Many weather-related loss events in 2015

Denmark was hit by a number of major weather-related loss events in 2015 – especially in the fourth quarter: One in the first quarter, two in the third quarter and five in the fourth quarter. In January, the windstorms Dagmar and Egon hit Denmark's western regions and westerly coasts the hardest, and in November and December the windstorms Freja and Helga hit northern Jutland. On 29 November 2015, the windstorm Gorm swept across central parts of Denmark, turning out to be the most severe windstorm since Bodil in December 2013.

In August and September, Denmark was hit by cloudbursts, causing both lightning and water damage. In December, heavy rainfall over a short period time resulted in extensive water damage. In addition, a heavy snowfall in November caused a number of snow load claims.

Alm. Brand expects these weather-related loss events to result in approximately 14,000 claims and total claims expenses payable to customers of about DKK 250 million.

New provisioning model for workers' compensation insurance

In the first quarter of 2015, Alm. Brand implemented a new provisioning model for the calculation of claims provisions on workers' compensation insurance. The new model improves the possibilities of regularly monitoring claims provisions at a more detailed level. Increasing transparency in relation to the cash flow on provisions, the model facilitates improved management of index and interest rate risk.

New act on higher retirement age affects workers' compensation benefits

In December 2015, the Danish parliament adopted an amendment to the Danish Social Pensions Act which raises the retirement age from 67 years to 68 years for people born in 1963 or later. As a result, people in this age group who either have been awarded or will be awarded regular benefits due to loss of earning capacity are eligible for workers' compensation benefits for one year more than under the previous rules.

As a consequence of the amendment, Alm. Brand has increased the premium on workers' compensation insurance with effect from 1 January to cover additional expenses for future claims. Alm. Brand also expects to incur additional claims expenses for workers' compensation claims already reported. This increase was included in the claims provisions as at 31 December 2015.

Approval of partial internal model

In mid-May 2015, Alm. Brand Forsikring submitted an application to the Danish FSA for approval of the company's partial internal model to be used under the Solvency II regime. The model covers the company's non-life insurance risks excluding personal accident and workers' compensation risks and the company's natural catastrophe risks. On 4 November 2015, the Danish FSA announced that it had approved the application without any comments and that the partial internal model can be used under Solvency II with effect from 1 January 2016.

Solvency II and new Executive Order on financial reports

The Solvency II rules were introduced with effect from 1 January 2016. Alm. Brand Forsikring implemented the principles behind the new rules and began using the company's internal model for the calculation of the solvency requirement already at year-end 2012, which has given the company extensive experience with Solvency II dynamics.

The Danish FSA has issued a new Executive Order on financial reports for insurance companies and multi-employer occupational pension funds applicable as from 1 January 2016. Apart from presentational changes, the new provi-

sions also imply an amendment to the measurement of technical provisions and introduce new concepts such as risk margin and profit margin. Moreover, a new yield curve to be determined by EIOPA (the European Insurance and Occupational Pensions Authority) will be introduced. Alm. Brand Forsikring has obtained permission from the Danish FSA to use volatility adjustment, which is an add-on to the yield curve from EIOPA. The add-on reduces liabilities and makes it easier to hedge yield curve fluctuations.

The profit margin expresses the expected future earnings from insurance contracts entered into but not yet expired, i.e. the insurance contracts to be covered by premium provisions.

The risk margin expresses the risk allowance which a third party would in principle demand in return for taking over the technical provisions including the associated risk. Separate risk margins must be calculated for premium provisions and claims provisions.

Premium provisions must still cover claims which have not yet been incurred but for which the company has assumed the risk. However, the part of the provision attributable to the expected future earnings on premium provisions will be recognised in the item "Profit margin", and a risk margin must also be calculated for premium provisions to cover the uncertainty related to claims incurred after the balance sheet date.

Moreover, the rules stipulating when a policy is to be recognised in premium provisions and the related balance sheet items have also been amended. In future, policies must be recognised as from the date an insurance contract is entered into. The previous rules stipulated that policies should be recognised as from the effective date of the policy. Moreover, all premium provisions must be discounted in future. Previously, discounting was only required for lines for which the impact was material.

Claims provisions must still cover compensation for claims incurred but not yet fully settled at the balance sheet date. The item is to be calculated as a "best estimate" of such claims.

Non-life Insurance

	DKKm	2015	Q4 2015	2014	2013	2012	2011
INCOME STATEMENT	Gross premiums	5,043	1,266	5,058	5,031	4,866	4,772
	Technical interest	-2	0	5	9	13	40
	Claims expenses	-3,025	-877	-3,579	-3,769	-3,180	-3,845
	Insurance operating expenses	-807	-205	-787	-803	-790	-763
	Reinsurance profit/loss	-245	-27	47	174	-86	207
	Technical result	964	157	744	642	823	411
	Interest and dividends, etc.	237	54	202	233	245	262
	Capital gains and losses	-202	-4	-221	-24	-106	-28
	Investment management expenses	-30	-7	-21	-22	-23	-18
	Return on technical provisions	-10	-4	-53	-66	-86	-167
	Return on investment after technical interest	-5	39	-93	121	30	49
	Profit before tax	959	196	651	763	853	460
	Tax	-216	-38	-161	-221	-214	-116
	Profit after tax	743	158	490	542	639	344
BALANCE SHEET	Run-off gains/losses	435	132	131	207	235	153
	Total provisions for insurance contracts	7,310	7,310	7,571	7,553	7,215	7,368
	Insurance assets	227	227	298	608	143	336
	Total shareholders' equity	2,817	2,817	2,423	2,184	2,441	2,152
	Total assets	11,094	11,094	10,868	10,661	10,579	10,348
KEY RATIOS	Gross claims ratio	60.0	69.3	70.8	74.9	65.4	80.6
	Net reinsurance ratio	4.8	2.2	-0.9	-3.5	1.7	-4.3
	Claims experience	64.8	71.5	69.9	71.4	67.1	76.3
	Gross expense ratio	16.0	16.1	15.6	16.0	16.2	16.0
	Combined ratio	80.8	87.6	85.5	87.4	83.3	92.3
	Operating ratio	80.9	87.6	85.3	87.3	83.1	91.5
	Relative run-off result	8.0	-	2.5	4.3	4.4	3.3
	Return on equity before tax (%)	37.6	28.7	29.5	35.0	38.7	23.2
	Return on equity after tax (%)	29.1	23.1	22.2	24.9	29.0	17.4
	Solvency coverage*	2.8	2.8	2.8	2.7	2.8	2.6

Financial highlights and key ratios have been calculated in accordance with the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

* The solvency coverage is for Alm, Brand Forsikring A/S, and the total capital is reduced by the amount of proposed or distributed dividends.

Financial key ratios

Gross premiums

1,311
DKKm

Bonus rate

9.7%

Profit before tax

79
DKKm

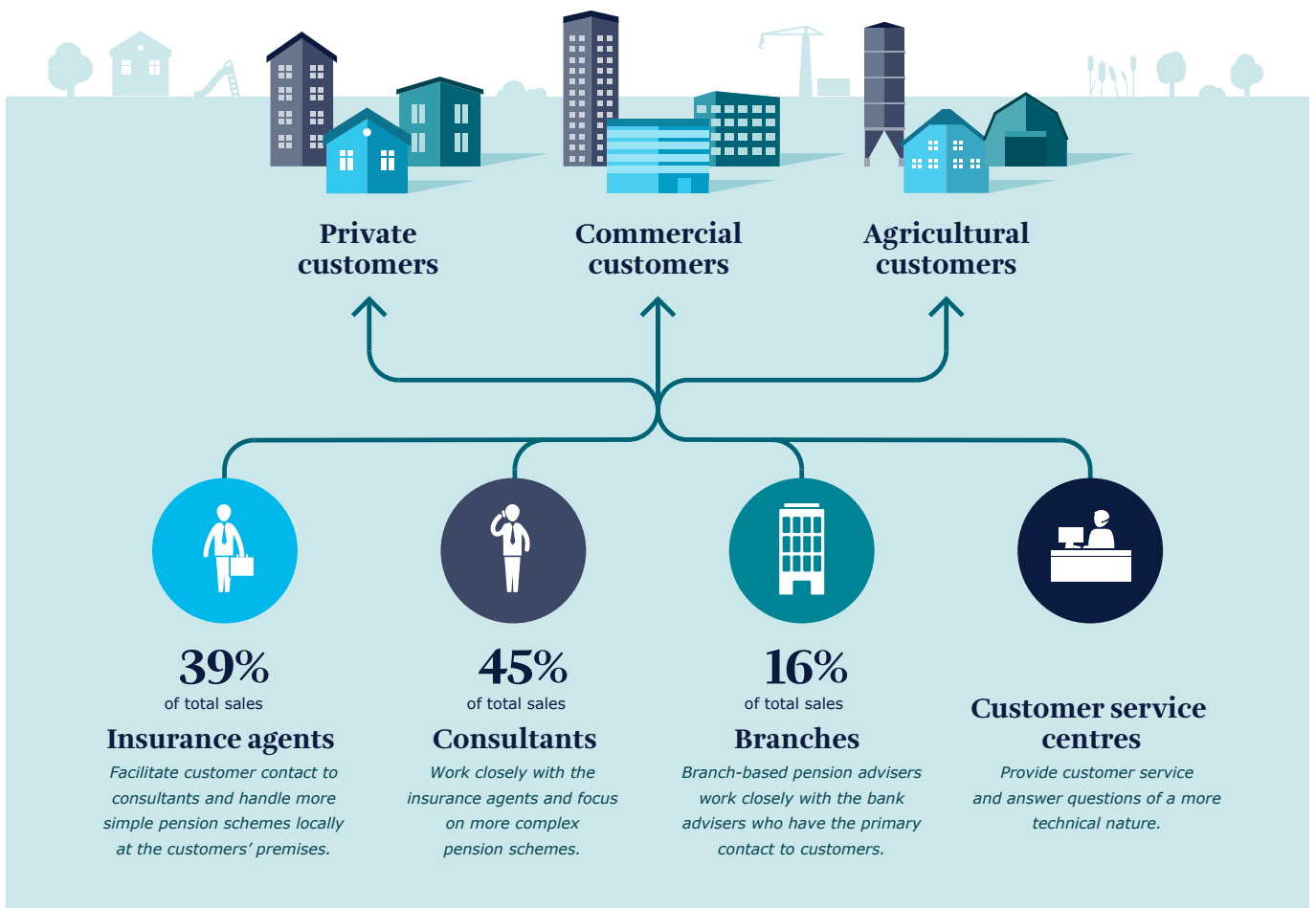
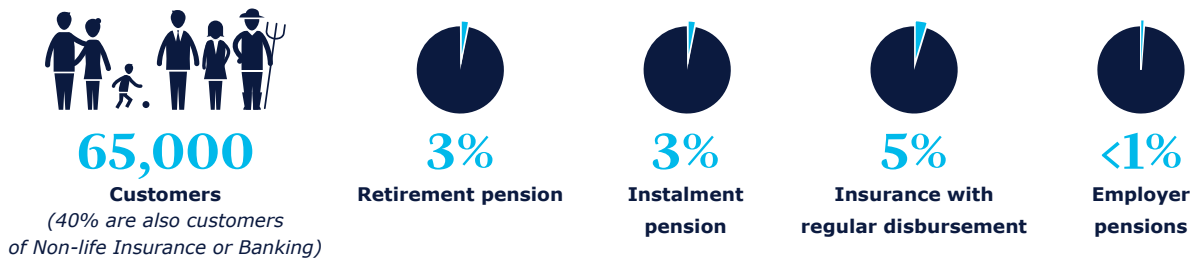
Life and Pension

Life and Pension offers life insurance, pension savings and pension insurance with a particular focus on private individuals, owners and employees of small businesses, and farmers.

Pension based on *personal* advice

Market shares

Measured in terms of regular payments





MIKAEL SUNDBY
MANAGING DIRECTOR, LIFE AND PENSION

Life and Pension

Satisfactory pre-tax profit of DKK 79 million and successful increase of bonus potential in spite of substantial financial market volatility.

“

Premium growth continued to find support in customers consolidating their pensions with Alm. Brand.

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 covers and various types of savings. The main types of insurance are death cover, disability cover, critical illness cover and health insurance, whereas savings comprise retirement pension, instalment pension and annuity schemes.

Consolidation has been particularly prominent in workers' compensation lines in recent years. Among other things, this is a trend driven by the increased regulatory focus and the resulting administrative burden. Consolidation has not been as prominent in the commercial market, but the administrative burden has increased similarly in this area. Alm. Brand Liv og Pension has addressed this trend in its growth strategy and by continuing to reap synergies from sharing functions with the rest of the Alm. Brand Group.

3.8%

Growth in regular premiums

Life and Pension aims to generate growth in regular premiums. Growth at the rate of 5% is expected for 2016.

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 2015, annuity pension schemes were fully deductible, while instalment pension schemes were subject to a tax deductibility cap of DKK 51,700, and capital pension schemes ceased to be tax deductible. In 2015, pension savers could pay up to DKK 28,600 into their retirement pension scheme, and while such payments are not tax deductible, disbursements are tax-free.

In recent 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. However, Alm. Brand Liv og Pension has opted to continue to offer both the average rate product with guaranteed benefits and market rate products.

The average rate product provides greater security for policyholders, and because of the company's strong investment buffers, the average rate product remains competitive with market rate products. Alm. Brand's market rate products are offered through Alm. Brand Bank.

Interest rates plunged in the first quarter of 2015, among other things due to speculation about a revaluation of the Danish krone. Danmarks Nationalbank responded by lowering its key lending rate to a historical low. From the second quarter, interest rates rose again and, for the year as a whole, long-term interest rates increased by just over 0.3 of a percentage point.

Alm. Brand Liv og Pension has held firm in its overall investment strategy. This kept the individual solvency requirement stable during the period and, as a result, the company is even more strongly positioned to offer a high rate on policyholders' savings. As a result, Life and Pension in November 2015 announced that recent years' high rates on policyholders' savings would remain unchanged in 2016. The attractive rate on policyholders' savings supports the company's growth strategy.

Product development

New concept for businesses

The private pension scheme market has stalled, among other things due to the widespread use of pension schemes

under collective agreements. The company pensions segment continues to grow – and there is a particular sales potential among self-employed traders and small businesses as these groups only to a limited extent already have pension agreements.

Alm. Brand Liv og Pension has therefore launched a new corporate concept offering company pension schemes to small businesses which are already customers of Alm. Brand Forsikring. The initiative is part of Alm. Brand Liv og Pension's growth strategy and is intended to create greater value for the company's customers by offering a complete product range to the group's existing customers. The effects of the initiative are not expected to feed through until in 2016.

The commercial potential is expected to be further supported by very fierce price competition on health and personal accident insurance, resulting in large parts of the industry having incurred substantial deficits on this product segment. A few of the major market players have now announced that they will try to make these products profitable again.

Performance

Life and Pension achieved a total pre-tax profit of DKK 79 million in 2015, a DKK 1 million improvement on 2014.

The performance was composed of an expense and risk result of DKK 39 million, an interest rate result of DKK 17 million and a profit on annuities without bonus entitlement of DKK 6 million, a profit on the company's group life insurance business (written through Forenede Gruppeliv) of DKK 17 million and, lastly, a negative investment return on assets allocated to shareholders' equity of DKK 1 million.

The full risk allowance was booked to equity for all contribution groups in 2015. Relative to 31 December 2014, shadow accounts were unchanged at DKK 12 million.

The profit for the year was satisfactory and made for a return on equity before tax of 10% (2014: 9%).

It was satisfactory to note that the collective bonus potential increased by DKK 30 million to stand at DKK 942 million at 31 December 2015, equivalent to an average bonus rate of 9.7%.

Premiums

Payments into guaranteed schemes

Premium payments into guaranteed schemes with the life insurance company grew by 5.5% to DKK 1,311 million, driven by higher single payments as well as higher regular premiums, which was in line with the company's growth strategy.

Single payments increased by 7.3% to DKK 655 million, and regular premium payments increased by 3.8% to DKK 656 million. Growth in regular premiums was in line with the target defined for 2015.

Payments into market rate schemes

Payments into market rate schemes with the bank (investment schemes) totalled DKK 430 million (2014: DKK 402 million), equivalent to an increase of 6.9%. The performance was highly satisfactory.

Total pension contributions

Total payments into pension schemes, including investment schemes with the bank, increased by 5.8% to DKK 1,741 million (2014: DKK 1.645 million).

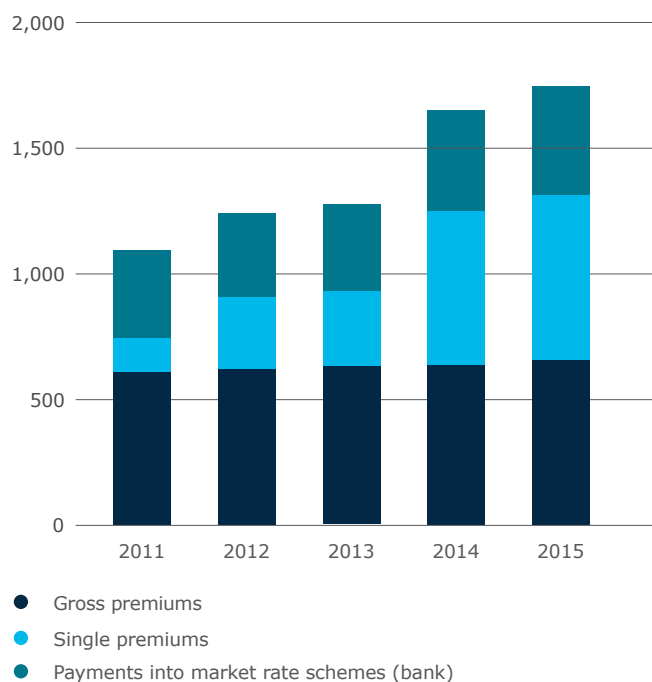
The increase in total pension payments was satisfactory and in line with the targets defined in connection with the company's growth strategy.

Benefits paid

Benefits paid totalled DKK 1,103 million (2014: DKK 1,185 million).

The decline was mainly due to the effects of the tax reform, which gave capital pension customers the option of settling the tax due on their schemes at a rate of 37.3% instead of the standard rate of 40%, having tailed off from 2014 to 2015.

Total payments, Pension (DKKkm)



Risk result

The risk result, which expresses the difference between risk premiums and claims expenses, was DKK 48 million (2014: DKK 64 million). The company's group life insurance business was reported as a separate line item in 2015 and is therefore not included in the risk result, as it was in 2014. Moreover, the 2014 performance was supported by the reversal of a provision made for a single, large disability claim, and the improvement was thus of a non-recurring nature. Net of these two factors, the total risk result was satisfactory and in line with the 2014 risk result.

Costs

Acquisition costs and administrative expenses totalled DKK 84 million in 2015 (2014: DKK 84 million).

Expense result

The expense result, which expresses the difference between expense loading and expenses incurred, declined by DKK 7 million to a loss of DKK 9 million. As with the risk result, the company's group life insurance business was not included in the expense result in 2015, as it was in 2014. Instead, it was reported as a separate line item in the profit target. Adjusted for this, the expense result was in line with the 2014 performance and satisfactory in light of the company's growth strategy.

Reinsurance

The reinsurance result was a loss of DKK 4 million, but this was satisfactory considering the reduction in risk and consequently in the fluctuations in the company's results caused by reinsurance.

Investment return on assets allocated to equity

The return on investment assets allocated to equity was negative at DKK 1 million, corresponding to a rate of return of minus 0.1.

Assets allocated to equity are primarily invested in ultra-short bonds. The return was not satisfactory, but it reflected the challenging investment environment with very low or even negative short-term interest rates.

Investment return on policyholders' funds

Total investment assets belonging to policyholders amounted to DKK 12.2 billion at 31 December 2015. The investment assets are placed in bonds, equities and property.

The return (before tax on pension returns but after investment costs) on investment assets belonging to policyholders was DKK 148 million, equivalent to 1.2%, compared with a return of DKK 1,162 million in 2014.

The return for the year was adversely affected by the increase in interest rates, which led to capital losses on a large part of the bond portfolio. However, the interest rate increase also resulted in a significant reduction of insurance liabilities. Adjusted for this effect, the return was satisfactory.

Investment assets policyholders' funds



● 72% Bonds ● 16% Equities ● 12% Property

Bonds

At 31 December 2015, bonds made up 72% of the overall portfolio of policyholders' funds.

The return on bonds was negative at 0.7%, being adversely affected by value adjustments due to the increase in interest rates in 2015 and developments in Emerging Markets.

Financial instruments used to partially hedge insurance liabilities made a positive contribution to the return in spite of the increase in long-term interest rates. This was due to good timing in establishing and exiting interest rate hedges in the interest rate group writing new business.

Equities

At 31 December 2015, equities made up 16% of the overall portfolio of policyholders' funds.

The return was 14.0% and was lifted by favourable developments in the financial markets as well as by a strong asset management performance.

Property

At 31 December 2015, property made up 12% of the portfolio of policyholders' funds.

The return was 3.6%, which was below expectations. The return was adversely affected by value adjustment of properties.

	U74*	Interest rate group 0	Interest rate group 1	Interest rate group 2	Interest rate group 3	Total
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 2015 (% p.a.)		4.00	5.00	5.00	6.00	
Rate on policyholders' savings 2016 (% p.a.)		4.00	5.00	5.00	6.00	
Investment assets (DKKbn)	0.1	5.7	1.7	1.2	3.4	12.2
Bonus rate (%)		10.3	19.4	6.8	3.7	9.7
Return (%)		2.4	1.1	0.3	-0.5	1.2
<i>Distribution of investment assets (%):</i>						
Bonds	100	62	62	78	81	69
Equities	0	24	22	8	3	16
Property	0	14	13	11	9	12
Fixed-income derivatives	0	0	3	3	7	3

*Portfolios without bonus entitlement

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. The 10-year point on the yield curve was at 1.32% at 31 December 2015, against 0.99% at 31 December 2014.

In spite of the higher interest rates, total provisions increased by DKK 121 million as a result of an increased customer inflow.

Collective bonus potential

The collective bonus potential increased by DKK 30 million in 2015 to stand at DKK 942 million at 31 December 2015, equivalent to a bonus rate of 9.7%, against 9.8% at 31 December 2014.

The collective bonus potential is calculated per contribution group and was highly satisfactory at 31 December 2015.

Major events

Rate on policyholders' savings for 2016

In November 2015, Life and Pension announced that recent years' high rates on policyholders' savings would remain unchanged in 2016 at 4%. The attractive rate on policyholders' savings supports the company's growth strategy.

Property

Alm. Brand Liv og Pension has sold its shares in DADES. The sale was completed at the carrying amount as at 30 June 2015.

Solvency II and new Executive Order on financial reports

The Solvency II rules were introduced with effect from 1 January 2016. Alm. Brand Liv og Pension implemented the principles behind the new rules in the calculation of the solvency requirement already with effect from 1 January 2014, which has given the company extensive experience with Solvency II dynamics.

The Danish FSA has issued a new Executive Order on financial reports for insurance companies and multi-employer occupational pension funds applicable as from 1 January 2016. Apart from presentational changes, the new provisions also imply an amendment to the measurement of technical provisions and introduce new concepts such as risk margin and profit margin. Moreover, a new yield curve to be determined by EIOPA will be introduced. Alm. Brand Liv og Pension has obtained permission from the Danish FSA to use volatility adjustment, which is an add-on to the yield curve from EIOPA. The add-on reduces liabilities and makes it easier to hedge yield curve fluctuations.

Primary amendments to the measurement of technical provisions include that the calculation of provisions must take into account future surrender and paid-up policy activity. Moreover, the concept profit margin is introduced, which is an assessment of expected future earnings on the existing policy portfolio. These amendments serve to align the solvency and financial reporting principles.

The consequence of the above initiatives is that the company is no longer required to reserve capital for policies with high guarantees if such liabilities are reduced because the policies are surrendered or converted into paid-up policies. Similarly, the company may not include buffers from policies which are reduced or lapse in connection with surrender or conversion into paid-up policies. Finally, the introduction of the profit margin, which is financed by the individual or collective buffers, reflects a general wish to break down the expected future profit into profit accruing to customers (individual and collective buffers) and owners (profit margin), respectively.

It is important to note that the new financial reporting rules break away from the restrictions related to realised results, which means that, going forward, the company will achieve greater certainty with respect to its earnings. It also means that shadow accounts from before 1 January 2016 must be settled over a five-year period. The settlement of Alm. Brand Liv og Pension's shadow account of DKK 12 million is expected to take place over the next three years or so based on the risk allowance principle which the company has notified for 2016.

Return on equity principles

The return on equity is composed of the direct return on assets allocated to equity plus a risk allowance.

Customers have been divided into 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.

In 2015, the risk allowance was 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 excluding Forenede Gruppeliv
- Expense groups: 100% of the expense result net of reinsurance after bonuses excluding Forenede Gruppeliv
- The result of Forenede Gruppeliv including commission payments

The risk allowance 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 is fully allocated to equity.

The Executive Order on the contribution principle issued by the Danish FSA lays down the guidelines for return on equity, including when the risk allowance may be included in the profit/loss. Whether the risk allowance for a contribution

group can be recognised as income depends on the realised profit/loss for the group. The booking of the risk allowance in an interest rate group is conditional on the investment return and the release of additional provisions – positive or negative – being higher than the average rate of interest on which the guaranteed benefits provided to customers are based. This limitation lapses in 2016.

If the results achieved in a contribution group do 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.

In 2016, the risk allowance has been determined as follows:

- Interest rate groups: 0.2% of average life insurance provisions net of reinsurance exclusive of collective bonus potential and any use of the bonus potential
- Insurance risk groups: 100% of the risk result net of reinsurance after bonuses including Forenede Gruppeliv
- Expense groups: 100% of the expense result net of reinsurance after bonuses including Forenede Gruppeliv
- The result of Forenede Gruppeliv including commission payments after deduction of the items included in the expense and risk result

For the insurance group Disability, the risk result is defined specifically before bonus for the purpose of taking the shadow account to income over the next three years or so.

Life and Pension

	DKKm	2015	Q4 2015	2014	2013	2012	2011
INCOME STATEMENT	Premiums	1,311	341	1,243	928	903	724
	Investment return after allocation of interest	133	201	945	253	856	856
	Insurance benefits	-1,103	-353	-1,185	2,239	-973	-1,057
	Insurance operating expenses	-84	-20	-84	-81	-79	-70
	Reinsurance result	-4	0	-4	-3	3	1
	Change in life insurance provisions	-121	30	-722	1,650	-495	-401
	Change in collective bonus potential	-30	-151	-85	-240	-137	63
	Government tax on unallocated funds	-22	-17	-32	-185	-	-
	Technical result	80	32	76	83	78	116
	Return on investment allocated to equity	-1	-2	2	3	12	21
	Profit before tax	79	30	78	86	90	137
	Tax	-2	-8	-21	-21	-19	-32
	Profit after tax	77	22	57	65	71	105
	Return on investment allocated to equity						
Return on investment allocated to equity	-1	-2	2	3	12	21	
Result of portfolios without bonus entitlement	6	0	-3	0	-9	24	
Gruppeliv	17	5	-	-	-	-	
Interest result	17	5	16	11	11	11	
Expense result	-9	-1	-2	3	3	16	
Risk result	48	12	64	71	78	70	
Transferred to/from shadow accounts	0	10	0	-2	-5	-5	
Profit before tax**	78	29	77	86	90	137	
BALANCE SHEET	Total provisions for insurance contracts	12,030	12,030	11,878	11,074	12,463	11,829
	Total shareholders' equity	844	844	818	1,011	946	1,026
	Total assets	13,930	13,930	14,246	12,993	14,366	13,624
KEY RATIOS	Return before tax on pension returns (%)	1.1	7.1	9.2	2.3	7.9	8.3
	Return on policyholders' funds before tax on pension returns (%)	1.2	7.7	10.0	2.5	8.5	9.0
	Return on equity funds before tax on pension returns (%)	-0.1	-0.8	0.2	1.2	1.3	2.2
	Expense ratio on premiums (%)	6.4	-	6.7	8.7	8.7	9.7
	Expense ratio on provisions (%)	0.9	-	0.9	0.8	0.8	0.7
	Expenses per individual insured (rounded to nearest DKK)	1,152	-	1,096	1,026	961	820
	Expense result (%)	-0.1	-	-0.1	0.0	0.0	0.1
	Insurance risk result (%)	0.7	-	0.8	0.7	0.7	0.9
	Bonus rate (%)	9.7	-	9.8	9.2	5.8	4.5
	Equity reserves (%)	10.7	-	10.6	13.0	10.6	12.0
	Excess coverage ratio (Solvency I)* (%)	4.4	-	4.9	5.3	5.6	5.1
	Solvency coverage (Solvency I)* (%)	192	-	197	210	211	202
	Return on equity before tax (%)	9.6	14.1	9.2	8.8	9.7	13.3
	Return on equity after tax (%)	9.3	10.2	6.8	6.7	7.6	10.1
	Return on policyholders' funds after deduction of expenses before tax (%)	0.7	-	9.6	1.1	6.9	6.9
Return on subordinated loan capital before tax (%)	-1.8	-	-1.7	-1.7	-2.2	-2.7	

Financial highlights and key ratios have been calculated in accordance with the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

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

**Profit before tax of the parent company Alm. Brand Liv og Pension A/S, which includes post-tax return on investment in the EMD Local Currency investment fund, but excluding health and personal accident insurance.

Forward-looking activities

Income **571**
DKKm

**Loans and advances
Private** **2,550**
DKKm

Profit before tax **18**
DKKm

Banking

Alm. Brand Bank has nation-wide coverage and is focused on providing banking products and services to private customers, bond, equity and currency trading and research and asset management services as well as leasing of cars to private and commercial customers.

Helping customers *every* day



Financial Markets

- Approx. **45** employees
- Approx. DKK **33** billion in custody accounts



Banking, Private

- **90** banking, investment and pension advisers working from **11** branches



Leasing

- Approx. **25** employees and **6,000** leased cars
- Partnerships with car importers and car dealers across Denmark
- Distribution to commercial customers through in-house consultants



Banking



Commercial customers

50,000
Customers

(50% are also customers of Non-life Insurance or Life and Pension)



Private customers



KIM BAI WADSTRØM
MANAGING DIRECTOR, BANKING

Banking

The forward-looking activities reported pre-tax profit of DKK 18 million. The performance was adversely affected by financial market turmoil.

“

The bank is reporting strong and satisfactory business activity, driven, among other things, by a 13% increase in the number of Pluskunder.

Market

Private

The private customer market was the most optimistic in a long time in 2015. However, there is still a general tendency among many private customers of preferring to reduce bank debt and increase savings.

The housing market developed more favourably in 2015 than it has for the past many years. Recovery in both prices and turnover of real estate, which in 2014 was seen mainly in Greater Copenhagen, has now spread to more towns and cities. The improved real estate turnover adds greater robustness to the housing market for the benefit of the many homeowners and consequently also the financial sector.

Housing market developments have a major influence on the financial decisions made by private customers. As a result, Alm. Brand Bank is feeling the positive effects of greater optimism and a greater volume of real estate transactions, which often involve a change of bank. This has resulted in many new customers and growth in the bank's lending.

The prevailing historically low level of interest rates continues to have a significant influence on customer behaviour as it is very difficult to find deposit products that provide a positive return. Combined with a general increase in private customer investment appetite, this has produced growth in business volume in the investment area. This trend is expected to continue in 2016.

However, the positive economic developments for private customers makes competition for the best customers even harder. This puts interest margins on home financing under pressure, especially for these customer groups. The competitive landscape is not expected to change in 2016, and this means that more customers are likely to consider changing banks, which could put additional pressure on the interest margin. Supported by Alm. Brand Bank's customer concepts and customer relationships, the added competition is expected to have a positive effect on growth.

Financial Markets

2015 was a historically volatile year in the financial markets. The Swiss franc/euro peg ended unexpectedly, leading to general uncertainty about the strength of the Danish kroner/euro peg. As a result, Danmarks Nationalbank was forced to launch a strong defence of the Danish krone, cutting its key lending rate to a historical low at minus 0.75%. At the same time, the issuance of government bonds was suspended, and Danmarks Nationalbank adjusted the banks' current accounts, which also had a substantial impact on the Danish fixed-income market.

This marked the beginning of an interest rate decline, causing Danish and European interest rates to plummet to the lowest levels ever recorded. The low level of interest rates triggered a remortgaging wave in Denmark, as homeowners were able to obtain 30-year mortgages at 2% interest.

In spring, expectations of monetary retrenchment began to emerge, causing interest rates to surge. As a result of the interest rate increases, the credit spread between mortgage bonds and the swap rate widened, increasing to a very high margin. The yield spread remains widened, as new tighter liquidity regulations for banks, among other sectors, have made Danish mortgage bonds less attractive.

European equities were also seen to be extremely volatile in 2015. The volatile market gave rise to an increase in demand for professional advisory services from the bank's customers.

Leasing

The market for private car leasing grew significantly, causing several players to increase their activities in that field. Private leasing remains focused on small and mid-sized cars, and the share of privately leased passenger cars as a percentage of total sales rose from 11% in 2014 to 15% in 2015.

The registration fee for new vehicles was lowered from 180% to 150% in 2015. This change in fee is assessed to be one of possibly several upcoming registration fee reductions.

The fee reduction already implemented and any upcoming reductions are expected to have a positive effect on the car leasing market. Mounting uncertainty about used car values

is highly likely to incentivize more customers, corporate as well as private, to turn to leasing when they need a new car.

Performance

The forward-looking activities generated profit of DKK 18 million, which, while in line with expectations, was not satisfactory. The performance was strongly impacted by the low level of interest rates obtainable on investment of excess liquidity and by capital losses on bonds.

Winding-up activities produced a loss of DKK 349 million, which was within the expected range.

The bank reported a total pre-tax loss of DKK 331 million and impairment writedowns of DKK 327 million (2014: DKK 277 million). DKK 306 million of the impairment writedowns made in 2015 was attributable to winding-up activities, the writedowns mainly being a consequence of the challenging conditions in the Danish agricultural sector.

The interest margin for the banking group improved by 0.2 of a percentage point to 1.9%.

Forward-looking activities

The pre-tax results fell by DKK 43 million relative to 2014 to a profit of DKK 18 million. The decline was due to low or negative interest rates on investment of the bank's excess liquidity, value adjustment losses and to the fact that the 2014 results were lifted by an adjustment for accounting purposes related to the solvent liquidation of Alm. Brand Formue A/S.

Total impairment writedowns amounted to DKK 21 million. Impairment writedowns were at a normal level in 2015, representing 0.6% of the average portfolio.

Core earnings increased by DKK 2 million to DKK 98 million, driven by an increase in net interest and fee income and a higher profit from the bank's leasing activities. On the other hand, a decline in trading income and higher costs detracted from the core earnings.

Income

The bank generated income of DKK 571 million in 2015, an increase of DKK 40 million or 8% relative to 2014. The increase was driven by net interest and fee income and other income, primarily comprising the bank's leasing activities.

Costs

Costs amounted to DKK 352 million in 2015, which was 2% higher than in 2014. Staff costs and administrative expenses amounted to DKK 341 million (2014: DKK 334 million), among other things driven by an increase in headcount in the bank's branch network. Other operating expenses, primarily to the Guarantee Fund for Depositors and Investors, amounted to DKK 11 million (2014: DKK 10 million).

Value adjustments

Value adjustments produced a loss of DKK 59 million in 2015, against a loss of DKK 31 million in 2014.

Interest-related value adjustments produced a loss of DKK 84 million (2014: DKK 57 million) attributable to the bank's bond portfolio, which is predominantly composed of Danish mortgage bonds. Volatility in the fixed-income market caused major fluctuations in the credit spread between mortgage bonds and swap rates, which impacted the return. The bank's bond portfolio thus yielded a negative return of 0.1% in 2015, compared with a positive return of 1.2% in 2014. The return was not satisfactory relative to the benchmark performance.

The bank achieved a capital gain on equities of DKK 13 million in 2015, against a gain of DKK 14 million in 2014.

Currency-related value adjustments produced a gain of DKK 12 million, which was on a par with 2014, although the bank incurred a capital loss in Q1 2015 related to the volatility surrounding the Swiss franc.

Impairment writedowns

Impairment writedowns on the bank's forward-looking activities amounted to DKK 21 million, which was DKK 4

million higher than in 2014. The impairment writedowns were slightly higher than expected, among other things due to a capital reservation made to protect against customers' potential losses in connection with the expiry of interest-only periods on their mortgage loans.

Business activities

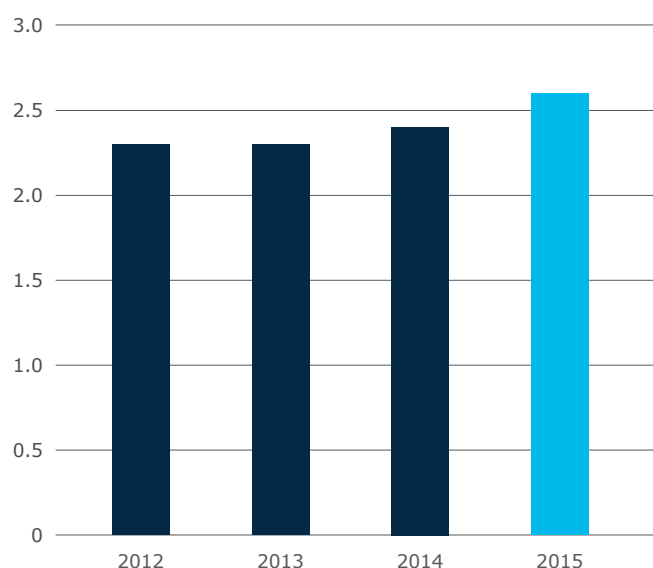
Private

The bank incurred a pre-tax loss of DKK 12 million on its private customer activities. The DKK 28 million improvement was primarily driven by a significant increase in income. Part of the increase was due to the bank's lending to Alm. Brand Leasing being moved from Treasury to Private in 2015.

The number of Pluskunder, who use Alm. Brand Bank as their main banker, continued the strong trend, increasing by 13% in 2015. Moreover, average earnings from the bank's Pluskunder increased by 7% relative to 2014.

Driven by an increase in new lending, total loans and advances to private customers increased by DKK 197 million in 2015 to stand at DKK 2.6 billion at 31 December 2015.

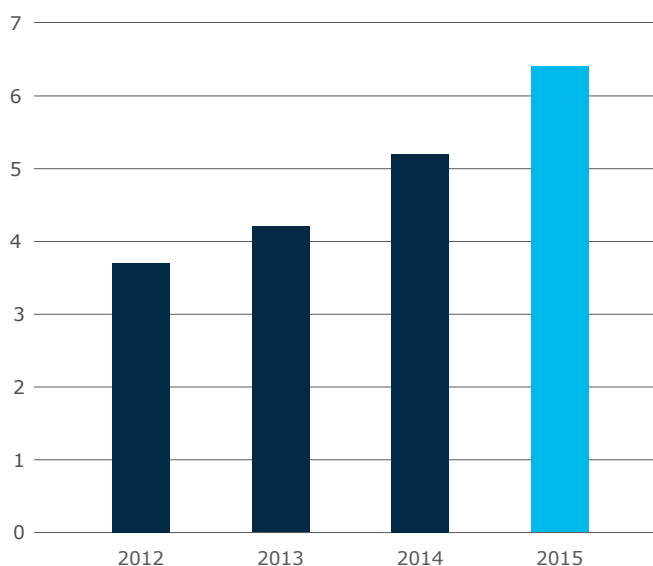
Private customer lending (DKKbn)



Private

DKKm	2015	2014
Income	218	182
Expenses	-209	-204
Core earnings	9	-22
Impairment writedowns	-21	-18
Loss before tax	-12	-40

Totalkredit portfolio (DKKbn)



In addition, the portfolio of Totalkredit loans for which the bank acted as intermediary grew significantly, by more than DKK 1.1 billion, to stand at DKK 6.3 billion at 31 December 2015, equivalent to an increase of just over 21%.

The pensions area also developed favourably, as the bank succeeded in growing its total pension assets by just over 1%. Assets in the bank's portfolio management product – Investment Scheme – grew by more than 13% alone.

Financial Markets

DKKm	2015	2014
Income	160	146
Expenses	-97	-93
Core earnings	63	53
Value adjustments	-4	-7
Profit before impairment writedowns	59	46
Impairment writedowns	0	1
Profit before tax	59	47

Financial Markets

Financial Markets reported a pre-tax profit of DKK 59 million (2014: DKK 47 million), driven by an increase in income from e.g. asset management activities, which performed strongly in 2015.

Despite financial market volatility and periods of sluggish trading activity, income increased by almost 10% to DKK 160 million.

Costs increased by DKK 4 million to DKK 97 million.

The number of customers in Financial Markets continued to grow in 2015. The number of private customers in Markets increased by 29%, while the number of institutional customers in Asset Management increased by 6%.

At 31 December 2015, Asset Management had assets under management of approximately DKK 31 billion.

Leasing

Leasing activities generated pre-tax profit of DKK 11 million, which was a DKK 7 million improvement on 2014.

Leasing activities generated portfolio growth of DKK 146 million in 2015. The favourable portfolio performance was driven by leases to both private and commercial customers. Total leasing activities amounted to DKK 655 million at 31 December 2015, against DKK 509 million at 31 December 2014.

As a result of the portfolio growth, income increased by DKK 35 million to DKK 171 million compared with 2014. Costs were DKK 2 million lower than in 2014.

Depreciation increased by DKK 30 million to DKK 121 million in 2015 due to the larger portfolio.

Leasing

DKKm	2015	2014
Income	171	136
Expenses	-39	-41
Depreciation and amortisation	-121	-91
Profit before tax	11	4

Other

DKKm	2015	2014
Income	22	67
Expenses	-7	-6
Core earnings	15	61
Value adjustments	-55	-24
Profit from investments	0	17
Alm. Brand Formue (the bank's ownership interest)	-	-4
Profit/loss before tax	-40	50

Other

Other activities, consisting primarily of Treasury, reported a pre-tax loss of DKK 40 million in 2015, compared with a profit of DKK 50 million in 2014.

The decline from 2014 to 2015 was mainly due to a greater loss on value adjustments and a lower level of income. The main reason for the decline in income was the combination of substantial excess liquidity and negative interest rates. Moreover, funding of leasing activities was moved from Treasury to Private. The 2014 performance was moreover lifted by a DKK 17 million adjustment for accounting purposes in connection with the solvent liquidation of Alm. Brand Formue.

Winding-up activities

The bank's winding-up activities are composed of agricultural, commercial and mortgage deed exposures. Market developments in the individual segments varied greatly in 2015.

The bank's winding-up activities posted a loss of DKK 349 million (2014: DKK 336 million loss), which was in line with the most recent guidance of a loss of DKK 350 million.

The winding-up activities are subject to substantial impairment writedowns, totalling DKK 306 million in 2015 (2014: DKK 260 million). Before impairment writedowns, the winding-up activities reported a loss of DKK 43 million, which was an improvement of DKK 33 million relative to 2014.

Total loans and advances in the winding-up portfolio declined by DKK 750 million to DKK 1.3 billion in 2015, representing a third of the bank's overall lending portfolio. Adjusted for losses and writedowns, the lending portfolio was reduced by close to DKK 490 million, which was better than expected.

Agriculture

The portfolio consists of 60 agricultural customers, composed of about 48% pig farming, about 44% dairy farming and about 8% arable farming. Over the past few years, the bank has made targeted efforts to reduce its credit exposure in this segment, which has had the natural effect of causing the credit quality of the remaining portfolio to gradually deteriorate.

The bank's agricultural customers generally have a high level of debt, and a number of exposures are characterised by strained liquidity. The current situation of low pork and milk settlement prices, which has prevailed since 2014, contributes to further deteriorating conditions.

The bank's gross lending to the agricultural segment totalled DKK 1,141 million at 31 December 2015. At 31 December 2015, the carrying amount of these loans and advances was DKK 308 million, and accumulated impairment writedowns hence totalled DKK 833 million.

The portfolio was reduced by DKK 360 million in 2015. Less losses and writedowns, the agricultural lending portfolio declined by DKK 86 million. The reduction was primarily related to the winding up of exposures.

Impairment writedowns amounted to DKK 274 million in 2015, reflecting that 2015 was yet another very difficult year for the agricultural sector. Total collective impairment charges related to the agricultural segment were DKK 140 million at 31 December 2015. The bank expects that the difficult earnings conditions for agriculture will persist in 2016. In spite of this, impairment writedowns are expected to be substantially lower in 2016, as the portfolio had been written down significantly at 31 December 2015. However, a significant change in the valuation of farms could change these expectations.

Commercial

The portfolio consists of lending to finance investment properties, lending to businesses and property development projects.

The total portfolio decreased by DKK 313 million in 2015 to DKK 781 million. Writedowns in the amount of DKK 41 million were reversed in 2015, as the sale of properties in connection with the winding up of exposures generally provided better coverage of the bank's receivables.

Mortgage deeds

This segment comprises the bank's own portfolio of private and commercial mortgage deeds and mortgage deed exposure through an option agreement with Alm. Brand Forsikring.

Developments in the mortgage deed segment generally reflect developments in the housing market, which in 2015 was characterised by greater real estate turnover and higher prices in the Greater Copenhagen area as well as in major Danish towns and cities. On the other hand, there are also areas in Denmark where listings hardly attract any buyers at all. The number of forced sales was unchanged from 2014 to 2015, while the number of delinquencies on both private and commercial mortgage deeds fell.

The portfolio was reduced by DKK 79 million to DKK 228 million in 2015, while the mortgage deed exposure through the option agreement amounted to DKK 1.6 billion at 31 December 2015, against DKK 1.9 billion at 31 December 2014.

Credit-related writedowns on mortgage deeds amounted to DKK 73 million in 2015, of which DKK 44 million related to the option agreement on mortgage deeds concluded with Alm. Brand Forsikring. The higher credit-related writedowns in the fourth quarter were due to, among other things, a capital reservation made to protect against potential losses on the option agreement made with Alm. Brand Forsikring as a result of the expiry of interest-only periods on customers' mortgages.

Compared with the banking sector in general, the bank has fairly high exposure to mortgage deeds relative to its overall credit exposure. Losses and writedowns on the mortgage deed portfolio were almost halved from 2014 to 2015.

Balance sheet

Loans and advances

The bank's loans and advances declined by DKK 0.4 billion to stand at DKK 4.3 billion at 31 December 2015.

Excluding intra-group lending and writedowns, loans and advances increased by DKK 143 million for the forward-looking activities and declined by DKK 751 million for the winding-up activities.

Deposits

The bank had deposits of DKK 8.1 billion at 31 December 2015, against DKK 11.1 billion at 31 December 2014. The bank had expected to reduce total deposits further in 2015, but even at 0% interest on deposit accounts this did not materialise to the necessary extent, as the alternative placement options available to customers were limited.

However, the bank is still experiencing a positive shift in deposits from high-interest fixed-rate deposits to lower-interest floating-rate deposits. Fixed-rate deposits declined from DKK 5.4 billion to DKK 1.7 billion in 2015. Floating-rate deposits, on the other hand, increased by just over 30% to DKK 5.0 billion in 2015.

The bank maintains its strategy of further reducing both fixed-rate deposits and total deposits in 2016.

Credit exposure, winding-up portfolio

DKKm	Credit exposure after writedown			Losses and writedowns				Total	Impairments in % ^{a)}
	2014	2015	Share in %	Q1	Q2	Q3	Q4	2015	
Agriculture	668	308	24	57	60	68	89	274	56
Commercial	1,094	781	59	-12	-4	-6	-19	-41	-4
Mortgage deeds ^{b)}	307	228	17	6	-4	3	24	29	11
Total loans	2,069	1,317	100	51	52	65	94	262	16
Credit exposure through option agreement on mortgage deeds ^{b)}	1,874	1,588	-	12	10	9	13	44	3
Winding-up activities	3,943	2,905	-	63	62	74	107	306	9

a) Losses and writedowns as a percentage of the average portfolio in 2015. The percentage is not comparable with the impairment ratio in the bank's financial highlights and key ratios.

b) The impairment writedowns include credit-related value adjustments of mortgage deeds.

Liquidity

At 31 December 2015, the bank had cash funds of DKK 4.2 billion and excess liquidity of DKK 3.1 billion, equivalent to an excess coverage of 272% relative to the statutory requirement. The excess coverage was reduced by DKK 1.8 billion in 2015.

Management monitors the bank's liquidity closely, and efforts will be made to further reduce the excess liquidity coverage in 2016.

Denmark implemented the new European Liquidity Coverage Ratio (LCR) with effect from 1 October 2015. At some point in the future, the LCR will replace the existing section 152 key ratio. The LCR expresses whether the bank has a sufficient buffer of liquid high-quality assets to meet its liquidity needs in a short-term period of liquidity stress, and the requirement for excess coverage will be increased gradually from 60% to 100% in the period until 1 January 2018. The LCR will affect the management and composition of bank liquidity, including in particular the proportion of extremely liquid assets such as government bonds. At 31 December 2015, the bank's LCR was 382%.

Capital reservation for credit risk

The banking group's total capital reservation for credit risk decreased by DKK 311 million in 2015 to stand at DKK 2,928 million at 31 December 2015.

The capital reservation equalled 38% of the credit exposure at 31 December 2015, which was an increase of 1 percentage point relative to 31 December 2014.

The capital reservation on the forward-looking portfolio accounted for 22% of the credit exposure, and the capital reservation on the winding-up portfolio represented 48% of the credit exposure.

Of the banking group's total capital reservation at 31 December 2015, accumulated impairment writedowns amounted to DKK 1,440 million, compared with DKK 1,458 million at 31 December 2014. Accumulated impairment writedowns broke down as follows at 31 December 2015: DKK 310 million on the forward-looking portfolio and DKK 1,130 million on the winding-up portfolio. To this should be added a fair value adjustment of mortgage deeds of DKK 711 million.

Capital reservation for credit risk

DKKm	31.12.2015						31.12.2014	
	Total assets	Credit exposure ^{a)}	Accumulated impairment writedowns ^{b)}	Required capital	Total reservation	Reservation/Credit exposure	Total reservation	Reservation/Credit exposure
Forward-looking portfolio	2,684	2,994	310	353	663	22%	583	21%
Winding-up portfolio	1,317	4,724	1,841	430	2,271	48%	2,648	45%
Total - excl. reverse transactions	4,001	7,718	2,151	783	2,934	38%	3,231	37%
Reverse transactions including intra-group transactions	297	297	-	19	19	6%	8	18%
Total group	4,298	8,015	2,151	802	2,953	37%	3,239	37%

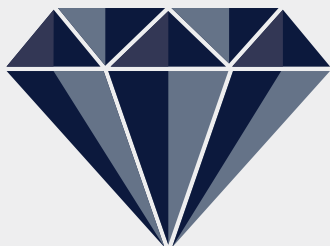
a) Gross lending, residual debt on mortgage deeds and credit exposure through the option agreement with Alm. Brand Forsikring.

b) Including value adjustments of mortgage deeds.

Supervisory Diamond

At 31 December 2015, the bank was in compliance with all five threshold values of the Danish FSA's Supervisory Diamond.

Developments in the bank's Supervisory Diamond values were in line with expectations.



Large exposures

Threshold value < 125% **2015** 28% **2014** 31%

Growth in lending

Threshold value < 20% **2015** -9% **2014** -35%

Funding ratio

Threshold value < 1 **2015** 0.52 **2014** 0.40

Property exposure

Threshold value < 25% **2015** 14% **2014** 19%

Excess liquidity coverage

Threshold value > 50% **2015** 272% **2014** 323%

Major events

Increase of the current account limit

At the beginning of February 2015, Danmarks Nationalbank lowered its official rate of interest on certificates of deposit to minus 0.75% due to the pressure on the Danish krone. In the period from March to August, Alm. Brand Bank's current account limit with Danmarks Nationalbank was temporarily increased from DKK 250 million to DKK 650 million. As a result of this increase, the bank was able to hold more of its excess liquidity as deposits with Danmarks Nationalbank at 0% interest during this period. The official rate of interest on certificates of deposit remained at minus 0.75% until year-end and was raised to only minus 0.65% at the beginning of 2016, in spite of the fact that the pressure on the Danish krone has tailed off, and currency reserves have been restored to the level of before the Danish krone came under pressure.

At the beginning of 2016, the current account limit was reduced by a further 50% to DKK 125 million. As a result, the bank now has to place an even bigger share of its cash funds with Danmarks Nationalbank or in the money market at a negative rate of interest.

New website for private car leasing

In spring 2015, Alm. Brand Leasing launched a new website for private car leasing.

The website provides customers with a better overview of their options, making it easier for them to tailor their own lease.

Banking

GROUP

	DKKm	2015	Q4 2015	2014	2013	2012	2011
INCOME STATEMENT							
	Forward-looking activities:						
	Net interest and fee income, Private	218	53	182	179	177	172
	Trading income (excl. value adjustments)	181	55	212	240	172	224
	Other income	172	46	137	89	63	55
	Total income	571	154	531	508	412	451
	Expenses	-352	-81	-344	-368	-364	-368
	Depreciation and amortisation	-121	-33	-91	-52	-33	-18
	Core earnings	98	40	96	88	15	65
	Value adjustments	-59	-13	-31	-33	3	-96
	Profit/loss from investments	0	0	17	-2	-6	0
	Alm. Brand Formue (the bank's ownership interest)	-	-	-4	-25	-2	-28
	Profit/loss before impairment writedowns	39	27	78	28	10	-59
	Impairment writedowns	-21	-10	-17	-118	-57	-105
	Profit/loss before tax, forward-looking activities	18	17	61	-90	-47	-164
	<i>Of which discontinued activities</i>	-	-	17	-6	13	-8
	Winding-up activities:						
	Loss before impairment writedowns	-43	-8	-76	-123	-49	-101
	Impairment writedowns	-306	-107	-260	-256	-423	-889
	Loss before tax, winding-up activities	-349	-115	-336	-379	-472	-990
	Total loss before tax and minority interests	-331	-98	-275	-469	-519	-1,154
	Tax	82	28	116	77	128	236
	Loss for the year before minority interests	-249	-70	-159	-392	-391	-918
	Minority interests	-	-	11	26	39	-32
	Consolidated loss for the year	-249	-70	-148	-366	-352	-950
BALANCE SHEET							
	Loans and advances, forward-looking activities	2,981	2,981	2,585	2,568	2,754	3,158
	Loans and advances, winding-up activities	1,317	1,317	2,069	4,772	5,642	7,059
	Deposits	8,099	8,099	11,076	10,936	11,325	7,995
	Shareholders' equity	1,495	1,495	1,744	1,696	1,169	1,234
	Share attributable to minority interests	-	-	-	193	173	141
	Total assets	10,416	10,416	14,411	16,296	17,903	21,393
KEY RATIOS							
	Interest margin (%)	1.9	2.0	1.7	1.6	1.4	1.6
	Income / cost ratio	0.59	0.54	0.56	0.38	0.42	0.08
	Impairment ratio	3.9	1.2	2.1	2.1	2.8	6.0
	Total capital ratio	17.2	17.2	17.8	18.4	18.5	16.8
	Return on equity before tax (%)	-20.4	-25.4	-17.3	-33.8	-41.6	-94.5
	Return on equity after tax (%)	-15.4	-18.3	-10.0	-27.9	-30.6	-75.8



RASMUS LYNGE
DIRECTOR, GROUP CUSTOMER RELATIONS

Strategy

Since 2012, Alm. Brand has been working with the CUSTOMERS FIRST strategy. Our focus is on ensuring that we have satisfied and loyal customers by offering high quality, professional skills and accessibility, good products at the right price and exceptionally good customer service.

Alm. Brand's overall objective is to deliver a satisfactory return. The group will continue to focus on delivering high profitability, improved customer service and high quality work. In addition, we aim to significantly increase the digitalisation rate and to have our employees experience high job satisfaction.

With a view to further improving customer service and customer satisfaction, Alm. Brand invested in a new CRM system in 2015, which will contribute to leveraging the great untapped potential inherent in Alm. Brand's business model, covering both Banking, Insurance and Pension. The CRM system will add value for existing and prospective customers by way of more efficient and value-generative dialogue and communication.

Shareholder return

- **Non-life Insurance**
Target: **20%**
2015: **38%**

- **Life and Pension**
Target: **10%**
2015: **10%**

- **Banking, forward-looking**
Target: **10%**
2015: **2.6%**

Shareholder return

Alm. Brand aims to deliver an attractive return on equity to its shareholders. This is achieved by maintaining a high degree of efficiency in combination with a satisfactory quality of earnings relative to risk.

Strategy



The return on equity has been relatively stable at just below 10% over the strategy period. However, 2015 stood out as a highly satisfactory year with a return on equity before tax of 13%. During the period, the return was favourably affected by highly satisfactory results from Non-life Insurance.

The target for 2016 is for the group to generate a return on equity before tax of 10% plus the money market rate.

Targets for return on equity before tax for the individual business areas are as follows:

Profitability

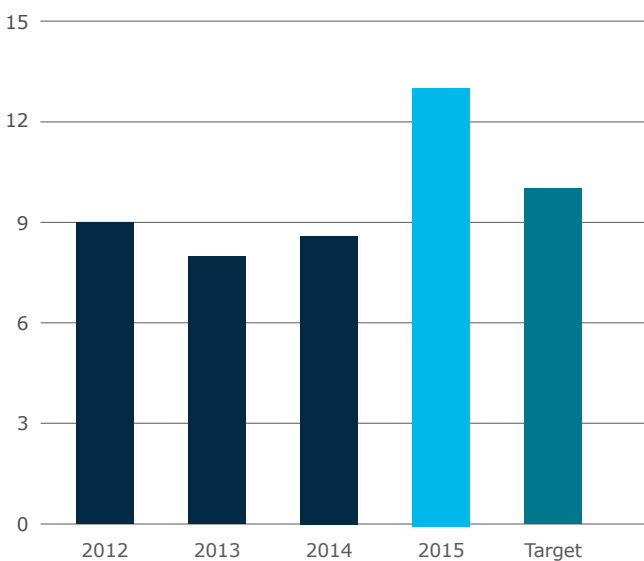
Specific efficiency enhancement targets have been defined for each of the business areas, which are intended to help support the group's profitability.

Non-life Insurance

In terms of technical operations, Alm. Brand has a long-term target of having a combined ratio of about 92 and an underlying combined ratio of about 80. Recent years' performance has benefited from few major claims and significant run-off gains. Moreover, the underlying business has performed better than expected.

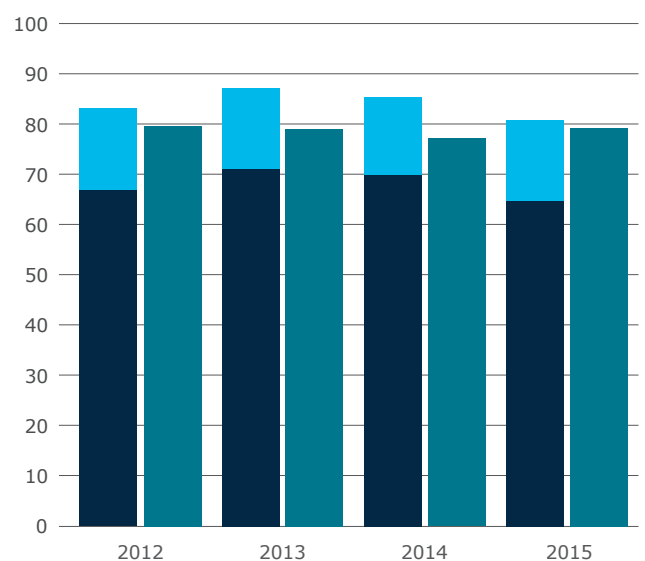
In 2015, the combined ratio was 80.8, which was due in particular to the effect of run-off gains. The underlying business slightly outperformed the target.

Return on equity (%)



● Target 10% plus the money market rate

Key ratios Non-life Insurance



● Claims experience
● Gross expense ratio
● Underlying combined ratio

Alm. Brand's overall goal is for each individual product in our offering to generate a reasonable profit. Recent years' very positive results have been driven by, among other things, high earnings on motor insurances. However, due to stronger competition, the combined ratio on motor insurances excluding run-off gains is increasing.

On the other hand, Alm. Brand has a relatively large portfolio of building insurances in the commercial and agricultural markets with less than satisfactory profitability relative to the risk and allocated capital. Since 2014, a process has been ongoing to transfer a part of these customers to a new building insurance product, which in addition to new terms also introduces higher prices and higher deductibles. In addition, the group has for the past seven years been working with its customers to prevent property-related claims. However, the market for insurance of commercial and agricultural buildings remains very competitive.

Moreover, efforts are being made to ensure an efficient cost level, which will contribute to maintaining Alm. Brand's competitive strength.

The target was to achieve a cost level of 15% at 31 December 2016. Due to intensified competition, premium income declined in 2015, and this trend is expected to continue in 2016. As a result of this, and a higher pay-roll tax rate, the 2016 expense ratio is expected to be about 16.5.

The non-life insurance market is mature with growth expected to be equivalent to the increase in Danish GDP. However, new insurance areas could generate more growth. On the other hand, elimination or mitigation of risk in one area, e.g. safer cars, could slow growth. Moreover, the industry is extremely competitive. For many years, Alm. Brand has held a market share of about 10% of the Danish non-life insurance market, and the goal is at least to maintain this share.

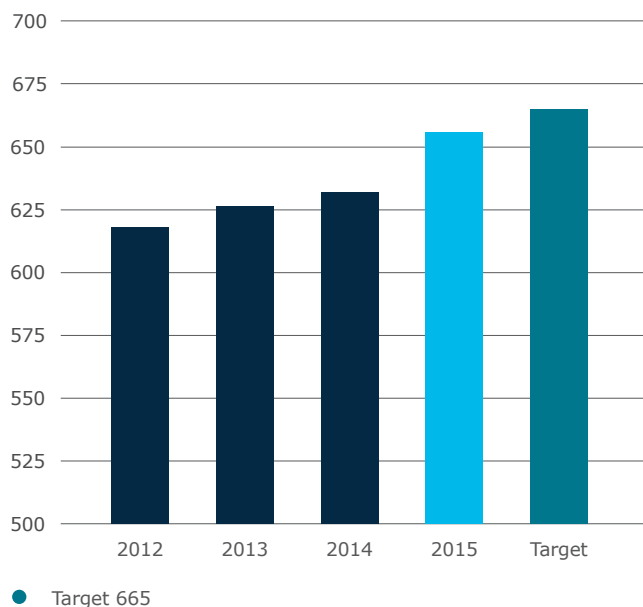
Life and Pension

In Life and Pension, the goal has been for regular premium payments to grow in the period until 2016. Good customer experiences, a high rate on policyholders' savings and low costs are intended to support the growth strategy, in turn increasing customer loyalty, which could be portfolio supportive.

The 2013 tax reform impacted capital pensions, which made up a large proportion of Alm. Brand's portfolio. As a result, the goal for the period from 2013 to 2016 was lowered by 4 percentage points to growth of 8% over and above the rate of inflation. From 2013 to 2015, growth in regular premiums totalled 6.1%, which was in line with expectations. In 2016, regular premiums are expected to increase by about 5%.

A new corporate concept was launched in 2015 for small businesses which are customers of Alm. Brand Forsikring. The initiative creates greater customer value by offering

Regular premiums Life and Pension (DKK m)



a complete product range to the group's customers and is expected to generate further growth for Life and Pension.

Banking

The bank's earnings have been impacted by the fact that it had expensive funding throughout the financial crisis and that it incurred major losses and writedowns on lending to commercial customers and on properties and mortgage deeds. In the first years of the crisis, focus was on addressing risks and less on developing the business going forward.

For several years, the bank's interest margin has been impacted by expensive funding and a decline in total loans and advances. For the period 2012 to 2016, the interest margin was to be improved by 1 percentage point to 2.4% by 31 December 2016. In 2015, the interest margin was 1.9%, which was in line with expectations. The interest margin has improved because the bank has wound up expensive term deposits, but has also been adversely impacted by the low or negative short-term interest rates.

Growth in the forward-looking bank is to be based on an increase in the number of Pluskunder – customers who have chosen Alm. Brand Bank as their main banker. The goal is for the bank to have 16,000 Pluskunder by 31 December 2016, which would be twice as many as when the strategy period began. Growth will come from both existing and prospective customers, who are not least expected to come from the group's other business areas.

In 2015, the bank increased the number of Pluskunder by 13%, bringing the total number of new Pluskunder in the strategy period to about 4,000. Competition for the attractive banking customers remains fierce, and the inflow of new Pluskunder was achieved partly by way of added sales to existing part-service customers who were thereby converted into full-service customers.

To the widest extent possible, growth in the bank is to be achieved within the current cost level, which has remained largely unchanged since 2012. The goal is for the income/cost ratio to be higher than 1.1 in 2016. In 2015, it was 0.59 (2014: 0.56). The income/cost ratio was affected in particular by high impairment writedowns in 2015.

The improvement in 2016 is to be driven by higher core earnings in the forward-looking activities, where focus is on increasing the volume of business, and by significantly fewer impairment writedowns from the bank's winding-up activities.

Focus is particularly on ensuring a speedy reduction of the winding-up portfolio. The reduction of the winding-up portfolio is generally progressing better than expected. Overall, the winding-up portfolio has been reduced by DKK 2.7 billion since 2012 (DKK 1.9 billion adjusted for losses and writedowns), marking a reduction of almost 50%.

Customer service

Alm. Brand's objective is to provide supreme customer service at all points of contact and in such a way that custom-

ers experience uniform and coherent service across all business areas. The ambition is that this will get the customers to place all their financial business with Alm. Brand and that they will remain loyal customers for a long time.

Alm. Brand engages with its customers based on their needs: directly, by telephone, mail, e-mail and text messaging on virtually any platform, and 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.

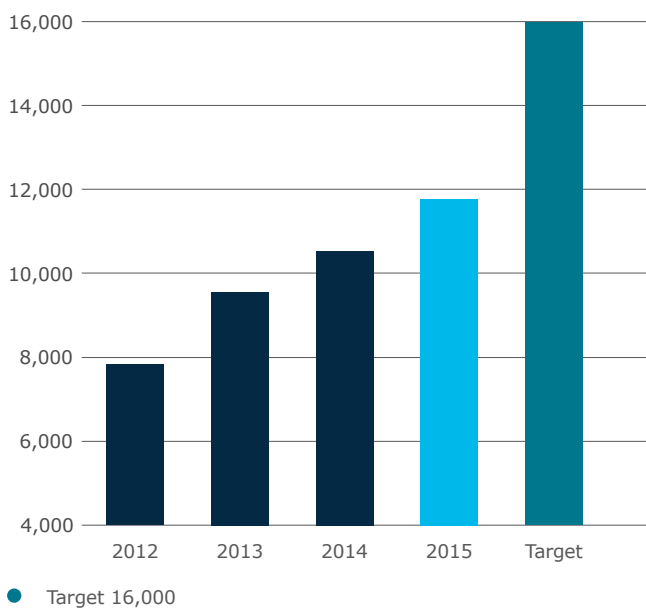
In order to ensure that our customers get the best service experience, all employees receive training on a regular basis in customer service and in providing good customer experiences.

The customers should receive easy to understand and simple communication from Alm. Brand. To that end, Alm. Brand has completed a comprehensive review of the group's written customer communications and made it mandatory for all employees to complete a communication course. A survey completed in 2015 showed that about 95% of the customers consider the material they receive to be simple and easy to understand.

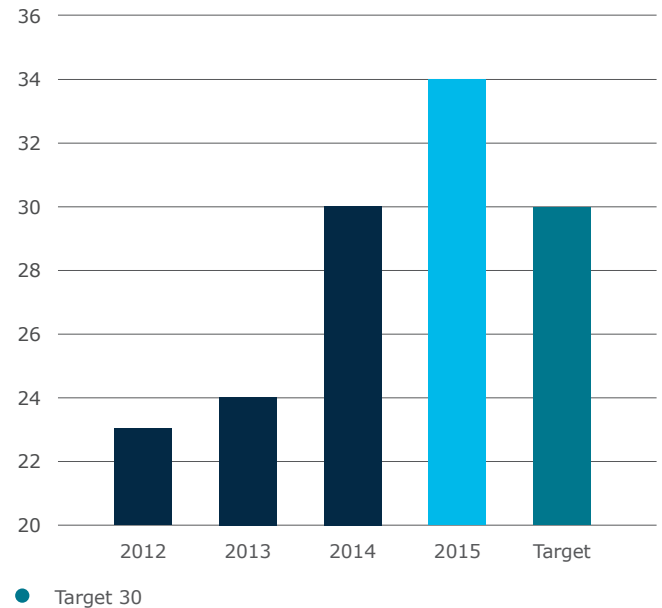
Net Promoter Score (NPS)

Customer perception of Alm. Brand and the service received is measured by way of an NPS (Net Promoter Score), and performance is measured when a customer has had a specific experience with Alm. Brand.

No. of Pluskunder



Net Promoter Score



The ability of our employees to improve customer service and customer experiences has exceeded both our expectations and our targets. The target was for the 2016 NPS to improve by 50% relative to the 2012 level, equivalent to an NPS of 30. This target was achieved already in 2014, and at the end of 2015 our NPS had increased further to 34.

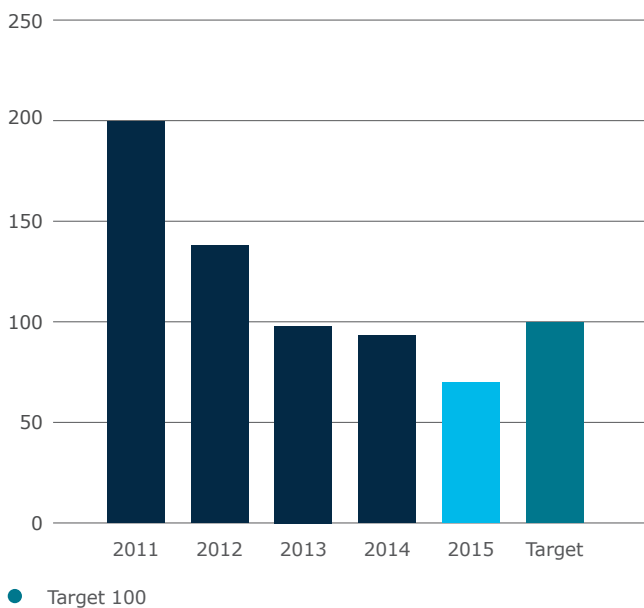
The improvement was seen in all three business areas, and at end-2015 the perceived customer service rating was almost identical in each of our three business segments. This is key, as Alm. Brand wants to ensure that customers get a uniform and high level of service in all three business areas.

Supported by the additional measures launched by the group to increase customer satisfaction, customer satisfaction is expected to increase further in the period until 2020. The goal is for customers to recommend Alm. Brand to friends and family and for them to remain loyal to Alm. Brand.

Quality

The group has defined a separate target of increasing the quality of its work so as to ensure that customers feel secure when they choose to place their business with Alm. Brand. The group's strategy programme includes a number of focus areas based on quality, including in terms of policies issued and other customer communications.

No. of complaints filed with the Insurance Complaints Board



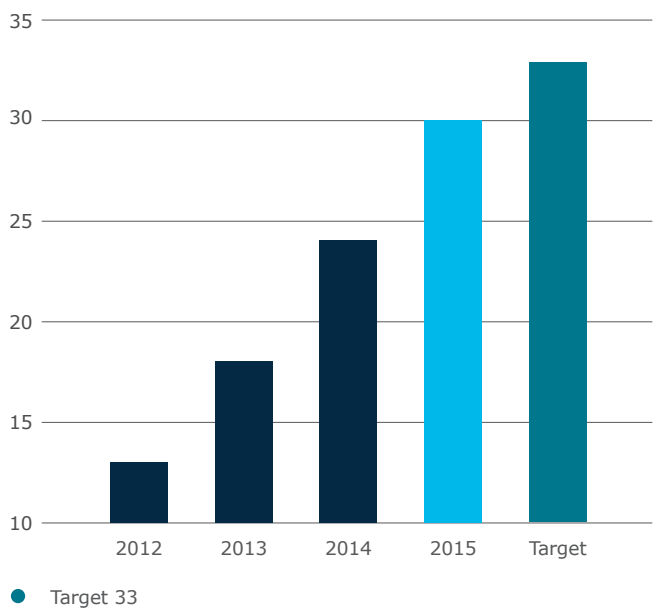
One of the specific targets has been to reduce the number of complaints involving Alm. Brand filed with the Insurance Complaints Board. In that connection, the group employed a customer ambassador in 2012, who participates in the assessment of cases in which a customer and Alm. Brand disagree on a claim. The number of complaints filed with the Insurance Complaints Board has decreased by 67% since 2011 and is now one of the lowest in the industry.

Digitalisation

The group has invested substantial resources in digitalisation. Initiatives include both ensuring efficient system-supported processes and being able to meet the ever growing customer demands for information, self-service options and digital services.

In recent years, Alm. Brand has expanded its sales and service activities through electronic media. For example, private customers of Non-life Insurance today have the option of purchasing all main products and making changes to existing products online. In the bank, all documents can now be processed and signed digitally. We will also offer our customers a full digital overview of all their facilities and agreements with the group. In 2015, Alm. Brand also improved the user experience for smartphone users in an effort to meet the constantly growing demands for services to be provided through several digital channels. The digital processes ensure faster and simpler customer service, while improving the customer experiences.

Digitalisation rate (%)



In 2016, the new CRM system will be a major force in Alm. Brand’s digitalisation efforts. The system will make it possible to provide a more personalised customer experience, ensuring that communications and service are more relevant, individualised and value-adding for our customers. As a corollary of this, the number of digital customers of Alm. Brand is expected to increase significantly in 2016.

In order to ensure satisfactory progress in the group’s digital services, we regularly compute a digitalisation rate. The digitalisation rate reflects the degree to which customers have adopted our digital self-service options. As a result of the investment in the new CRM system, the digitalisation rate will increase significantly in 2016.

Reporting a digitalisation rate of 30% at 31 December 2015, Alm. Brand Forsikring has come a long way in achieving its target for 2016.

Employees

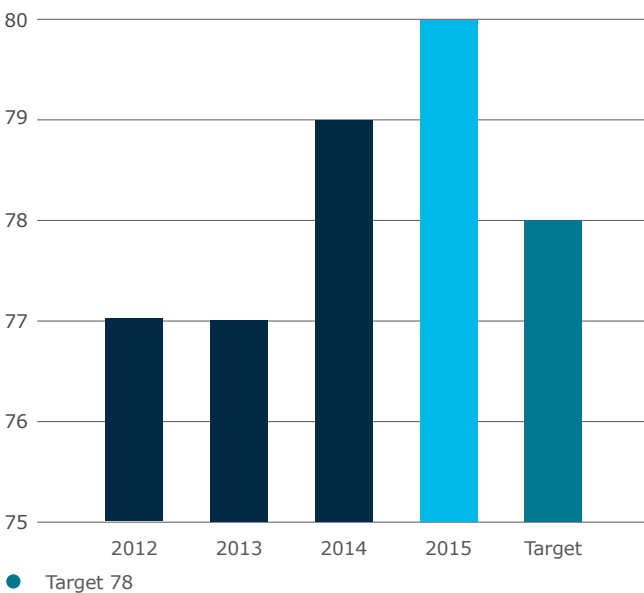
There is a direct link between high job satisfaction among the employees and customer satisfaction. This is one of the reasons why high job satisfaction is a big priority among Alm. Brand’s strategic goals.

For a number of years, Alm. Brand has engaged Ennova to measure employee satisfaction in order to ensure a high quality of measurement and a precise basis of comparison relative to both national, international and industry benchmarks. Job satisfaction is expressed as an index figure on a scale of 0 to 100. The measurement for 2015, completed in January 2016, showed that job satisfaction at Alm. Brand has increased yet again – this time to 80. Compared with most other major companies in the financial sector, Alm. Brand is given high employee satisfaction ratings.

In our efforts to increase job satisfaction, we focus on improving satisfaction at the lower end of the index, while maintaining job satisfaction in the departments with the highest rates. An important part of this work is having good and attentive management.

The group’s management development programme is based on a management competency model with 12 management skills to ensure that all managers work from the same solid platform, supporting the group’s strategy and the needs of each individual manager for specific management skills. The structure is based on a number of mandatory initiatives as well as a number of more specific elements tailored to the needs of each individual manager. A new programme has been developed to optimally prepare new managers to take on their management role. This programme was initially run in 2014.

Job satisfaction



CSR

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.”

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

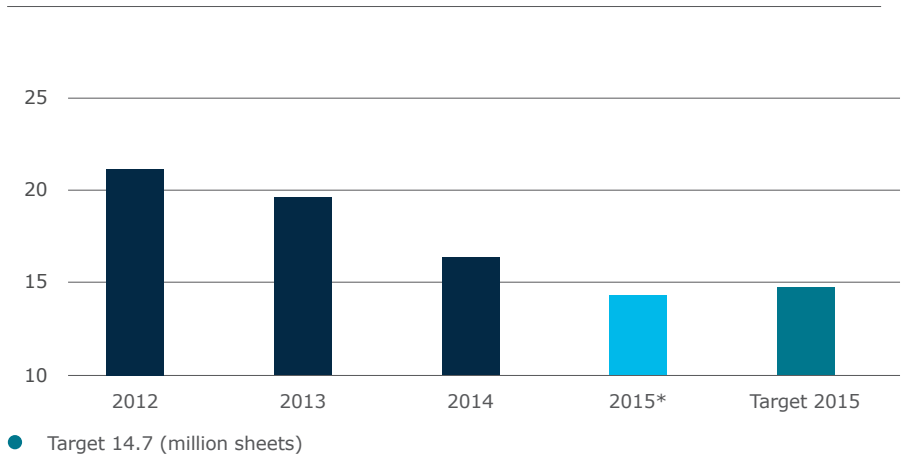
Follow-up on targets set for 2015

Reducing total consumption of printed material by 10% in 2015

Alm. Brand’s paper consumption has historically been quite considerable, especially for sending policies and terms and conditions to insurance customers. One of the objectives of the group’s digitalisation efforts has been to reduce the paper consumption, and since 2012 we have managed to reduce our consumption by just over 32%.

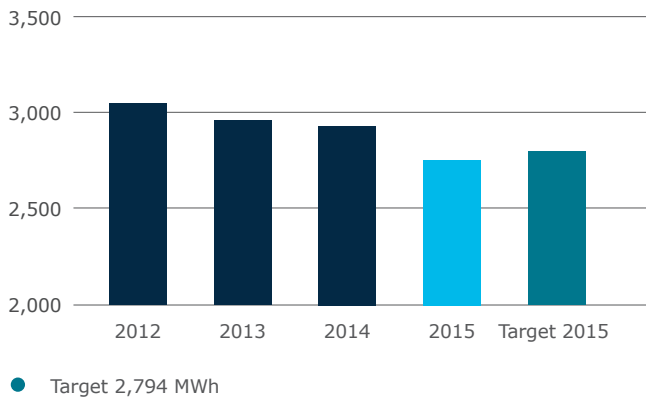
The target defined for 2015 was to reduce paper consumption by 10%, which we achieved by reducing our paper consumption by 1.5 million sheets of paper, or 12%, lowering our CO2e emissions by 8.6 tonnes.

Paper (million sheets)



* From January to September, the paper consumption amounts to 10.5 million sheets of paper, and the full-year consumption for 2015 has been estimated on this basis.

Power (MWh)



Reducing total power consumption by 1% in 2015

For several years, the group has phased in energy-saving electrical products, including light bulbs, thin clients instead of desktop PCs, flat screens, printers, etc. Alm. Brand is also in the process of phasing in intelligent light control by means of motion and daylight sensors and automatic on/off functions. Light control systems have been installed in 70% of the total floor space.

Reducing the power consumption by 2.5%, the group achieved the target defined for 2015. The group's power consumption was reduced by 71,200 kWh, equivalent to a CO₂e reduction of 21.9 tonnes.

Performing energy audits

In 2015, the group performed the statutory energy audit prescribed in Article 8 of the Directive of the European Parliament and of the Council on energy efficiency. The energy audit showed that Alm. Brand has exercised energy control and implemented relevant energy-saving projects for several years and that the group has a general focus on energy optimisation. The energy audit also indicated a potential for further energy efficiencies for a total reduction of about 10% of the group's total energy consumption, i.e. heat and electricity. Based on the energy audit report, Alm. Brand prepares an implementation plan setting out the nature and timing of measures to be implemented.

Preparing statement on climate performance

In 2015, the group prepared an unaudited statement on climate performance for 2014. The statement covers Alm. Brand's consumption of electricity, prints and heat over the past three years, and the trend is that the group's consumption was lower in 2014 than in previous years. This statement is not available from the group's website.

Ensuring gender equality

The goal was to establish a screening or clarification process involving interviews and tests directed at male and female employees with leadership ambitions and potential. More-

over, articles in the employee magazine were to describe the working life and experience of men and women in managerial positions. We abandoned this goal due to the experience of other major companies with a similar goal. In their experience, implementing special initiatives to attract more women to managerial positions was neither expedient nor productive. It actually proved to be counterproductive, as women took it as a means of discrimination and therefore disassociated themselves from the initiatives. No new activities will be implemented in this area for the time being.

Implementing a CSR policy

The work to define and implement an overall CSR policy that will apply to all of the group's business areas and activities continues.

Examples of csr activities in 2015

The bicycle experiment

As part of our "Take good care of what matters most" campaign, Alm. Brand have been recruited 1,500 cyclists to a nationwide bicycle experiment that ran throughout 2015. The cyclists are testing whether a strong chain lock could stop or reduce the risk of bike theft. When the experiment finishes, the test persons get to keep the bicycle lock.

Preliminary results show that a chain lock reduces the risk of theft by 73%. Interest in the experiment was overwhelming, and almost 30,000 people applied to become a test person. Those who were not chosen to participate in the experiment could vote for a donation from Alm. Brand to a project preventing bike theft. The winner was a project in the Municipality of Furesø, which received a donation of DKK 285,000 to establish wire lock bicycle stands at Hareskov Station.

Bicycles for Africa

In 2011, Alm. Brand entered into 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 352 bicycles to Baisikeli in 2013, the number decreasing to 299 in 2014. In spring 2015, the agreement was amended so that, in future, Alm. Brand will give all recovered bicycles with a value of DKK 10,000 or less to Baisikeli. This resulted in 299 bicycles for Africa in 2015.

Initiatives for 2016

- The group aims to reduce its power consumption by 1% in 2016.
- The group will prepare an unaudited statement on climate performance for 2015.
- The group will investigate the possibility of investing in and implementing a "track your print" system for purposes of registration of the volume of printing on each individual printer.
- The group will define and implement an overall CSR policy that will apply to all of the group's business areas and activities.



ANNE METTE BARFOD
CHIEF FINANCIAL OFFICER

Capitalisation

Driven by a risk reduction in the bank's winding-up activities, the capital target was lowered by DKK 332 million in 2015.

“
The group's ability to distribute dividends is currently expected to remain unchanged after the transition to Solvency II.

Alm. Brand's long-term business goals imply that the group assumes a variety of calculated risks on behalf of its customers, and this requires that Alm. Brand has adequate and satisfactory capital resources. The group's risks are described in detail in notes [51](#) and [52](#).

The boards of directors of Alm. Brand's subsidiaries are responsible for identifying and quantifying the principal risks. The statutory solvency requirement ensures that the companies are adequately capitalised to absorb adverse events over the next 12 months without compromising outstanding customer accounts.

In addition, the group's subsidiaries have defined capital targets which provide an additional buffer relative to the solvency requirements for their capital. Moreover, a buffer is included in the group's capital target specifically related to the extraordinary risk associated with the winding-up bank.

The capital and risk management, including procedures, is described in detail in the group's Risk and Capital Management Report for 2015 available at almbrand.dk/risk.

Total capital

The group's total capital of DKK 5,062 million consists partly of shareholders' equity and partly of tier 2 capital. The group has both additional tier 1 capital and subordinated capital.

After October 2016, the bank's additional tier 1 capital can no longer be included in the total capital. As a result, a reservation must be made in the adequate total capital for capital instruments. After the expected repayment of the capital instrument, the need to reserve capital in the adequate total capital is eliminated.

At 31 December 2015, the tier 2 capital amounted to DKK 504 million and was composed as follows:

Tier 2 capital

DKKm	Amount (gross)	Amount included in total capital
Additional tier 1 capital	175	105
Subordinated capital	399	399
Total	574	504

Individual solvency need

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 2,888 million, representing an excess coverage relative to the statutory capital requirement of DKK 2,174 million at 31 December 2015. After payment of the proposed dividend and the share buyback programme for 2015, the excess coverage will be DKK 1,553 million.

Insurance activities

For other risks, Alm. Brand Forsikring A/S uses a partial 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 for insurance companies of 12 December 2014.

Since end-2012, the partial internal model has been used to calculate the individual solvency need through input for the calculations of "premium and reserve risk" and "natural catastrophe risk". The partial internal model is designed to reflect the business structure and reinsurance cover and

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.

Alm. Brand Forsikring has obtained approval from the Danish FSA to use the partial internal model to calculate the company's solvency need after the entry into force of the Solvency II rules on 1 January 2016.

In connection with the calculation of the solvency need of Alm. Brand Liv og Pension A/S, surrender and paid-up policy intensities equivalent to the requirements under the Solvency II principles are recognised in provisions.

Capital and solvency

DKKm	Alm. Brand Forsikring A/S	Alm. Brand Liv og Pension A/S
Individual solvency need	1,362	197
Solvency I requirement	787	464
Total capital	2,212	893
Excess coverage	1,425	429
Solvency ratio/coverage ratio	2.8	192

Note: The total capital of Alm. Brand Forsikring and Alm. Brand Liv og Pension, respectively, has been reduced by proposed dividends of DKK 1,000 million and DKK 125 million, respectively.

Implementation of Solvency II

The Solvency II directive was implemented effective from 1 January 2016. In some areas, the rules have to a wide extent already been implemented in applicable legislation, e.g. the solvency calculation method. As a result of the implementation of Solvency II, the Danish FSA has issued a new Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

A new yield curve was introduced in connection with the implementation of Solvency II. Both Alm. Brand Forsikring A/S and Alm. Brand Liv og Pension A/S have obtained approval from the Danish FSA to use a volatility-adjusted yield curve (the VA curve) for the discounting of provisions. The transitioning to the new discounting curve with VA will have a positive effect on Alm. Brand Liv og Pension, resulting in higher customer buffers in all contribution groups. For Alm. Brand Forsikring, the transition to the new yield curve also implies a gain due to a lower provisioning level.

Going forward, the calculation of insurance liabilities in the financial statements will include a profit margin and a risk margin. The profit margin expresses the expected future earnings from the existing portfolio, and the risk margin expresses a risk allowance in the form of the aggregate capital cost chargeable to a third party if the third party were to take over the insurance obligations. Moreover, premium provisions must be discounted, which is not the case under the current rules. The risk margin will cause the provisioning level to increase, and these increases will be taken out of shareholders' equity.

Overall, the equity of Alm. Brand A/S is expected to remain largely unchanged after the transition to the Solvency II rules.

Under the provisions applicable for the 2015 financial year, the company's capital requirement is the higher of the Solvency I requirement and the individual solvency need. With the transition to Solvency II, the Solvency I requirement for insurance companies will lapse. For Alm. Brand Liv og Pension, this means a decline in the capital requirement of approximately DKK 300 million as from 1 January 2016, as the individual solvency need is lower than the Solvency I requirement. For Alm. Brand Forsikring A/S, the individual solvency need has been higher than the Solvency I requirement, and the change will therefore not have any impact on Alm. Brand Forsikring's capital requirement.

Under Solvency II, it will be possible to reduce the capital requirement by the tax effect of a 1:200 year loss event. For Alm. Brand Forsikring A/S, this effect is approximately DKK 300 million. However, the company has not yet decided the extent to which this will be included.

The profit margin will be included in the calculation of total capital in future, subject, however, to an adjustment of the resulting tax charge. As a result, the total capital amounts of both Alm. Brand Liv og Pension A/S and Alm. Brand Forsikring A/S are expected to increase considerably as a result of the transition to Solvency II. In Alm. Brand Liv og Pension A/S, the profit margin reflects several years' expected profit as a result of the long-tail nature of the agreements. In Alm. Brand Forsikring A/S, on the other hand, the profit margin reflects that most of the agreements entered into have less than one year left of the term of agreement.

It is important to note that the size of the profit margin will have a built-in seasonality and will generally be volatile. As a result, the total capital and the capital requirements may fluctuate more than they have done to date. Alm. Brand will therefore reassess the group's capital target in 2016 in order to make allowance for this.

The group's ability to distribute dividends is expected to remain unchanged after the transition to Solvency II.

The implementation of the Solvency II rules will impose a number of requirements with respect to reporting, reporting of data, structuring of risk functions, etc. on the companies.

It is important to note that the transition to Solvency II will not increase the total capital of the Alm. Brand Group, as Alm. Brand A/S calculates its total capital in accordance with the provisions applicable for financial holding companies, which are unchanged.

Banking activities

Alm. Brand Bank A/S applies the Danish FSA's 8+ method for calculating the adequate total capital. The calculation according to the 8+ method is based on 8% of the total risk exposure amount plus a Pillar 2 margin for risks not assessed to be covered by the Pillar 1 requirement.

In the credit area, the Pillar 2 margin covers exposures representing more than 2% of the total capital and credit risk concentration on industries and individual exposures, respectively. Moreover, a Pillar 2 margin is calculated on weak exposures representing less than 2% of the total capital.

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

The calculation of adequate total capital in the market risk area is also consistent with the Danish FSA's 8+ method.

In addition, the bank reserves capital for market risk and operational risk. 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.

Capital and solvency

DKKbn	Bank	Banking group
Total capital	1,378	1,325
Risk exposure	7,401	7,722
Total capital ratio	18.6	17.2
Tier 1 capital ratio	18.6	17.2
Individual solvency need (%)	14.0	13.7
Excess coverage (%)	4.6	3.5

Capital target

Alm. Brand aims to consistently maintain a solid and adequate total capital in order to always be able to take care of the group's customers.

The capital target results in a capital requirement which is substantially higher than the statutory minimum capital requirements and the companies' individual solvency need, and which reflects that the group's capital resources should be sufficiently robust to absorb a number of external events. Such events could be situations involving extreme weather conditions or changes in the economic climate having a material adverse effect on the bank's loans and advances.

Furthermore, the group should be sufficiently robust to be able to absorb major structural declines in share prices and fluctuating interest rates, which may significantly affect Alm. Brand Liv og Pension but also the group's other business areas.

By meeting the target, Alm. Brand will be able to absorb a 1:200 year loss event and still be solvent.

In 2014, a buffer was included in the capital target specifically related to the extraordinary risk associated with the winding-up bank. The buffer has been calculated at 13% of the bank's winding-up loans and advances including the exposure to the mortgage deeds sold by the bank to Alm. Brand Forsikring A/S in 2014.

The internal capital target calculated at 31 December 2015 was DKK 4,300 million, corresponding to an excess coverage for the group of DKK 762 million, against DKK 211 million at 31 December 2014. After proposed dividends and the increased share buyback programme, the excess coverage was DKK 141 million. The principles for determining the capital target are described in the group's Risk and Capital Management Report, which is available at almbrand.dk/risk

Capital target

DKKm	Capital target at 31 December 2015	DKKm	Total capital at 31 December 2015
Non-life Insurance (40% of gross premiums)	2,017		
Life and Pension (8.25% of life insurance provisions)	911	Shareholders' equity	5,232
Banking (16.7% of total risk exposure amount)*	1,294	Tax asset	-401
Alm. Brand A/S buffer, winding-up portfolio (13% of credit exposure)	378	Buyback programme, outstanding	-273
Diversification effect	-300	Tier 2 capital	504
Capital target, total	4,300	Total capital for the group	5,062

*) Calculated as the individual solvency need plus 3 percentage points but not less than 16%

Statutory capital requirement for the group, year-end 2015	2,888
Excess relative to statutory requirement	2,174
Excess relative to internal capital target	762
Proposed dividend	521
Proposed increase of share buyback programme	100

Corporate governance

The Board of Directors believes that corporate governance should be based on a holistic approach that considers the relations and interaction with all stakeholders.

60%

**of the share capital is held by
Alm. Brand af 1792 fmba.**

Alm. Brand af 1792 is an association whose members are Alm. Brand Forsikring's customers. Five of the eight shareholder-elected members of the Board of Directors are nominated by the principal shareholder.

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 is generally consistent with the recommendations.

Composition and organisation of the Board of Directors

Alm. Brand af 1792 fmba holds almost 60% of the share capital of Alm. Brand A/S, and five of the eight board members elected by the shareholders are nominated by the principal shareholder. The other shareholder-elected members are independent, as they have no affiliation with the principal shareholder.

The five board members nominated by the principal shareholder are also members of the board of Alm. Brand af 1792 fmba. These members have been elected from among the members of the board of representatives of Alm. Brand af 1792 fmba 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 e.g. the board members' other executive positions and directorships as well as their special qualifications is provided in the financial statements. As regards new candidates, information on other executive positions and directorships, etc. is also provided in the complete proposals sent to shareholders ahead of the annual general meeting.

Alm. Brand deviates from the recommendations on corporate governance, as less than half of the members of the Board of Directors elected by the shareholders are independent. Moreover, Alm. Brand's articles of association define no retirement age for members of the Board of Directors, as the rules of procedure for the Board of Directors specify a retirement age for the individual members of 70 years.

Management believes that the principal shareholder and the other shareholders have identical interests in the company.

Board committees

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, are members of these committees. The majority of the committee members are thus not independent. This is not in compliance with the corporate governance recommendations, but the Board of Directors has made this choice in order to ensure a strong focus on the work of the committees.

Board committees

Audit committee

Anette Eberhard
(Chair)

Jørgen Hesselbjerg Mikkelsen

Boris Nørgaard Kjeldsen

Remuneration committee

Jørgen Hesselbjerg Mikkelsen
(Chairman)

Boris Nørgaard Kjeldsen

Anette Eberhard

Susanne Larsen
(Employee representative)

A detailed description of the duties of the committees, the members of the committees, meeting frequency, etc. is available on Alm. Brand's website, almbrand.dk/corporategovernance.

The Board of Directors has not found it necessary to set up a nomination committee, as the majority of the members of the Board of Directors are elected by the principal shareholder.

When selecting 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.

Governing 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 duties 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. Of the 12 board members, eight are male and four are female. The age, seniority, other directorships and special qualifications of the board members are set forth in the list of directorships on pages 65-68. Ebbe Castella, Karen Sofie Hansen-Hoeck and Anette Eberhard 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 10 meetings in 2015.

For additional information on the group's management and organisational structures, see: almbrand.dk/ledelsesstruktur.

Remuneration policy

Alm. Brand's remuneration policy is available on the group's website. Among other things, the remuneration policy contains information about the group's share option programme. In addition, further information about the remuneration of the Board of Directors and the Management Board is provided in note 30 to the financial statements. For additional information, go to almbrand.dk/corporate-governance.

In 2014, the group complied with the remuneration policy described in the 2014 financial statements, and in 2015 it complied with the remuneration policy adopted for 2015.

Board of Directors

Board members receive a fixed annual remuneration reflecting the scope of the board work and the responsibility related to serving on the board.

Pursuant to the corporate governance recommendations, the remuneration paid to the board members for the current financial year must be 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 financial statements and that the Chairman of the Board of Directors explains the expected remuneration payable to the Board of Directors for the current financial year.

Management Board

The members of the Management Board are remunerated by way of a salary which is intended to be competitive with 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. The Management Board received a total of 165,841 share options in 2015, representing an aggregate value of DKK 799,425 at the date of grant, of which DKK 399,713 related to the 2014 financial year. In addition, share options in the amount of DKK 399,713 vested in the second half of the year. Options are granted in March and September. The share option scheme will continue in its present form until 31 March 2016.

In 2015, the Management Board received remuneration in a total amount of DKK 8.3 million including the value of share options. The remuneration of the Management Board is adjusted every two years.

Pursuant to the corporate governance recommendations, agreements on termination payments should not amount to more than the two last years' remuneration. For agreements entered into or renegotiated on or after 1 January 2011, the remuneration policy has introduced a limit for termination payments equivalent to two years' remuneration.

The Board of Directors has at this stage opted not to amend the Management Board's current severance scheme, which includes a termination payment equivalent to three years' remuneration and a mutual notice of termination of 12 months.

Remuneration of Board of Directors

DKK	Remuneration	Audit committee	Special remuneration			Total
			Alm. Brand Forsikring A/S	Alm. Brand Liv og Pension A/S	Alm. Brand Bank A/S	
Jørgen Hesselbjerg Mikkelsen (Chairman)*	700,000	40,000	40,000	40,000	160,000	980,000
Boris Nørgaard Kjeldsen (Deputy Chairman)*	450,000	40,000	40,000	40,000	160,000	730,000
Jan Skytte Pedersen*	250,000		40,000	40,000	160,000	490,000
Henrik Christensen*	250,000		40,000	40,000		330,000
Anette Eberhard	250,000	80,000	40,000	40,000	160,000	570,000
Ebbe Castella	250,000				160,000	410,000
Per Viggo Hasling Frandsen*	250,000					250,000
Karen Sofie Hansen-Hoeck	250,000					250,000
Helle Låsby Frederiksen*	250,000					250,000
Lars Christiansen*	250,000					250,000
Susanne Larsen	250,000					250,000
Brian Egested	250,000					250,000

In accordance with the remuneration policy, the board members are not remunerated by way of incentive schemes.

*Member of the board of Alm. Brand af 1792 fmba. Alm. Brand af 1792 fmba pays 10% of the remuneration.

Other executives and specialists

The group's management team (ABKO), like the Management Board, receives share options as part of their remuneration.

For a number of years, the group 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.

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. 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.

The group's internal audit department reports directly to the Board of Directors 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 financial statements and the financial reporting.

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 procurement
- 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 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 holding business responsibility in Non-life Insurance, Life and Pension and Banking.

The finance department is responsible for preparing full-year and interim financial statements. 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 management's review is prepared by the Investor Relations department on the basis of input from a number of departments, including the Finance department and the individual business areas.

For a more detailed review of the risks facing the group, see [note 51](#) Risk management and [note 52](#) Significant accounting estimates, assumptions and uncertainties.

Whistleblower scheme

In 2014, the group set up a whistleblower scheme as part of the implementation of new legislation. Employees can use the whistleblower scheme to anonymously report violations or suspected violations of financial legislation committed by employees or board members of Alm. Brand's companies. Responsibility for the whistleblower scheme rests with the Compliance department, which received one report in 2015.

Non-compliance with corporate governance recommendations

Alm. Brand is subject to the recommendations prepared by the Committee on Corporate Governance, which are available at www.corporategovernance.dk. On an annual basis, the Board of Directors of Alm. Brand A/S considers all recommendations applying the "comply or explain" principle. A complete account of Alm. Brand's corporate governance is provided at almbrand.dk/corporategovernance.

The group deviates from the corporate governance recommendations in the following respects:

- The retirement age of board members is not defined in the company's articles of association. See "Composition and organisation of the Board of Directors"
- At least half of the board members elected by the shareholders are not independent. See "Composition and organisation of the Board of Directors"
- The majority of the members of the board committees cannot be deemed to be independent. See "Board committees"
- The Board of Directors has not set up a nomination committee. See "Board committees"
- Selection and nomination of candidates for the Board of Directors is only partially carried out on the basis of the recommended criteria
- The qualifications of candidates for the Board of Directors are not described to the recommended extent ahead of the general meeting
- The remuneration of the Board of Directors is approved for the past year and not for the current financial year. See "Remuneration policy–Board of Directors"
- The current termination payment for the Management Board exceeds the recommended limit. See "Remuneration policy–Management Board"

Moreover, Alm. Brand has chosen not to set up contingency procedures for takeover bids, as it believes that takeover bids are not realistic given the current ownership structure.

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.

Shareholder information

The share price increased by 48% in 2015.
The Board of Directors recommends a dividend distribution of DKK 920 million.

“

The Board of Directors recommends the largest dividend distribution in company history.

Alm. Brand is listed on Nasdaq Copenhagen, and all investor relations activities are coordinated by the Investor Relations (IR) department. The purpose of the IR department 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.

Our IR department 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 aim 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.

Activities

Management gives priority to meeting regularly with investors and analysts in connection with the release of full-year and interim financial statements and to hosting various conferences and seminars. In connection with the release of financial statements, our management and IR department go on roadshows. In 2015, they held roadshows in the Nordics, the UK, the United States and a number of western European countries. In addition, we addressed professional and private investors in Denmark and internationally by holding a number of one-on-one meetings and presentations for large and small audiences. During the rest of the year, the IR department handles enquiries from investors and analysts.

Alm. Brand has a relatively large proportion of private shareholders. As a result, the IR department again in 2015 met with private shareholders in Aarhus and Copenhagen at investor events arranged by the Danish Shareholders Association. In addition, Alm. Brand Bank's Financial Markets department arranged a number of events with the Danish Shareholders Association's local offices in which the IR department participated. The IR department plans to continue this work in 2016.

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 statements are webcast.

Danish investors also have the opportunity to subscribe to the Alm. Brand Investor electronic newsletter, which is distributed regularly.

Company announcements and other investor-relevant news are available on Alm. Brand's website.

Analyst coverage

Carnegie Bank and Danske Bank provide analyst coverage of Alm. Brand. It remains difficult for small-cap and mid-cap shares to get analyst coverage, a trend also affecting Alm. Brand.

Contact details for the analysts are available from Alm. Brand's website. The analysts' recommendations and price targets are also published on the website.

Share price performance

The share price continued to surge in 2015. The share price increased by 48% in 2015, from DKK 32.7 at the beginning of the year to DKK 48.4 at the end of the year.

The year was characterised by turmoil in the financial markets; especially developments in China over the summer and autumn caused equity markets to plummet. This resulted in a decline in both the price and turnover of Alm. Brand shares. The share price recovered in connection with the release of the Q3 interim financial statements, in which we announced the launch of Alm. Brand's share buyback programme of up to DKK 300 million.

Small-cap and mid-cap shares generally reported fair increases compared with the C20 large-cap shares. Alm. Brand outperformed the MidCap index by a small margin in 2015 after strongly outperforming in the first half of the year.

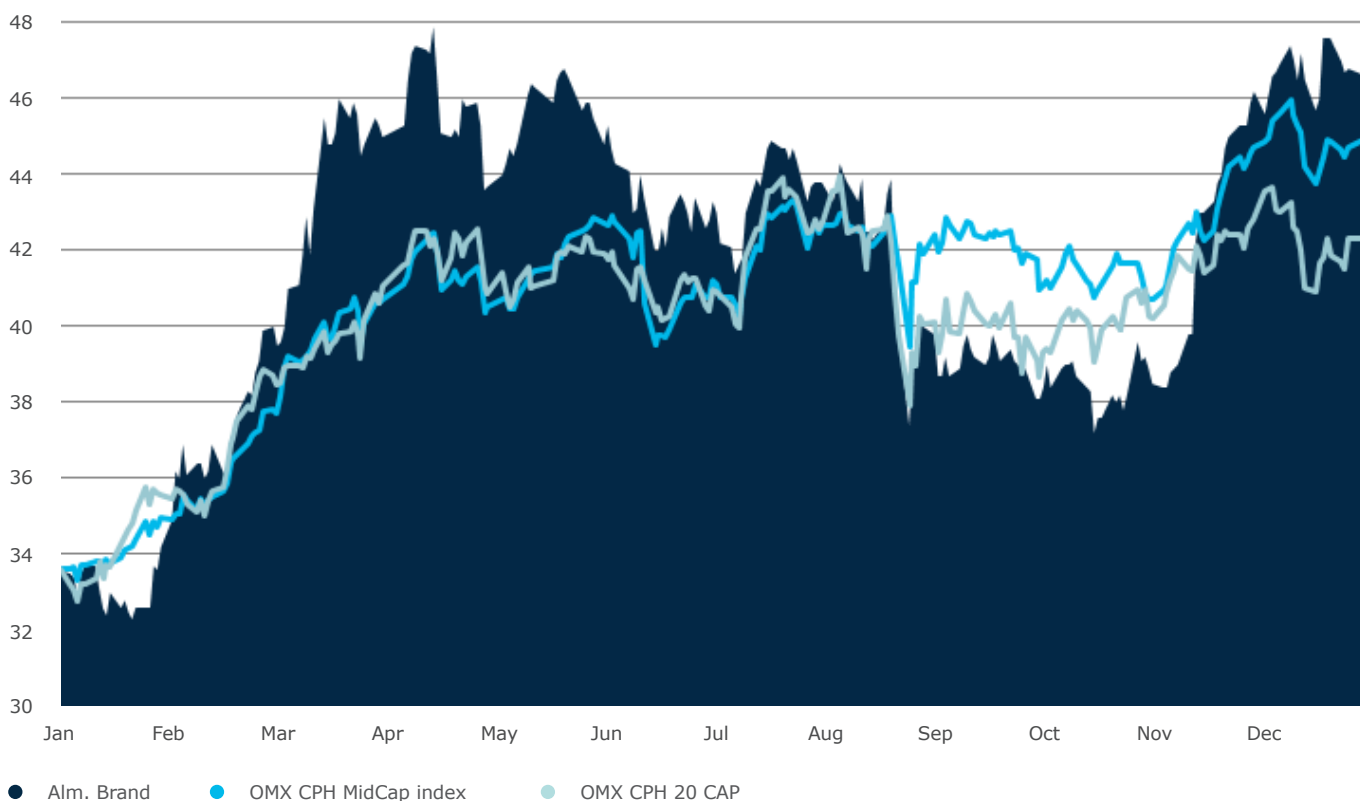
The average daily turnover was DKK 6.6 million, DKK 0.2 million less than in 2014. In the period from June to October, turnover was low compared with last year due to financial market volatility. Most transactions involving Alm. Brand's shares are effected on Nasdaq Copenhagen, which accounts for just over 98% of total transactions in Alm. Brand shares. The share buyback programme launched on 2 December 2015 only had a limited positive effect on turnover in 2015.

Financial ratios

- Price/NAV at 31 December 2015: 1.60 (2014: 1.17)
- Average daily turnover 2015: DKK 6.6 million (2014: DKK 6.8 million)
- Market capitalisation at 31 December 2015: DKK 8.3 billion (2014: DKK 5.7 billion)

Alm. Brand's shares are a component of the NASDAQ Copenhagen MidCap index.

Share price performance, 2015



Share capital and ownership

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. The shares are listed for trading on Nasdaq Copenhagen under securities identification number (ISIN) DK001525034-4 (ALMB).

On 2 December 2015, Alm. Brand launched a share buyback programme of up to DKK 300 million, which runs until the end of 2016. Shares for a total amount of DKK 29 million (trading day) were bought back under the share buyback programme in 2015.

Moreover, Alm. Brand hedges the group's share option scheme by buying and selling treasury shares. At 31 December 2015, Alm. Brand held a total of 5,137,913 treasury shares, equivalent to 3.0% of the share capital.

Ownership

Alm. Brand A/S is a subsidiary of the limited liability association Alm. Brand af 1792 fmba, whose ownership interest of 59.7% makes it the only shareholder with a shareholding of more than 5%. Excluding the principal shareholder, the company has a free float of just over 40% of the total share capital.

Danish investors own by far the largest part of Alm. Brand's share capital. The proportion increased slightly in 2015 and currently stands at 68% of the free float shares. US investors represent the largest group of international investors, holding 13% of the free float shares. This proportion was relatively stable throughout the year. The UK market remains difficult for small and medium-sized companies like Alm. Brand, and the proportion of UK-based investors decreased slightly in 2015.

Small institutional investors, mainly banks, savings banks, investment associations, etc., represent the largest investor group, accounting for 47% in aggregate. The proportion of this investor group declined in 2015, while the proportion of large institutional investors such as pension funds increased. Alm. Brand has a large proportion of private investors, totalling 36% at 31 December 2015, which was unchanged from the 2014 level.

Dividend policy

Alm. Brand's total capital relative to its capital target determines the dividend distribution potential. In an ordinary year, the group's results will lead to an accumulation of capital exceeding its capital target.

Geographical breakdown



- 69% Danish investors
- 13% USA
- 6% Unlisted equities
- 3% Scandinavia excl. Denmark
- 3% UK
- 6% Other

Excluding Alm. Brand af 1792 fmba

Investor breakdown



- 47% Small institutional investors
- 36% Private investors
- 11% Pension funds etc.
- 6% Unlisted or grouped

Excluding Alm. Brand af 1792 fmba

The capital requirement and consequently the dividend distribution potential is aligned with the planned activities, including investments, special risks or a shortfall in earnings. In 2013, 2014 and 2015 this was done e.g. by repaying state-funded additional tier 1 capital and in order to comply with amended regulation.

Alm. Brand's policy is to pay stable ordinary dividends, and beyond that the total capital will be adjusted by way of share buybacks as and when deemed necessary.

Alm. Brand had an extraordinary capital build-up in 2015, which, besides the highly satisfactory profit after tax of DKK 529 million, was driven by a significant reduction of the capital charge related to the bank's winding-up activities. Utilisation of the group's tax asset also had a positive effect.

As a result of the extraordinary capital build-up, the company launched a share buyback programme of up to DKK 300 million on 2 December 2015. Adjusted for the share buyback programme, the group's excess capital coverage was DKK 762 million at 31 December 2015 relative to the capital target.

The Board of Directors recommends payment of an ordinary dividend of DKK 1.50 per share and of an extraordinary dividend also in the amount of DKK 1.50 per share. This corresponds to an ordinary dividend of DKK 260 million and an extraordinary dividend in the same amount. In addition, the existing share buyback programme will be extended

until end-February 2017 and increased by DKK 100 million to up to DKK 400 million. The increase of the share buyback programme is subject to the approval of the Danish FSA.

Annual general meeting

The annual general meeting of Alm. Brand A/S will be held at 11.00 a.m. on 29 April 2016 at the Tivoli Hotel & Congress Center, Arni Magnussons Gade 2-4, 1577 Copenhagen V, Denmark.

Financial calendar 2016

2 March 2016	Release of Annual Report 2015
29 April 2016	Annual general meeting
2 May 2016	Shares traded ex dividend
4 May 2016	Payment of dividend
11 May 2016	Release of interim report Q1 2016
25 August 2016	Release of interim report H1 2016
16 November 2016	Release of interim report Q1-Q3 2016

Alm. Brand observes a three-week silent period before the release of full-year and interim reports.

Shareholdings

	No. of shares held at 1 Jan 2015		No. of shares held at 31 Dec 2015	
	Personally	Related parties	Personally	Related parties
Board of Directors				
Jørgen H. Mikkelsen, Chairman	130,369	131,439	138,869	139,939
Boris N. Kjeldsen, Deputy Chairman	8,651	0	8,651	0
Anette Eberhard	0	0	0	0
Ebbe Castella	2,000	0	2,000	0
Helle Låsby Frederiksen	2,400	0	2,400	0
Brian Egested	110	0	110	0
Jan Skytte Pedersen	12,000	75,000	12,000	0
Henrik Christensen	0	12,750	0	12,750
Karen Sofie Hansen-Hoeck	0	0	0	0
Lars Christiansen	277	0	277	0
Per V. Frandsen	31,000	0	31,000	0
Susanne Larsen	10,548	0	10,548	0
Management Board				
Søren Boe Mortensen	34,697	1,173	34,697	1,173

In aggregate, the Management Board was awarded share options entitling the holders to acquire up to 713,698 shares.

Board of Directors



Jørgen Hesselbjerg Mikkelsen (Chairman)

Farm owner, born 1954 and appointed in 1994.



Boris Nørgaard Kjeldsen (Deputy Chairman)

Managing Director, born 1959 and appointed in 2003.



Jan Skytte Pedersen

Manager, born 1956 and appointed in 2010.

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

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

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

DIRECTORSHIPS

DIRECTORSHIPS IN THE ALM. BRAND GROUP

Chairman

Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Deputy Chairman

Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

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Member

Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Member

Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S

Member

Alm. Brand A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Alm. Brand Forsikring A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

DIRECTORSHIPS OUTSIDE THE ALM. BRAND GROUP

Chairman

Danish Agro A.m.b.a
Danish Agro Byggecenter A/S
Danish Agro Shoppen A/S
Danish Agro Finance A/S

Chairman

DATEA A/S
Kemp & Lauritzen A/S

Chairman

Ringvejens Autolakereri A/S
Herm. Rasmussen A/S
Herm. Rasmussen A/S
Malerforretning
Herm. Rasmussen A/S
Erhvervsejendomme

Member

DanPiglet A/S
Hesselbjerg Agro A/S
Vilomix International Holding A/S
Dava International Holding A/S
Dan Agro Holding A/S
Landbrug & Fødevarer f.m.b.a.
Dava Machinery Holding A/S

Member

Benny Johansen & Sønner A/S
DAVISTA Komplementar-selskab A/S
DAVISTA K/S
Ejendomsforeningen Danmark (deputy chairman)
Arkitektgruppen A/S

Member

Herm. Rasmussen A/S Holding
K/S Papirfabrikken
Malerfirmaet Fr. Nielsen og Søn, Skanderborg, Aktieselskab
Silkeborg IF Invest A/S
Den Selvejende Institution Silkeborg Fodbold College
Michael Sørensens Stiftelse
Energimidt Holding A.M.B.A. (Deputy Chairman)

MANAGER

J.H.M. Holding 2010 ApS

DADES A/S (Managing Director)
DAVISTA Komplementar-selskab A/S
DAVISTA K/S

Herm. Rasmussen A/S Holding
Malerfirmaet Fr. Nielsen og Søn, Skanderborg, Aktieselskab



Henrik Christensen

Attorney, born 1950 and appointed in 2010.



Karen Sofie Hansen-Hoeck

Manager, born 1965 and appointed in 2013.



Anette Eberhard

Manager, born 1961 and appointed in 2015.

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into legal matters
Insight into economic matters

General management experience
Experience from the Alm. Brand Group's customer segments
Experience in audit and accounting matters
Insight into legal matters
Insight into economic matters
Insight into financial matters

General management experience
Experience in audit and accounting matters (particularly in relation to membership of the audit committee)
Insight into financial matters
Insight into economic matters

DIRECTORSHIPS

DIRECTORSHIPS IN THE ALM. BRAND GROUP

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Member
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond
Alm. Brand Forsikring A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Member
Alm. Brand A/S

Member
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

Chairman
H. Klindt Petersen A/S
T.E. Gruppen A/S
Torben Enggaard Holding A/S
Anelin A/S
Restaurationsselskabet af 1.11.1996 ApS
Rosenkrantz A/S

Chairman
Fooducer ApS
Madkulturen (institute under the auspices of the Danish Ministry of Food)

–

Member
Boulevard 1 Invest ApS
Musikhuset Jomfru Ane Gade ApS

Member
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
Fairtrade Mærket Danmark Fonden

Member
Finansiell Stabilitet
Sundhedsfagliges Ejendoms-aktieselskab
Pensionkassen for sundhedsfaglige

MANAGER

Advokatanpartsselskabet
Henrik Christensen
Boulav 8 ApS
VGH Nr. 277 ApS
Akola Aps

Fooducer ApS
Retail Network ApS

EKF Danmarks Eksportkredit
Eksport Kredit Finansiering A/S

PARTNER

Fortuna I/S
Gråbrødrehus I/S

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Per Viggo Hasling Frandsen

Estate owner, born 1952 and appointed in 2009.



Ebbe Castella

Manager, born 1950 and appointed in 2013.



Helle Låsby Frederiksen (employee representative)

Staff association chairman, born 1962 and appointed in 2010.

SPECIAL QUALIFICATIONS

General management experience
Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

Experience from the Alm. Brand Group's customer segments
Insight into financial matters
Insight into economic matters

Experience from the Alm. Brand Group's customer segments

DIRECTORSHIPS

DIRECTORSHIPS IN THE
ALM. BRAND GROUP

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Chairman
Personaleforeningen i Alm. Brand Forsikring A/S

Member
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond

Member
Alm. Brand A/S
Alm. Brand Bank A/S

Member
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond

DIRECTORSHIPS OUTSIDE
THE ALM. BRAND GROUP

Chairman
"Sia" Per Frandsen Latvia

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MANAGER

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PARTNER

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Lars Christiansen
(employee representative)

Commercial insurance agent, born 1971 and appointed in 2013.



Susanne Larsen
(employee representative)

Financial adviser, born 1964 and appointed in 2006.



Brian Egested
(employee representative)

Head of department, born 1969 and appointed in 2014.

SPECIAL QUALIFICATIONS

Experience from the Alm. Brand Group's customer segments

Experience from the Alm. Brand Group's customer segments
Insight into financial matters

Experience from the Alm. Brand Group's customer segments

DIRECTORSHIPS

DIRECTORSHIPS IN THE
ALM. BRAND GROUP

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Member
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond

Member
Alm. Brand A/S

Member
Alm. Brand A/S
Alm. Brand af 1792 fmba
Alm. Brand Fond

DIRECTORSHIPS OUTSIDE
THE ALM. BRAND GROUP

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MANAGER

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PARTNER

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Management Board



Søren Boe Mortensen

Chief Executive Officer, Born 1955, employed with Alm. Brand since 1987 and appointed to the Management Board in 1998. Chief Executive Officer since December 2001.

DIRECTORSHIPS

DIRECTORSHIPS IN THE ALM. BRAND GROUP

Chairman

Alm. Brand Forsikring A/S
Alm. Brand Præmieservice A/S
Alm. Brand Ejendomsinvest A/S
Forsikringselskabet
Alm. Brand Liv og Pension A/S
Pensionskassen under Alm. Brand A/S
(appointed by the Management Board)

Member

Alm. Brand Bank A/S

Chief Executive Officer

Alm. Brand A/S
Alm. Brand af 1792 fmba

DIRECTORSHIPS OUTSIDE THE ALM. BRAND GROUP

Chairman

Forsikringsakademiet A/S
Forsikring & Pension

Financial statements *group*

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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 2015.

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 company financial statements have been prepared in accordance with the Danish Financial Business Act. The management's review has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's financial position at 31 December 2015 as well as of the results of their operations and the group's cash flows for the financial year 1 January to 31 December 2015.

In our opinion, the management's review contains a fair review of developments in the group's and the parent company's activities and financial position together with a description of the principal risks and uncertainties that may affect the group and the parent company.

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

Board of Directors

Copenhagen, 2 March 2016

Søren Boe Mortensen
Chief Executive Officer

Management Board

Copenhagen, 2 March 2016

Jørgen Hesselbjerg Mikkelsen
Chairman

Boris Nørgaard Kjeldsen
Deputy Chairman

Ebbe Castella

Henrik Christensen

Anette Eberhard

Per Viggo Hasling Frandsen

Karen Sofie Hansen-Hoek

Jan Skytte Pedersen

Lars Christiansen

Brian Egested

Helle Låsby Frederiksen

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 parent financial statements of Alm. Brand A/S for the financial year 1 January to 31 December 2015, which comprise the income and comprehensive income statement, balance sheet, statement of changes in equity, segment reporting for balance sheet and income statement 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 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 2015 and of the results of the group's operations and cash flows for the financial year 1 January to 31 December 2015 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 2015 and of the results of the parent company's operations for the financial year 1 January to 31 December 2015 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.

Internal auditor

Copenhagen, 2 March 2016

Poul-Erik Winther
Group Chief Auditor

Internal auditor's report

To the shareholders of Alm. Brand A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Alm. Brand A/S for the financial year 1 January to 31 December 2015, which comprise the income and comprehensive income statement, balance sheet, statement of changes in equity, segment reporting for balance sheet and income statement 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 are 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 2015 and of the results of its operations and cash flows for the financial year 1 January to 31 December 2015 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 2015 and of the results of its operations for the financial year 1 January to 31 December 2015 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.

Deloitte

Statsautoriseret Revisionspartnerselskab
Company reg. (CVR) no. 33 96 35 56

Copenhagen, 2 March 2016

Henrik Wellejus
State-authorized
public accountant

Kasper Bruhn Udam
State-authorized
public accountant

Balance sheet

DKKm	Note	Group	
		2015	2014
Assets			
Intangible assets	1	0	0
Owner-occupied properties	2	675	1,053
Deferred tax assets	3	405	486
Investments in associates	4	12	44
Reinsurers' share of insurance contracts	5	242	322
Current tax assets	6	10	9
Other assets	7	1,466	1,324
Loans and advances	8	5,643	6,528
Investment properties	9	939	542
Investment assets	10	25,055	27,569
Balances due from credit institutions and central banks	11	323	952
Cash in hand and balances at call		313	249
Total assets		35,083	39,078
Liabilities and equity			
Share capital		1,735	1,735
Reserves, retained earnings, etc.		2,976	3,025
Proposed dividend		521	87
Consolidated shareholders' equity	12	5,232	4,847
Subordinated debt	13	574	574
Provisions for insurance contracts	14	19,340	19,449
Other provisions	15	34	37
Deferred tax liabilities	3	0	0
Issued bonds	16	5	21
Current tax liabilities	6	0	0
Other liabilities	17	1,189	1,321
Deposits	18	7,999	10,857
Payables to credit institutions and central banks	19	710	1,972
Total liabilities and equity		35,083	39,078
Contingent liabilities, guarantees and lease agreements	40		
Collateral security	41		
Related parties	42		
Fair value and classification			
of financial assets, liabilities and instruments	43		
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Capital and risk management	51		
Significant accounting estimates, assumptions and uncertainties	52		
Accounting policies	53		

Income and comprehensive income statement

DKK M	Note	Group	
		2015	2014
Income statement			
Income			
Premium income	20	6,354	6,301
Interest income, etc.	21	915	1,076
Fee income, etc.	22	128	114
Other income from investment activities	23	1	1
Profit/loss from investments in associates	24	1	4
Other income	25	179	142
Total income		7,578	7,638
Costs			
Claims expenses	26	-4,128	-4,764
Interest expenses	27	-161	-306
Other expenses from investment activities		-58	-57
Impairment of loans, advances and receivables, etc.	28	-253	-141
Acquisition costs and administrative expenses	29	-1,377	-1,343
Total costs		-5,977	-6,611
Profit/loss from business ceded	30	-249	43
Change in life insurance provisions	31	-121	-722
Change in collective bonus potential		-45	-102
Value adjustments	32	-512	306
Tax on pension investment returns	33	-22	-171
Profit/loss before tax, continuing activities		652	381
Tax, continuing activities	34	-123	-53
Profit/loss after tax, forward-looking activities		529	328
Profit/loss on discontinued activities		0	28
Profit after tax		529	356
The profit/loss before tax is allocated as follows:			
Share attributable to Alm. Brand		652	401
Share attributable to minority interests	35	0	8
Profit/loss before tax		652	409
The profit/loss after tax is allocated as follows:			
Share attributable to Alm. Brand		529	348
Share attributable to minority interests	35	0	8
Profit/loss after tax		529	356
Earnings per share, DKK		3.1	2.0
Diluted earnings per share, DKK		3.1	2.0
Comprehensive income			
Profit/loss for the year		529	356
<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		7	15
Transferred to collective bonus potential		-7	-15
Tax on other comprehensive income		0	0
Total other comprehensive income		0	0
Total comprehensive income		529	356
Proposed allocation of profit/loss:			
Share attributable to Alm. Brand		529	348
Share attributable to minority shareholders		0	8
Total comprehensive income		529	356
Technical result, Non-life Insurance	36		
Realised result, Life and Pension	37		
Segment reporting, Non-life Insurance	38		
Segment reporting, Banking	39		

Statement of changes in equity

DKK m	Share capital	Contingency funds	Other provisions	Retained profit	Proposed dividend	Shareholders' equity	Minority interest	Consolidated shareholders' equity
Shareholders' equity at 1 January 2014	1,735	182	1,215	1,391	0	4,523	153	4,676
Changes in shareholders' equity 2014:								
Profit/loss for the year				348	0	348	8	356
Reversed revaluation of owner-occupied properties				15		15		15
Transferred to collective bonus potential				-15		-15		-15
Tax on changes recognised in equity				0		0		0
Comprehensive income	0	0	0	348	0	348	8	356
Proposed dividend				-87	87	-87		-87
Share option scheme				5		5		5
Purchase and sale of treasury shares				-28		-28		-28
Purchase and sale of treasury shares in subsidiaries				-1		-1		-1
Tax on changes recognised in equity				0		0		0
Change in share attributable to minority interests				0		0	-161	-161
Changes in shareholders' equity	0	0	0	237	87	237	-153	84
Shareholders' equity at 31 December 2014	1,735	182	1,215	1,628	87	4,847	0	4,847
Shareholders' equity at 1 January 2015	1,735	182	1,215	1,628	87	4,847	0	4,847
Changes in shareholders' equity 2015:								
Profit/loss for the year				529	0	529	0	529
Reversed revaluation of owner-occupied properties				7		7		7
Transferred to collective bonus potential				-7		-7		-7
Tax on changes recognised in equity				0		0		0
Comprehensive income	0	0	0	529	0	529	0	529
Proposed dividend				-521	521	0		0
Dividende distributed				2	-87	-85		-85
Share option scheme, issuance				5		5		5
Share option scheme, exercise				4		4		4
Purchase and sale of treasury shares				-68		-68		-68
Tax on changes recognised in equity				0		0		0
Changes in shareholders' equity	0	0	0	-49	434	385	0	385
Shareholders' equity at 31 December 2015	1,735	182	1,215	1,579	521	5,232	0	5,232

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.

Cash flow statement

DKKm	Group	
	2015	2014
Cash flows from operating activities		
Premiums received	6,257	6,213
Claims paid	-4,280	-5,102
Interest, dividends, etc. received	880	1,373
Interest paid	-95	-216
Payments concerning reinsurance	-157	285
Fee income received	155	90
Fee income paid	-27	-17
Expenses paid	-1,855	-1,901
Tax on pension investment returns paid	-168	-49
Other ordinary income received	179	142
Taxes paid/received	2	-73
Cash flows from operating activities	891	745
Change in investment placement (net)		
Acquisition of intangible assets, furniture, equipment, etc.	-147	-208
Properties acquired or converted	-5	-140
Sale/acquisition of equity investments	359	376
Sale/repayment of mortgage deeds and loans	598	852
Sale/purchase of bonds	1,733	-18
Change in investment placement (net)	2,538	862
Change in financing		
Sale/purchase of treasury shares and cost related to share issue	-64	-28
Dividende distributed	-85	0
Sale/acquisition of subsidiaries (change in minority interests)	0	-153
Subordinated debt	0	-527
Share options	5	5
Change in issued bonds	-16	-10
Change in deposits	-2,569	4
Change in payables to credit institutions	-1,262	-736
Change in other liabilities	-3	5
Change in financing	-3,994	-1,440
Change in cash and cash equivalents	-565	167
Cash and cash equivalents beginning of year	1,201	1,034
Cash and cash equivalents, year end	636	1,201
Cash and cash equivalents comprise the following items:		
Cash in hand and balances at call	313	249
Balances due from credit institutions and central banks, see note 11	155	157
Balances due from credit institutions and central banks, see note 11	168	795
	636	1,201

Segment reporting, balance sheet

DKKkM	Note						2015	
		Non-life	Life	Banking	Other	Elimination	Total	
Assets								
Intangible assets	1	0	0	0	0		0	
Owner-occupied properties	2	0	0	0	0	675	675	
Deferred tax assets	3	124	58	250	0	-27	405	
Investments in associates	4	0	0	12	0		12	
Reinsurers' share of insurance contracts	5	227	15	0	0		242	
Current tax assets	6	0	0	156	15	-161	10	
Other assets	7	616	173	822	56	-201	1,466	
Loans and advances	8	1,588	0	4,299	0	-244	5,643	
Investment properties	9	18	1,451	145	0	-675	939	
Investment assets	10	8,463	12,140	4,169	300	-17	25,055	
Balances due from credit institutions and central banks	11	0	0	301	22		323	
Cash in hand and balances at call		58	93	262	0	-100	313	
Total assets		11,094	13,930	10,416	393	-750	35,083	
Liabilities and equity								
Share capital		0	0	0	1,735		1,735	
Reserves, retained earnings, etc.		1,817	719	1,495	-2,180	1,125	2,976	
Proposed dividend		1,000	125	0	521	-1,125	521	
Consolidated shareholders' equity	12	2,817	844	1,495	76	0	5,232	
Subordinated debt	13	149	120	175	250	-120	574	
Provisions for insurance contracts	14	7,310	12,030	0	0		19,340	
Other provisions	15	24	0	10	0		34	
Deferred tax liabilities	3	0	0	0	27	-27	0	
Issued bonds	16	0	0	0	5		5	
Current tax liabilities	6	152	9	0	0	-161	0	
Other liabilities	17	619	410	278	35	-153	1,189	
Deposits	18	0	0	8,099	0	-100	7,999	
Payables to credit institutions and central banks	19	23	517	359	0	-189	710	
Total liabilities and equity		11,094	13,930	10,416	393	-750	35,083	
2014								
Assets								
Intangible assets	1	0	0	0	0		0	
Owner-occupied properties	2	0	0	0	0	1,053	1,053	
Deferred tax assets	3	219	0	300	0	-33	486	
Investments in associates	4	0	0	44	0	0	44	
Reinsurers' share of insurance contracts	5	298	24	0	0		322	
Current tax assets	6	0	0	150	43	-184	9	
Other assets	7	576	187	711	46	-196	1,324	
Loans and advances	8	1,874	0	4,654	0		6,528	
Investment properties	9	18	1,417	160	0	-1,053	542	
Investment assets	10	7,837	12,294	7,437	2	-1	27,569	
Balances due from credit institutions and central banks	11	0	100	757	95	0	952	
Cash in hand and balances at call		46	224	198	0	-219	249	
Total assets		10,868	14,246	14,411	186	-633	39,078	
Liabilities and equity								
Share capital		0	0	0	1,735		1,735	
Reserves, retained earnings, etc.		2,023	768	1,744	-1,960	450	3,025	
Proposed dividend		400	50		87	-450	87	
Consolidated shareholders' equity	12	2,423	818	1,744	-138	0	4,847	
Subordinated debt	13	149	120	175	250	-120	574	
Provisions for insurance contracts	14	7,571	11,878	0	0		19,449	
Other provisions	15	24	0	13	0		37	
Deferred tax liabilities	3	0	8	0	25	-33	0	
Issued bonds	16	0	0	0	21		21	
Current tax liabilities	6	166	18	0	0	-184	0	
Other liabilities	17	526	640	204	28	-77	1,321	
Deposits	18	0	0	11,076	0	-219	10,857	
Payables to credit institutions and central banks	19	9	764	1,199	0	0	1,972	
Total liabilities and equity		10,868	14,246	14,411	186	-633	39,078	

Segment reporting, income statement

DKK M	Note						2015	
		Non-life	Life	Banking	Other	Elimination	Total	
Income								
Premiums	20	5,043	1,311	0	0		6,354	
Interest income, etc.	21	274	347	294	2	-2	915	
Fee income, etc.	22	0	0	189	0	-61	128	
Other income from investment activities	23	1	55	7	0	-62	1	
Profit/loss from investments in associates	24	0	0	1	0	0	1	
Other income	25	0	0	179	0		179	
Total income		5,318	1,713	670	2	-125	7,578	
Costs								
Claims expenses	26	-3,025	-1,103	0	0		-4,128	
Interest expenses	27	-50	-5	-95	-13	2	-161	
Other expenses from investment activities		-30	-50	0	-39	61	-58	
Impairment of loans, advances and receivables, etc.	28	0	0	-253	0		-253	
Acquisition costs and administrative expenses	29	-807	-84	-548	0	62	-1,377	
Total costs		-3,912	-1,242	-896	-52	125	-5,977	
Profit/loss from business ceded	30	-245	-4	0	0		-249	
Change in life insurance provisions	31	0	-121	0	0		-121	
Change in collective bonus potential		0	-52	0	0	7	-45	
Value adjustments	32	-202	-193	-105	-5	-7	-512	
Tax on pension investment returns	33	0	-22	0	0		-22	
Profit/loss before tax		959	79	-331	-55	0	652	
Tax	34	-216	-2	82	13		-123	
Profit/loss after tax		743	77	-249	-42	0	529	
2014								
Income								
Premiums	20	5,058	1,243	0	0		6,301	
Interest income, etc.	21	229	399	450	0	-2	1,076	
Fee income, etc.	22	0	0	152	0	-38	114	
Other income from investment activities	23	0	50	-1	0	-48	1	
Profit from investments in associates	24	0	3	4	0	-3	4	
Other income	25	0	0	142	0		142	
Total income		5,287	1,695	747	0	-91	7,638	
Costs								
Claims expenses	26	-3,579	-1,185	0	0		-4,764	
Interest expenses	27	-75	-3	-216	-14	2	-306	
Other expenses from investment activities		-21	-35	0	-39	38	-57	
Impairment of loans, advances and receivables, etc.	28	0	0	-141	0		-141	
Acquisition costs and administrative expenses	29	-787	-84	-520	0	48	-1,343	
Total costs		-4,462	-1,307	-877	-53	88	-6,611	
Profit/loss from business ceded	30	47	-4	0	0		43	
Change in life insurance provisions	31	0	-722	0	0		-722	
Change in collective bonus potential		0	-117	0	0	15	-102	
Value adjustments	32	-221	704	-162	0	-15	306	
Tax on pension investment returns	33	0	-171	0	0		-171	
Profit/loss before tax, continuing activities		651	78	-292	-53	-3	381	
Tax, continuing activities	34	-161	-21	116	13		-53	
Profit/loss after tax, forward-looking activities		490	57	-176	-40	-3	328	
Profit/loss on discontinued activities				28			28	
Profit/loss after tax		490	57	-148	-40	-3	356	

For additional segment information, see note 38 Segment reporting, Non-life Insurance and note 39 Segment reporting, Banking.

Overview of notes

Notes with reference

1	Intangible assets	→
2	Owner-occupied properties	→
3	Deferred tax assets	→
4	Investments in associates	→
5	Reinsurers' share of insurance contracts	→
6	Current tax assets	→
7	Other assets	→
8	Loans and advances	→
9	Investment properties	→
10	Investment assets	→
11	Balances due from credit institutions and central banks	→
12	Consolidated shareholders' equity	→
13	Subordinated debt	→
14	Provisions for insurance contracts	→
15	Other provisions	→
3	Deferred tax liabilities	→
16	Issued bonds	→
17	Other liabilities	→
18	Deposits	→
19	Payables to credit institutions and central banks	→
20	Premium income	→
21	Interest income, etc.	→
22	Fee income, etc.	→
23	Other income from investment activities	→
24	Profit/loss from investments in associates	→
25	Other income	→
26	Claims expenses	→
27	Interest expenses	→
28	Impairment of loans, advances and receivables, etc.	→
29	Acquisition costs and administrative expenses	→
30	Profit/loss from business ceded	→
31	Change in life insurance provisions	→
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Notes without reference

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Notes

DKK m	2015			2014				
	Non-life	Life Banking	Other	Total	Non-life	Life Banking	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	323			323	323			323
Cost, year-end	323			323	323			323
Accumulated amortisation and impairment, beginning of year	-323			-323	-323			-323
Accumulated amortisation and impairment, year-end	-323			-323	-323			-323
Software, year-end	0			0	0			0
There were no changes in intangible assets in 2015.								
Note 2 Owner-occupied properties								
Cost, beginning of year				1,092				1,084
Additions during the year				0				8
Disposals during the year, reclassified to investment properties				-472				0
Cost, year-end				620				1,092
Accumulated revaluations, beginning of year				67				52
Revaluations during the year				13				20
Reversal of prior year revaluation through shareholders' equity				-6				-5
Accumulated revaluations, year-end				74				67
Accumulated depreciation and impairment, beginning of year				-106				-78
Impairment for the year				-2				-29
Reversal of prior year impairment through profit or loss				4				1
Accumulated depreciation and impairment, year end				-104				-106
Owner-occupied properties, year-end				675				1,053
Restated value, beginning of year				1,053				1,058
Additions during the year				0				8
Disposals during the year				-387				0
Value adjustment recognised through the income statement				2				-28
Value adjustment recognised through shareholders' equity				7				15
Restated value, year-end				675				1,053
Average return, office property				5.65%				5.89%

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.

The fair value of owner-occupied 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 gain of DKK 2 million in value adjustments.

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

Required rate of return 5.65%

Rent per m² DKK 1,544

An increase in the required rate of return 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.

DKKkM	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 3 Deferred tax assets										
Deferred tax assets, beginning of year	219	-8	300	-25	486	214	-8	336	-26	516
Prior-year adjustment	-53	25	23	0	-5	0	0	-1	1	0
Change for the year	-42	-3	-73	-2	-120	5	0	-35	0	-30
Change for the year, tax on pension investment return	0	44	0	0	44	0	0	0	0	0
Deferred tax assets, year-end	124	58	250	-27	405	219	-8	300	-25	486
Deferred tax on contingency funds	0	0	0	-40	-40	0	0	0	-40	-40
Deferred tax on intangible assets, etc.	74	0	2	4	80	122	0	2	5	129
Deferred tax on real estate	0	14	1		15	0	-9	11	0	2
Deferred tax on goodwill	21	0	0		21	69	1	0	0	70
Deferred tax on lease assets	0	0	48		48	0	0	85	0	85
Deferred tax on provisions	29	0	5	1	35	28	0	7	2	37
Deferred tax on losses carried forward	0	0	194	8	202	0	0	195	8	203
Deferred tax assets, year-end	124	14	250	-27	361	219	-8	300	15	486
Tax on pension investment return		44			44					

Deferred tax has been capitalised taking into account future earnings and the potential for utilisation. The group had total tax assets of some DKK 369 million at 31 December 2015, of which DKK 361 million has been capitalised. Deferred tax in the amount of DKK 40 million has been offset against contingency funds.

Note 4 Investments in associates

Investments in associates

Cost, beginning of year		39		39	45	39		39
Additions		0		0	0	0		0
Disposals			-26	-26	-45	0		0
Cost, year-end		0	13	13	0	39		39
Revaluations and impairment, beginning of year			5	5	-5	3		3
Dividends			-2	-2	2	-2		-2
Profit/loss for the year			1	1	3	4		4
Revaluation due to change in ownership interest			-5	-5	0	0		0
Revaluations and impairment, year-end		0	4	4	0	5		5
Investment in associates, year-end		0	17	17	0	44		44

Investments in associates are made up of Cibor Invest A/S, in which Alm. Brand holds an ownership interest of 43%. Nordic Corporate Investments A/S was sold in 2015.

<i>Key figures of associates</i>	Net income	Total assets	Total liabil- ities	Net income	Total assets	Total liabil- ities
Nordic Corporate Investments A/S	0	0	0	12	156	26
Cibor Invest A/S	1	180	138	2	167	114

The individual associates are not regarded as material to the group. The associates are entitled without limitation to transfer funds to the company's investors by way of dividends etc.

DKKkM	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 5 Reinsurers' share of insurance contracts										
Reinsurers' share of life insurance provisions	0	13			13	0	21			21
Reinsurers' share of premium provisions	7	0			7	7	0			7
Reinsurers' share of claims provisions	220	2			222	291	3			294
Reinsurers' share of insurance contracts, year-end	227	15			242	298	24			322

DKKkm	2015					2014				
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
<i>Reinsurers' share of life insurance provisions</i>										
Beginning of year		21			21		21			21
Change for the year		-8			-8		0			0
Reinsurers' share of life insurance provisions, year-end		13			13		21			21
<i>Reinsurers' share of premium provisions</i>										
Beginning of year	7	0			7	7	0			7
Premiums ceded	-323	-8			-331	-353	0			-353
Payments to reinsurers	323	8			331	353	0			353
Discounting	0	0			0	0	0			0
Year-end	7	0			7	7				7
<i>Reinsurers' share of claims provisions</i>										
Beginning of year	291	3			294	601	2			603
Claims ceded	64	-22			42	394	-10			384
Payments received from reinsurers	-135	21			-114	-704	11			-693
Discounting	0	0			0	0	0			0
Year-end	220	2			222	291	3			294

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	-166	-18	150	43	9	-198	-17	166	9	-40
Prior-year tax adjustment	53	-7	-23	0	23	0	0	3	-2	1
Tax paid/received in respect of prior years	113	25	-127	-43	-32	198	17	-169	-7	39
Tax paid during the year	22	7	1	0	30	0	2	1	30	33
Estimated tax on profit/loss for the year	-174	-16	155	15	-20	-166	-20	149	13	-24
Current tax assets, year-end	-152	-9	156	15	10	-166	-18	150	43	9

Note 7 Other assets

Receivables from policyholders	119	31	0	0	150	104	23	0	0	127
Receivables from insurance brokers	6	0	0	0	6	10	0	0	0	10
Receivables from insurance companies	0	2	0	0	2	39	0	0	0	39
Receivables from group enterprises	155	0	0	10	0	165	0	0	0	1
Other receivables	30	15	0	34	49	49	32	0	38	87
Positive market value of derivatives, gross	75	0	35	0	106	0	0	27	0	27
Furniture and equipment, computers, cars, etc.	6	0	655	0	661	6	0	510	0	516
Other assets	123	0	86	0	209	114	0	54	0	168
Pensionskassen under Alm. Brand A/S	0	0		11	11	0	0	0	8	8
Assets temporarily acquired	0	0	0	0	0	0	0	30	0	30
Interest receivable	85	109	39	1	232	75	110	83	0	268
Prepayments	17	16	7	0	40	14	22	7	0	43
Other assets, year-end	616	173	822	56	1,466	576	187	711	46	1,324

DKKm	2015			2014			
	Non-life	Life Banking	Other	Total Non-life	Life Banking	Other	Total
<i>Furniture and equipment, computers, cars, etc.</i>							
Cost, beginning of year	100	679	779	97	390		487
Additions during the year	3	353	356	5	342		347
Disposals during the year	-67	-113	-180	-2	-53		-55
Cost, year-end	36	919	955	100	679		779
Accumulated depreciation and impairment, beginning of year	-94	-160	-254	-92	-86		-178
Depreciation for the year	-2	-122	-124	-3	-91		-94
Impairment			0	0	0		0
Depreciation on disposals	66	18	84	1	17		18
Accumulated depreciation and impairment, year-end	-30	-264	-294	-94	-160		-254
Other balances regarding operating leases		0	0		-9		-9
Furniture and equipment, computers, cars, etc., year-end	6	655	661	6	510		525
Future minimum lease payments for assets held under operating leases							
Term of 1 year or less		159	159		127		127
Term of 1-5 years		146	146		108		108
Term of 5 years or more		0	0		0		0
Total		305	305		235		235

Alm. Brand has hedged its pension commitments in Pensionskassen under Alm. Brand A/S.

Present value of commitment, beginning of year		-120		-120
Interest expenses		0		-1
Benefits paid		10		10
Actuarial gains/losses from financial assumptions		4		-2
Actuarial gains/losses from demographic assumptions		0		2
Actuarial gains/losses from experience adjustments		0		-9
Present value of commitment, year-end		-106		-120
Fair value of plan assets, beginning of year		128		129
Return on plan assets		0		1
Return on assets (excluding amounts recognised in net interest expenses)		-1		8
Benefits paid		-10		-10
Extraordinary income		0		0
Fair value of plan assets, year-end		117		128
Present value of commitment		-106		-120
Fair value of plan assets		117		128
Net asset recognised in the balance sheet		11		8
Net interest income		0		0
Extraordinary income		0		0
Costs recognised in the income statement		0		0
<i>Remeasurement of defined benefit pension plans</i>				
Return on plan assets excluding amounts recognised in net interest expenses		-1		8
Actuarial gains/losses from financial assumptions		4		-2
Actuarial gains/losses from demographic assumptions		0		2
Actuarial gains/losses from experience adjustments		0		-9
Recognised in other comprehensive income		3		-1
Recognised in income statement and other comprehensive income		3		-1

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

The 10-year point on the discount curve at the beginning of the financial year	-0.12%	1.00%
Expected rate of inflation	1.00%	2.00%
<i>Average remaining life expectancy in years for pension benefit recipients*</i>		
Male	8.2	8.6
Female	6.8	6.0

*) Based on the Danish FSA's updated longevity 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 1 792 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 a discount curve published by the Danish FSA with correction for the applicable rules on benefit adjustment. The EIOPA discount curve including any positive volatility adjustment will be used as from 1 January 2016. An interest rate change will affect the value of both assets and liabilities. The difference in this effect constitutes 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 7 million (increase by DKK 7 million).
If the rate of inflation is 1 percentage point higher (lower), the pension obligations will increase by DKK 7 million (fall by DKK 7 million).
A 10% increase (decline) in mortality intensities will cause the average remaining lifetime to decline (increase) by 0.4 of a year for both men and women and cause the pension obligation to decline by DKK 5 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 2015 was 6.9 years (2014: 7.5 years).

DKK m	2015						2014			
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 8 Loans and advances										
Loans and advances at fair value	1,588		228		1,816	1,874		307		2,181
Loans and advances at amortised cost	0		4,071		3,827	0		4,347		4,347
Loans and advances, year-end	1,588		4,299		5,643	1,874		4,654		6,528
<i>Loans and advances at fair value</i>										
Mortgage deeds	1,588		228		1,816	1,874		307		2,181
Loans and advances at fair value, year-end	1,588		228		1,816	1,874		307		2,181

Of the year's total negative fair value adjustment of mortgage deeds of DKK 121 million (2014: negative adjustment of DKK 61 million), a negative amount of DKK 29 million was due to credit losses (2014: negative amount of DKK 135 million). At 31 December 2015, the accumulated impairment writedowns on the bank's portfolio of mortgage deeds amounted to DKK 710 million (2014: DKK 806 million)

DKKkm	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
<i>Loans and advances at amortised cost</i>										
Loans and advances			5,475		5,475			5,746		5,746
Leases			29		29			48		48
Total before impairment etc.			5,504		5,504			5,794		5,794
Impairment etc.			-1,433		-1,433			-1,447		-1,447
Loans and advances at amortised cost, year-end			4,071		4,071			4,347		4,347
<i>Gross investment in finance leases</i>										
Term of 1 year or less			8		8			28		28
Term of 1 -5 years			23		23			22		22
Term of 5 years or more			0		0			1		1
			31		31			51		51
Unearned financial income			-2		-2			-3		-3
Net investment in finance leases, year-end			29		29			48		48
<i>Net investment in finance leases</i>										
Term of 1 year or less			8		8			28		28
Term of 1 -5 years			20		20			20		20
Term of 5 years or more			1		1			0		0
Net investment in finance leases, year-end			29		29			48		48
Of which, 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			2,019		2,019			2,040		2,040
Impairment etc.			-1,246		-1,246			-1,293		-1,293
Individual assessment, year-end			773		773			747		747
<i>Collective assessment</i>										
Loans and advances before impairment			2,371		2,371			3,060		3,060
Impairment etc.			-186		-186			-153		-153
Collective assessment, year-end			2,185		2,185			2,907		2,907
Loans and advances after impairment, year-end			2,958		2,958			3,654		3,654
Note 9 Investment properties										
Carrying amount, beginning of year	18	1,417	160		542	16	1,433	37		428
Additions during the year, property	0	0	21		21	0	0	135		135
Additions during the year, improvements	0	21	0		21	0	11	0		3
Reclassified from owner-occupied property	0	0	0		387	0	0	0		0
Disposals during the year	0	-6	-35		-41	0	-8	-6		-14
Value adjustments during the year	0	19	-1		9	2	-19	-6		-10
Investment properties, year-end	18	1,451	145		939	18	1,417	160		542
Average return, office property	7.03%	5.95%			6.22%	6.87%	6.01%			6.33%
Average return, residential property		6.00%			6.00%		6.00%			6.00%
Total average return	7.03%	5.95%			6.21%	6.87%	6.01%			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 9 million in Other income from investment activities.

The most important non-observable inputs used in the fair value calculation are:
Required rate of return 6.21%
Rent per m² 1,393 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. If the valuation of single-family houses are lowered by 15%, and the required rate of return on rental property is increased by 1 percentage point, the fair value would change by DKK 17.9 million.

DKKm	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 10 Investment assets										
Government bonds	0	2,880	44	0	2,924	0	2,793	23	0	2,816
Mortgage bonds	8,215	7,533	3,865	297	19,910	7,508	6,993	7,091	0	21,592
Other fixed-rate instruments	0	278	46	0	324	53	342	87	0	482
Other floating-rate instruments	100	96	0	2	198	101	83	0	2	186
Listed shares	0	885	15	0	900	0	861	83	0	944
Unlisted shares	7	3	199	1	210	8	212	153	0	373
Positive market value of derivative financial instruments, gross					0					0
Other	16	0	0	0	0	166	1,003		0	1,169
Investment assets, year-end	8,338	11,675	4,169	300	25,055	7,837	12,294	7,437	2	27,569

The group's holding of listed and unlisted shares had a market value of DKK 1,110 million at 31 December 2015 (2014: DKK 1,317 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 2,453 million at 31 December 2015 (2014: DKK 2,570 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. For an overview of the net position in derivative financial instruments, see note 45 Offsetting.

Note 11 Balances due from credit institutions and central banks

Balances at notice with central banks	0	0	14	0	14	0	0	0	0	0
Balances due from credit institutions	0	0	287	22	309	0	100	757	95	952
Balances due from credit institutions and central banks, year-end	0	0	301	22	323	0	100	757	95	952

By term to maturity:

Balances at call	0	0	155	0	155	0	0	157	0	157
Up to and including 3 months	0	0	146	22	168	0	100	600	95	795
Over 3 months and up to and including 1 year	0	0	0	0	0	0	0	0	0	0
Year-end	0	0	301	22	323	0	100	757	95	952

Receivables in connection with genuine purchase and resale transactions:

Balances due from credit institutions and central banks		82		82			0			0
Other debtors		0		0			0			0
Year-end		82		82			0			0

DKKm	2015	2014
Note 12 Consolidated shareholders' equity		
Share capital, year-end	1,735	1,735

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

The following shareholder has announced that it holds more than 5% of the share capital:
Alm. Brand af 1 792 fmba, Midtermolen 7, 21 00 Copenhagen Ø

DKKm	2015	2014	2013	2012	2011
Share capital, beginning of year	1,735	1,735	1,735	1,735	1,735
Share capital, year-end	1,735	1,735	1,735	1,735	1,735

Reference is made to the statement of changes in equity.

DKKm	2015	2014
<i>Solvency</i>		
Tier 1 capital after deductions	3,137	3,712
Total capital after deductions	2,896	3,391
Weighted items subject to credit risk	9,004	8,934
Weighted items subject to market risk	827	1,413
Weighted items subject to operational risk	694	619
Total weighted items	10,525	10,966
Tier 1 capital after deductions as a percentage of total weighted items	29.8%	33.9%
Total capital ratio	27.5%	31.0%

The total capital is calculated in accordance with the FICOD II rules.

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	-3,838	-2,845
No. of shares, beginning of year	169,662	170,655
Shares acquired/sold during the year	-1,252	-993
Issued shares, year end	173,500	173,500
Treasury shares, year end	-5,090	-3,838
No. of shares, year end	168,410	169,662

Treasury shares

Treasury shares, beginning of year	0	0
Value adjustment	-65	-28
Acquired during the year, net	65	28
Treasury shares, year-end	0	0

Nominal value, beginning of year	38	28
Acquired during the year, net	12	10
Nominal value, year-end	50	38

Holding (1,000) beginning of year	3,838	2,845
Acquired during the year	1,611	993
Sold during the year	-359	0
Holding (1,000), year-end	5,090	3,838

Percentage of share capital, year-end	2.9%	2.2%
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DKKm	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 13 Subordinated debt										
<i>Subordinated loan capital</i>										
Floating rate bullet loans maturing 2020.03.15	0	120	0	0	0	0	120	0	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 2024.04.01	0	0	0	250	250	0	0	0	250	250
Subordinated loan capital, year-end	149	120	0	250	399	149	120	0	250	399
<i>Hybrid loan capital</i>										
Fixed-rate bullet loans in DKK with indefinite terms			175		175		175			175
Hybrid loan capital, year-end			175		175		175			175
Hedging of interest rate risk at fair value					0		0			0
Subordinated debt, year-end	149	120	175	250	574	149	120	175	250	574
Interest on subordinated debt	2	2	10	13	25	2	2	19	13	34
Of which amortisation of costs incurred on raising	0	0	0	0	0	0	0	0	0	0
Extraordinary instalments	0	0	0	0	0	0	0	426	0	426

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 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.

The subordinate loan capital in the segment Other carries a floating rate of interest of 3M CIBOR plus 5.0 percentage points.

In connection with the calculation of the total capital, DKK 574 million of the group's subordinated capital of DKK 504 million was recognised in accordance with the applicable rules.

Note 14 Provisions for insurance contracts

Unearned premium provisions	1,789	0		1,789	1,858	0		1,858
Life insurance provisions		11,042		11,042		10,920		10,920
Outstanding claims provisions	5,521	46		5,567	5,713	46		5,759
Collective bonus potential		942		942		912		912
Provisions for insurance contracts, year-end	7,310	12,030		19,340	7,571	11,878		19,449
<i>Unearned premium provisions</i>								
Unearned premium provisions, beginning of year	1,858			1,858	1,858			1,858
Premiums received	4,979			4,979	5,035			5,035
Premiums recognised as income	-5,043			-5,043	-5,056			-5,056
Discounting, all years	3			3	1			1
Value adjustment, all years	-8			-8	20			20
Unearned premium provisions, year-end	1,789			1,789	1,858			1,858

DKKm	2015	2014
<i>Life insurance provisions</i>		
Life insurance provisions, end of preceding year	10,920	10,198
Accumulated value adjustments, end of preceding year	-1,652	-1,201
Retrospective provisions, end of preceding year	9,268	8,997
Opening adjustment due to contribution move etc.	-2	1
Retrospective provisions beginning of year	9,266	8,998
Change in share of provisions in Forenede Gruppeliv	-5	-7
Gross premiums	1,311	1,243
Interest	371	354
Resetting negative bonus	16	14
Claims and benefits	-1,103	-1,186
Expense supplement after addition of expense bonus	-75	-76
Risk gain after addition of risk bonus	-66	-71
Other changes	-6	-1
Retrospective provisions, year-end	9,709	9,268
Accumulated value adjustments, year-end	1,333	1,652
Life insurance provisions, year-end	11,042	10,920
Guaranteed benefits	8,927	9,289
Bonus potential on future premiums	1,462	1,209
Bonus potential on paid-up policy benefits	653	422
Life insurance provisions, year-end	11,042	10,920

DKKm	2015			
	Garan- teed benefits	Bonus potential on fu- ture pre- miums	Bonus poten- tial on paid-up policy benefits	Total
<i>Life insurance provisions per basis</i>				
Interest rate group 0	3,148	1,431	612	5,191
Interest rate group 1	1,391	21	28	1,440
Interest rate group 2	1,102	6	10	1,118
Interest rate group 3	3,185	4	3	3,192
Portfolios with bonus entitlement, year-end	8,826	1,462	653	10,941
Interest rate group L66/U74	101	0	0	101
Portfolios without bonus entitlement, year-end	101	0	0	101
Life insurance provisions, year-end	8,927	1,462	653	11,042

DKKm	2014			
<i>Life insurance provisions per basis</i>				
Interest rate group 0	2,606	1,167	382	4,155
Interest rate group 1	1,528	25	22	1,575
Interest rate group 2	1,062	11	14	1,087
Interest rate group 3	3,971	6	4	3,981
Portfolios with bonus entitlement, year-end	9,167	1,209	422	10,798
Interest rate group L66/U74	122	0	0	122
Portfolios without bonus entitlement, year-end	122	0	0	122
Life insurance provisions, year-end	9,289	1,209	422	10,920

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 yieldcurve 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	2015	2014
The supplement has been calculated taking into account the probability of surrender and totals	173	157
Without taking into account the probability of surrender, the supplement amounts to	173	157
When calculating life insurance provisions at market value, a risk premium has been included, which amounts to	12.00%	12.00%

DKKm	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
<i>Outstanding claims provisions</i>										
Beginning of year	5,713	46			5,759	5,695	49			5,744
Claims paid regarding current year	-1,778	-1,103			-2,881	-1,807	-1,188			-2,995
Claims paid regarding previous years	-1,402	0			-1,402	-2,025	0			-2,025
Change in claims regarding current year	3,499	1,103			4,602	3,403	1,185			4,588
Change in claims regarding previous years	-474	0			-474	176	0			176
Discounting, all years	11	0			11	47	0			47
Value adjustment, all years	-46	0			-46	308	0			308
Hedging of inflation risk	-2	0			-2	-84	0			-84
Change in share of provisions in Forenede Gruppeliv	0	0			0	0	0			0
Outstanding claims provisions, year-end	5,521	46			5,567	5,713	46			5,759

DKKm	2010	2011	2012	2013	2014	2015	Total
<i>Run-off triangle, gross</i>							
Estimated accumulated claims							
Year-end		3,887	4,126	3,268	4,004	3,433	3,505
1 year later		3,780	4,271	3,152	4,285	3,413	
2 years later		3,867	4,280	3,158	4,265		
3 years later		3,818	4,301	3,142			
4 years later		3,830	4,218				
5 years later		3,744					
Paid to date		3,744	4,218	3,142	4,265	3,413	3,505
Provisions before discounting effect, year-end		-3,462	-3,888	-2,765	-3,656	-2,575	-1,773
Discounting effect		282	330	377	609	838	1,732
Accumulated value change, health and personal accident insurance		0	-1	-1	-2	-3	-5
		3	3	3	4	3	9
Provisions from 2009 and prior years		285	332	379	611	838	1,736
Gross outstanding claims provisions, year-end							4,181
							1,340
							5,521

DKKm	2010	2011	2012	2013	2014	2015	Total
<i>Run-off triangle, net of reinsurance</i>							
Estimated accumulated claims							
Year-end	3,810	3,559	3,246	3,467	3,362	3,411	
1 year later	3,738	3,542	3,120	3,442	3,348		
2 years later	3,818	3,556	3,114	3,447			
3 years later	3,771	3,575	3,099				
4 years later	3,793	3,494					
5 years later	3,709						
	3,709	3,494	3,099	3,447	3,348	3,411	20,508
Paid to date	-3,428	-3,171	-2,734	-2,910	-2,529	-1,771	-16,543
Provisions before discounting effect, year-end	281	323	365	537	819	1,640	3,965
Discounting effect	0	-1	-1	-2	-3	-5	-12
Accumulated value change, health and personal accident insurance	1	1	1	1	1	3	8
	282	323	365	536	817	1,638	3,961
Provisions from 2009 and prior years							1,340
Outstanding claims provisions year-end, net of reinsurance							5,301

The table indicates the historical development of the assessed final liability (the sum of payments and provisions) for each claim year from 2010 to 2015. 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	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
<i>Undiscounted expected cash flows</i>										
<i>Life insurance provisions</i>										
Cash flow 1 year or less		246			246		248			248
Cash flow 1-5 years		1,205			1,205		1,260			1,260
Cash flow 5 years or more		11,175			11,175		10,978			10,978
<i>Gross claims provisions</i>										
Cash flow 1 year or less	2,028	46			2,074	1,926	46			1,972
Cash flow 1-5 years	1,759	0			1,759	1,536	0			1,536
Cash flow 5 years or more	1,265	0			1,265	1,386	0			1,386
<i>Collective bonus potential</i>										
Collective bonus potential, beginning of year		912			912		827			827
Provisions for the year through profit or loss		52			59		117			121
Transferred from revaluation reserves from equity		0			-7		0			-4
Accelerated taxation of unallocated provisions		-22			-22		-32			-32
Collective bonus potential, year end		942			942		912			912

DKKm	2015					Total
	Interest rate group 0	Interest rate group 1	Interest rate group 2	Interest rate group 3	Risk groups	
<i>Collective bonus potential per interest rate group</i>						
Beginning of year	473	266	71	91	11	912
Change relative to beginning of year*	68	-43	-13	-12		0
Beginning of year, adjusted	541	223	58	79	11	912
Change in collective bonus	-4	30	13	13	0	52
Accelerated taxation of unallocated provisions	-5	-3	-4	-10		-22
Provisions during the year	-9	27	9	3	0	30
Collective bonus potential, year end	532	250	67	82	11	942

DKKm						2014
	Interest rate group 0	Interest rate group 1	Interest rate group 2	Interest rate group 3	Risk groups	Total
<i>Collective bonus potential per interest rate group</i>						
Beginning of year	419	234	90	73	11	827
Change relative to beginning of year*	35	-23	-9	-3	0	0
Beginning of year, adjusted	454	211	81	70	11	827
Change in collective bonus	29	60	-7	35		117
Accelerated taxation of unallocated provisions	-10	-5	-3	-14	0	-32
Provisions during the year	19	55	-10	21	0	85
Collective bonus potential, year end	473	266	71	91	11	912

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

DKKm	2015	2014
<i>Bonus rate per interest rate group</i>		
Interest rate group 0	10.3%	11.6%
Interest rate group 1	19.4%	19.3%
Interest rate group 2	6.8%	7.6%
Interest rate group 3	3.7%	3.3%

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 retroactive 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	2015				2014			
	Non-life	Life Banking	Other	Total	Non-life	Life Banking	Other	Total
Note 15 Other provisions								
Provisions for jubilees, severance payments, etc.	24	2		26	24	2		26
Provisions for losses on guarantees	0	8		8	0	11		11
Other provisions, year-end	24	10		34	24	13		37
Provisions for jubilees, severance payment, etc., beginning of year	24	2		26	22	2		24
New and adjusted provisions	2	0		2	10	0		10
Net provisions recognised during the year	-1	0		-1	-3	0		-3
Reversed provisions during the year	-1	0		-1	-7	0		-7
Discounting effect	0	0		0	2	0		2
Provisions for jubilees, severance payment, etc., year-end	24	2		26	24	2		26

DKK M	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Provisions for losses on guarantees beginning of year			11		11			8		8
Provisions for the year			5		5			6		6
Reversed provisions for the year			-8		-8			-3		-3
Provisions for losses on guarantees, year-end			8		8			11		11

The provision for anniversaries, severance of service, etc. has been calculated using an estimated likelihood of disbursement.

Note 16 Issued bonds

Employee bonds				5	5				21	21
Issued bonds, year-end				5	5				21	21

Note 17 Other liabilities

Payables to policyholders	8	0	0	0	8	7	0	0	0	7
Payables related to direct insurance	1	11	0	0	12	1	10	0	0	11
Payables related to reinsurance	35	6	0	0	41	23	6	0	0	29
Payables to group enterprises	53	1	34	25	13	0	8	28	18	9
Repo/reverse transactions, negative values	0	189	75	0	75	0	0	0	0	0
Negative market value of derivatives	296	162	47	0	501	244	269	38	0	551
Liabilities temporarily acquired	0	0	1	0	1	0	0	1	0	1
Other payables	211	23	100	10	486	249	347	102	10	676
Deferred income	15	18	21	0	52	2	0	35	0	37
Other liabilities, year-end	619	410	278	35	1,189	526	640	204	28	1,321

For an overview of the net position in derivative financial instruments, see note 45 Offsetting.

Note 18 Deposits

Deposits at call		5,616		5,519			4,504		4,287
At notice		1,649		1,649			5,394		5,394
Time deposits		0		-3			0		-2
Special categories of deposits		834		834			1,178		1,178
Deposits, year-end		8,099		7,999			11,076		10,857

Note 19 Payables to credit institutions and central banks

Central banks	0	0	0	0	0	0	1,003		1,003
Credit institutions	23	517	359	899	9	764	196		969

Payables to credit institutions and central banks, year-end

	23	517	359	899	9	764	1,199		1,972	
<i>By term to maturity:</i>										
Due on demand	23	328	79	430	9	764	102		875	
Up to and including 3 months	0	189	191	380	0	0	2		2	
Over 3 months and up to and including 1 year	0	0	0	0	0	0	1,004		1,004	
Over 1 year and up to and including 5 year	0	0	21	21	0	0	18		18	
Over 5 years	0	0	68	68	0	0	73		73	
Year-end	23	517	359	899	9	764	1,199		1,972	

Debt arising from genuine purchase and resale transactions:

Payables to credit institutions and central banks		189	189	378			0		0
Other payables		0	0	0			0		0
Year-end		189	189	378			0		0

DKKkM	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 20 Premium income										
Gross premiums	4,979	1,311			6,290	5,034	1,243			6,277
Change in unearned premium provisions	64	0			64	24	0			24
Total premium income	5,043	1,311			6,354	5,058	1,243			6,301

Direct insurance is exclusively written in Denmark

Premium income, life insurance

Regular premiums		656			656		632			632
Single premiums		655			655		611			611
Total premium income, life insurance		1,311			1,311		1,243			1,243
Individually written insurance		652			652		624			624
Insurance written in employment relationship		449			449		416			416
Group life schemes		210			210		203			203
Total premium income, life insurance		1,311			1,311		1,243			1,243

Number of policies (1,000)

Individually written insurance		59			59		61			61
Insurance written in employment relationship		7			7		7			7
Group life schemes		66			66		67			67

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

Note 21 Interest income, etc.

Equity investments	0	36	0	0	36	1	22	0	0	23
Bonds	154	259	83	2	498	180	309	102	0	591
Loans secured by mortgages	102	0	26	0	128	6	0	137	0	143
Other loans	0	0	204	0	204	0	0	241	0	241
Deposits in credit institutions	0	1	-2	0	-1	0	0	1	0	1
Other investment assets	18	51	-17	0	50	42	68	-31	0	77
Total interest income, etc.	274	347	294	2	915	229	399	450	0	1,076

Interest income in connection with genuine purchase and resale transactions:

Balances due from credit institutions and central bank			-1		-1			0		0
Other debtors			0		0			0		0

Note 22 Fee income, etc.

Securities trading and deposits			156		95			125		87
Payment transfers			4		4			4		4
Commission fees			3		3			3		3
Other fees and commissions			52		52			42		42
Dividends			0		0			1		1
Fees and commissions paid			-26		-26			-23		-23
Total fee income, etc.			189		128			152		114

Note 23 Other income from investment activities

Rental income	2	122	10		47	2	102	2		33
Operation and maintenance - occupied leases	-1	-44	-1		-21	-2	-29	-1		-7
Operation and maintenance - vacant leases	0	-23	-2		-25	0	-23	-2		-25
Total other income from investment activities	1	55	7		1	0	50	-1		1

Note 24 Profit/loss from investments in associates

Total profit/loss from investments in associates		0	1		1		3	4		4
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Profit/loss from investments in associates comprises the group's share of the profit in Nordic Corporate Investments A/S and Cibor Invest A/S. Nordic Corporate Investments A/S was sold in 2015.

DKKm	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 25 Other income										
Income from lease agreements			176		176			129		129
Other			3		3			13		13
Total other income			179		179			142		142
Note 26 Claims expenses										
Claims paid	-3,179	-1,104			-4,283	-3,829	-1,188			-5,017
Change in outstanding claims provisions	154	1			155	250	3			253
Total claims expenses	-3,025	-1,103			-4,128	-3,579	-1,185			-4,764
Run-off result, gross	474				474	-174				-174
Run-off result, ceded business	-39				-39	305				305
Run-off result, net	435				435	131				131
The run-off result includes value adjustment of inflation swaps used to hedge inflation risk related to workers' compensation.										
<i>Claims and benefits paid, life insurance</i>										
Insurance sums on death		-73			-73		-77			-77
Insurance sums on critical illness		-22			-22		-21			-21
Insurance sums on disability		-6			-6		-8			-8
Insurance sums on expiry		-169			-169		-172			-172
Pension and annuity benefits		-308			-308		-309			-309
Surrenders		-402			-402		-482			-482
Cash bonus payments		-124			-124		-119			-119
Total claims and benefits, life insurance		-1,104			-1,104		-1,188			-1,188
Note 27 Interest expenses										
Credit institutions and central banks	0	0	-1	0	-1	0	0	-1	0	-1
Deposits and other payables	0	0	-84	0	-84	0	0	-195	0	-195
Issued bonds	0	0	0	0	0	0	0	0	-1	-1
Subordinated debt	-2	-2	-10	-13	-25	-2	-2	-19	-13	-34
Other interest expenses	-36	-3	0	0	-39	-25	-1	-1	0	-27
Discounting insurance contracts	-12	0	0	0	-12	-48	0	0	0	-48
Total interest expenses	-50	-5	-95	-13	-161	-75	-3	-216	-14	-306
Interest expenses arising from genuine purchase and resale transactions:										
Payables to credit institutions and central banks					0			0		0
Deposits and other payables					0			0		0
Note 28 Impairment of loans, advances and receivables, etc.										
<i>Individual assessment:</i>										
Impairment and value adjustments, respectively, during the year			-387		-387			-331		-331
Reversal of impairment in previous years			146		146			205		205
Total individual assessment			-241		-241			-126		-126
<i>Collective assessment:</i>										
Impairment and value adjustments, respectively, during the year			-44		-44			-118		-118
Reversal of impairment in previous years			12		12			83		83
Total collective assessment			-32		-32			-35		-35
Losses not previously provided for			-25		-25			-26		-26
Bad debts recovered			45		45			46		46
Total impairment of loans, advances and receivables, etc.			-253		-253			-141		-141

DKKkm	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 29 Acquisition costs and administrative expenses										
Acquisition commission	-148	-3	0	0	-151	-145	-3	0	0	-148
Other acquisition costs	-447	-42	0	0	-489	-407	-45	0	0	-452
Administrative expenses	-212	-39	-548	0	-737	-235	-36	-520	0	-743
Total acquisition costs and administrative expenses	-807	-84	-548	0	-1,377	-787	-84	-520	0	-1,343
Salaries and wages					926					948
Pension					139					140
Payroll tax, etc.					131					122
Share-based payment					5					5
Total salaries and wages, pension, etc.					1,201					1,215

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	1,557	1,590
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Remuneration to the Management Board and Board of Directors (DKK '000)

Salaries and wages	5,761	5,751
Pension plans	1,787	1,728
Share-based payment	799	792
Total remuneration to the Management Board	8,347	8,271
Directors' fees	4,747	4,686
Total remuneration to the Management Board and Board of Directors	13,094	12,957

Alm. Brand Group remuneration to the Board of Directors (DKK '000)

Jørgen Hesselbjerg Mikkelsen (Chairman)	980	980
Boris Nørgaard Kjeldsen (Deputy Chairman)	730	730
Ebbe Castella	410	410
Henrik Christensen	330	270
Anette Eberhard (joined in 2015)	386	0
Per Viggo Hasling Frandsen	250	250
Karen Sofie Hansen-Hoeck	250	250
Arne Nielsen (retired in 2015)	185	570
Jan Skytte Pedersen	490	490
Lars Christiansen (employee representative)	250	250
Brian Egested (employee representative, joined in 2014)	250	170
Helle Låsby Frederiksen (employee representative)	250	250
Henning Kaffka (retired in 2014)	0	81
Susanne Larsen (employee representative)	250	250
Total remuneration to the Board of Directors	5,011	4,951

No. of members of the Management Board	1	1
No. of members of the Board of Directors	12	12

Remuneration to the members of the Management Board comprises remuneration to Chief Executive Officer Søren Boe Mortensen.

In Alm. Brand, all employees, including the Management Board member, are entitled to a defined contribution pension plan. The group's expenses in relation to the Management Board's pension plans are shown in the note above.

The Management Board members and Alm. Brand A/S are subject to a mutual notice of termination of 12 months. Furthermore, Management Board members are entitled to severance pay equal to 36 months' remuneration in the event of termination on the part of Alm. Brand A/S.

The remuneration of the Board of Directors includes remuneration for audit committee participation. As chairman of the audit committee, Anette Eberhard receives DKK 80,000 (54,000 DKK in 2015), and Jørgen Hesselbjerg Mikkelsen and Boris Nørgaard Kjeldsen each receive DKK 40,000.

Remuneration to key employees (DKK '000)

Salaries	18,101	22,970
Pension plans	3,848	4,439
Share-based payment	2,355	2,314
Total remuneration to key employees	24,304	29,723

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group.

Remuneration for 2014 includes severance payment for a key employee.

DKKm	2015	2014
<i>Remuneration to risk takers (DKK '000)</i>		
Fixed salary	52,678	29,147
Pension	8,198	3,633
Variable salary	100	100
Share-based payment	2,734	1,002
Total remuneration to risk takers	63,710	33,882
Number of risk takers	47	26

Risk takers are those persons who, in accordance with the Danish Executive Order on remuneration policy and public disclosure of salaries, have a material influence on the company's risk profile.

In 2014 remuneration to risk takers includes salary etc. in connection with severance.

A one-off fee has been paid to risk takers, but no bonus has been disbursed.

Share-based payment

A share option scheme has been established for the senior executives of the Alm. Brand Group. 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 share option programme will continue in its present form until 31 March 2016. 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	Exercised in 2015	number of share options in circulation
Granted on 4 September 2012	328,130	15.39	3.01	04.11.16	328,130	0
Granted on 8 March 2013	922,610	20.06	2.28	08.05.17		922,610
Granted on 3 September 2013	906,705	20.42	2.32	03.11.17		906,705
Granted on 11 March 2014	604,472	29.16	3.48	11.05.18		604,472
Granted on 2 September 2014	577,021	34.78	3.82	02.11.18		577,021
Number of share options, beginning of the year	3,338,938					3,010,808
Granted on 9 March 2015	563,933	43.87	4.57	09.05.19		
Granted on 1 September 2015	524,860	43.89	5.10	01.11.19		
Number of share options, year-end	4,427,731					3,010,808

The weighted average remaining contractual term is three years, five months and twenty-eight days. The weighted average market price during the exercise period was DKK 28.8.

The company bought 4,099,601 shares in connection with the option scheme.

In 2015, share options were granted on 9 March and 1 September, respectively. The estimated fair value was DKK 4.57 and DKK 5.10 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:

	2015		2014		2013		2012
	09.03.15	01.09.15	11.03.14	02.09.14	08.03.13	03.09.13	04.09.12
Share price at the date of grant (DKK per share)	39.88	39.9	26.51	31.62	18.24	18.56	13.99
Exercise price (DKK per share)	43.87	43.89	29.16	34.78	20.06	20.42	15.39
Expected volatility (%)	21.89	23.79	23.56	22.59	22.71	26.48	35.87
Risk-free rate of interest (%)	0.16	0.18	0.62	0.30	0.60	0.89	0.60
Expected dividend yield (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Term to maturity (number of years)	3	3	3	3	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 5

DKK 3 million of this amount concerns the period 1 July 2015 to 31 December 2015. The grant for this period will take place in March 2016.

DKKm	2015					2014				
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
<i>Audit fees (DKK '000)</i>										
Deloitte - Audit	926	581	1,215	560	3,282	937	549	994	557	3,037
Deloitte - Other assurance engagements	28	133	127		288	28	107	183	0	318
Deloitte - Tax consultancy	0	0	0	593	593	0	0	0	583	583
Deloitte - Non-audit services	615	19	74	304	1,012	500	0	103	566	1,169
Total audit fees	1,569	733	1,416	1,457	5,175	1,465	656	1,280	1,706	5,107

Note 30 Profit/loss from business ceded

Reinsurance premiums ceded	-323	-20			-343	-353	-21			-374
Reinsurers' share received	135	21			156	702	11			713
Change in reinsurers' share of insurance contracts	-71	-10			-81	-310	0			-310
Commissions and profit shares from reinsurance companies	14	5			19	8	6			14
Total loss from business ceded	-245	-4			-249	47	-4			43

Note 31 Change in life insurance provisions

Guaranteed benefits		362			362		-1,047			-1,047
Bonus potential on future premiums		-254			-254		8			8
Bonus potential on paid-up policies		-230			-230		318			318
Change in share of provisions in Forenede Gruppeliv		1			1		-1			-1
Total change in life insurance provisions		-121			-121		-722			-722

Note 32 Value adjustments*Investment assets*

Equity investments	3	113	8	0	124	5	103	21	0	129
Bonds	-173	-250	-99	-5	-527	-1	228	-40	0	187
Shares in collective investments	0	0	0	0	0	0	0	0	0	0
Loans secured by mortgages	-93	0	-28	0	-121	0	0	-61	0	-61
Other investment assets	9	-78	5	0	-64	105	390	-86	0	409
Exchange rate adjustments	0	0	10	0	10	0	0	10	0	10
	-254	-215	-104	-5	-578	109	721	-156	0	674

Land and buildings

Investment properties	0	22	-1	0	12	0	-17	-6	0	-10
Owner-occupied properties	0	0	0	0	2	0	0	0	0	-28
	-254	-193	-105	-5	-564	109	704	-162	0	636
Discounting insurance contracts	52	0	0	0	52	-330	0	0	0	-330
Total value adjustments	-202	-193	-105	-5	-512	-221	704	-162	0	306

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

Mortgage deeds	-54	0	1	0	-53	0	0	74	0	74
Unlisted shares	0	-24	1	0	-23	0	6	15	0	21
Investment properties	0	22	-1	0	12	0	-17	-6	0	-10
Total change in fair values	-54	-2	1	0	-64	0	-11	83	0	85

The group's counterparties are primarily financial institutions with a high credit rating with which the bank exchanges collateral security on a daily basis. Accordingly, the group finds that a credit adjustment does not give rise to any notably different valuation.

Note 33 Tax on pension investment returns

Tax on pension investment returns regarding prior years		0			0		2			2
Tax on pension investment returns regarding current year		-22			-22		-173			-173
Total tax on pension investment returns		-22			-22		-171			-171

DKK M	2015					2014				
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 34 Tax, continuing activities										
Estimated tax on profit/loss for the year	-174	-16	155	15	-20	-166	-20	149	13	-24
Adjustment of tax relating to prior years	0	18	0	0	18	0	0	2	0	2
Final withholding tax paid	0	-1	0	0	-1	0	-1	0	0	-1
Adjustment of deferred tax relating to prior years	-42	-3	-73	-2	-120	5	0	-35	0	-30
Total tax	-216	-2	82	13	-123	-161	-21	116	13	-53
<i>Tax for the year consists of:</i>										
Tax on accounting profit	-225	-19	78	13	-153	-175	-21	68	13	-115
Non-deductible expenses and non-taxable income	1	-1	1	0	1	14	0	2	0	16
Adjustment due to change in tax rate	8	0	3	0	11	0	0	0	0	0
Capitalisation of tax losses from previous years	0	0	0	0	0	0	0	44	0	44
Adjustment of prior-year estimated tax	0	18	0	0	18	0	0	2	0	2
Total tax, forward-looking activities	-216	-2	82	13	-123	-161	-21	116	13	-53
Effective tax rate	22.5%	2.5%	24.8%	23.6%	18.9%	24.7%	26.8%	39.8%	24.1%	13.2%

Note 35 Share attributable to minority interests

Share of profit/loss before tax attributable to minority interests

Alm. Brand Formue A/S		11	8
Total share of profit/loss before tax attributable to minority interests		11	8

Share of profit/loss after tax attributable to minority interests

Alm. Brand Formue A/S		11	8
Total share of profit/loss after tax attributable to minority interests		11	8

Note 36 Technical result, Non-life Insurance

DKK M	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	2015 Total
Gross premiums	596	318	478	840	1,125	1,298	104	220	4,979
Gross premium income	606	319	490	852	1,138	1,298	104	236	5,043
Gross claims expenses	-379	-45	-256	-475	-824	-818	-67	-161	-3,025
Gross operating expenses	-97	-51	-77	-136	-182	-209	-17	-38	-807
Profit/loss from business ceded	-11	-3	-1	-5	-48	-176	0	-1	-245
Investment return on insurance business	0	-1	0	-1	0	0	0	0	-2
Total technical result	119	219	156	235	84	95	20	36	964
No. of claims	12,083	4,521	15,804	44,855	73,800	24,166	2,075	25,948	203,252
Frequency of claims	0.038	0.153	0.044	0.144	0.181	0.202	0.045	0.114	0.111
Average damages paid for claims incurred, DKK '000	27	62	24	11	1	36	22	8	17

DKKkm	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	2014 Total
Gross premiums	592	312	503	860	1,150	1,305	100	212	5,034
Gross premium income	594	307	511	862	1,162	1,296	99	227	5,058
Gross claims expenses	-292	-178	-463	-430	-885	-1,148	-22	-161	-3,579
Gross operating expenses	-94	-49	-78	-134	-179	-204	-16	-33	-787
Profit/loss from business ceded	-5	-3	-2	0	29	28	0	0	47
Investment return on insurance business	0	1	1	1	1	1	0	0	5
Total technical result	203	78	-31	299	128	-27	61	33	744
Numbers of claims	11,270	2,820	14,789	43,130	69,087	22,484	1,778	23,414	188,772
Frequency of claims	0.036	0.098	0.040	0.139	0.168	0.186	0.038	0.103	0.103
Average damages paid for claims incurred, DKK '000	27	82	28	10	12	42	19	7	18

Direct insurance is written only in Denmark

DKKkm	2015	2014
Note 37 Realised result, Life and Pension		
Technical result of life and pension activities	80	74
Transfer of investment return	-7	49
Tax on pension investment return	22	171
Change in collective bonus potential	52	117
Settlement of tax on accumulated value adjustments	-13	-15
Change in bonus potential on paid-up policies	0	0
Result of portfolios without bonus entitlement	-6	3
Addition of bonus	239	194
Return equity deposit	1	-2
Health and accident insurance deposits	7	-57
Realised result	375	534
<i>Return requirement for shareholders' equity</i>		
Unconditional shares:		
Actual investment return before tax on pension investment return	-1	2
Result of portfolios without bonus entitlement	6	-3
Result of health and accident insurance	36	10
Total unconditional shares	41	9
Conditional shares:		
Risk premium of 0.15% of the average life insurance provisions	17	16
100% of expense result, net of reinsurance	-9	-2
100% of risk result, net of reinsurance	48	63
Total conditional shares	56	77
Profit/loss for the year before tax	97	86
Transferred to shadow account	0	0
Profit/loss for the year before tax including health and accident insurance	97	86
Profit/loss for the year before tax excluding health and accident insurance	79	78

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 2015 are unchanged from 2014.

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 separately for charge, etc. will be determined each contribution group.

The risk premium for 2015 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 risk premium is calculated exclusively on the basis of the portfolio of policies with bonus entitlement. For policies without bonus entitlement, including life-long annuities without bonus entitlement, the result, positive or negative, is fully allocated to equity.

The Danish Financial Supervisory Authority lays down guidelines on when the risk premium may be included in the profit/loss for a specific financial year. Whether the risk premium for a contribution group can be recognised as income depends on the profit/loss reported for the group.

The allocation of risk premium to interest rate groups is hence conditional on the investment return (including any changes in additional provisions to cover guaranteed benefits) being higher than the average rate of interest on which the guaranteed benefits provided to customers of the specific interest rate group are based.

If the results achieved in a contribution group do not allow for recognition of the risk premium, the return on equity shortfall is taken to a "shadow account". The shadow account may be regarded as a receivable, which is transferred to shareholders' equity as and when made possible by the financial results achieved in subsequent years.

Note 38 Segment reporting, Non-life Insurance

DKKm	2015			2014		
	Private	Com- mercial	Total	Private	Com- mercial	Total
Gross premium income	2,605	2,438	5,043	2,642	2,416	5,058
Gross claims expenses	-1,718	-1,307	-3,025	-1,805	-1,774	-3,579
Operating expenses relating to insurance activities	-462	-345	-807	-459	-328	-787
Reinsurance profit/loss	-60	-185	-245	23	24	47
Technical result excluding technical interest	365	601	966	401	338	739
Run-off result	144	291	435	59	72	131
Gross claims ratio	66.0%	53.6%	60.0%	68.3%	73.4%	70.8%
Net reinsurance ratio	2.3%	7.6%	4.8%	-0.9%	-1.0%	-0.9%
Claims experience	68.3%	61.2%	64.8%	67.4%	72.4%	69.9%
Gross expense ratio	17.7%	14.2%	16.0%	17.4%	13.6%	15.6%
Combined ratio	86.0%	75.4%	80.8%	84.8%	86.0%	85.5%

Non-life Insurance is divided into Private and Commercial. Private comprises the group's sales of insurances to private households through own sales channels and the group's health and personal accident activities, which for legal purposes are placed in Alm. Brand Liv og Pension. Commercial comprises the group's sales to agricultural and commercial customers through own sales channels and partnerships. The management reporting related to Private and Commercial consists exclusively of reporting of the technical result.

Transactions between the segments are settled on market terms. The recognition and measurement criteria are consistent with the group's accounting policies. The line items used are consistent with the financial highlights in the management's review and as described in Accounting policies.

See the management's review for a more detailed description of the segments and the organisational basis.

Note 39 Segment reporting, Banking

	Private	Leasing	Financial Markets	Other	Continuing activities before Win- ding-up	Win- ding-up activi- ties	Contin- uing activi- ties	Discon- tinued activi- ties	Total
Net interest and fee income	218	0	0	0	218	-5	213	0	213
Trading income (excl. value adjustments)	0	0	159	22	181	0	181	0	181
Other income	0	171	1	0	172	6	178	0	178
Total income	218	171	160	22	571	1	572	0	572
Costs	-209	-39	-97	-7	-352	-78	-430	0	-430
Depreciation and amortisation	0	-121	0	0	-121	0	-121	0	-121
Core earnings	9	11	63	15	98	-77	21	0	21
Value adjustments	0	0	-4	-55	-59	28	-31	0	-31
Profit/loss from investments	0	0	0	0	0	6	6	0	6
Profit/loss before impairment writedowns	9	11	59	-40	39	-43	-4	0	-4
Writedowns and credit-related value adjustments	-21	0	0	0	-21	-306	-327	0	-327
Profit/loss before tax	-12	11	59	-40	18	-349	-331	0	-331
Loans and advances	2,550	29	106	297	2,982	1,317	4,299	0	4,299
Bonds	0	0	1,890	2,065	3,955	0	3,955	0	3,955
Lease assets	0	655	0	0	655	0	655	0	655
Other assets	5	142	43	1,199	1,389	118	1,507	0	1,507
Total assets	2,555	826	2,039	3,561	8,981	1,435	10,416	0	10,416
DKKm									2014
Net interest and fee income	182	0	0	0	182	-11	171	0	171
Trading income (excl. value adjustments)	0	0	143	65	208	0	208	4	212
Other income	0	136	1	0	137	5	142	0	142
Total income	182	136	144	65	527	-6	521	4	525
Costs	-204	-41	-93	-6	-344	-88	-432	0	-432
Depreciation and amortisation	0	-91	0	0	-91	0	-91	0	-91
Core earnings	-22	4	51	59	92	-94	-2	4	2
Value adjustments	1	0	-8	-24	-31	3	-28	3	-25
Profit/loss from investments	0	0	0	0	0	15	15	21	36
Profit/loss before impairment writedowns	-21	4	43	35	61	-76	-15	28	13
Writedowns and credit-related value adjustments	-19	1	1	0	-17	-260	-277	0	-277
Profit/loss before tax	-40	5	44	35	44	-336	-292	28	-264
Loans and advances	2,401	47	92	45	2,585	2,069	4,654	0	4,654
Bonds	0	0	3,997	3,204	7,201	0	7,201	0	7,201
Lease assets	0	509	0	0	509	0	509	0	509
Other assets	5	149	81	1,640	1,875	172	2,047	0	2,047
Total assets	2,406	705	4,170	4,889	12,170	2,241	14,411	0	14,411

General:

The segment financial statements show the financial statements broken down by the bank's primary business areas. All activities are located in Denmark. Assets are placed in the business areas to which they are related in terms of operations. All funding is channelled to the bank's treasury function, which is included in the segment other, and which is responsible for the bank's funding and liquidity. Transactions between the segments are settled on market terms. The segment financial statements are in accordance with the bank's internal reporting. The segment financial statements do not comprise a distribution of revenue by products and services. The recognition and measurement criteria are consistent with the group's accounting policies. The line items used are consistent with the financial highlights in the management's review and as described in Accounting policies.

Business areas:

The segment financial statements are segmented according to the bank's business areas and have generally been divided into continuing activities and winding-up activities. Continuing activities form part of the bank's future strategy and represent areas in which the bank wants to expand its business volume. Winding-up activities comprise exposures which do not form part of the future strategy and represent an area in which the bank, in a responsible and financially appropriate manner, aims to reduce its exposure. The individual business areas are described below.

DKKm	2015	2014
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Private:

Provides advisory services and sells financial products to the bank's private customers, both through branch offices in 11 major Danish towns and cities and online. Drawing on the full range of segment capabilities, Private offers optimum solutions, including in connection with wealth management and investment. Private procures most of the deposits for the bank's funding, which is channelled to the bank's treasury function. The funding of Alm. Brand Leasing was transferred from the business area Other to Private effective from 1 January 2015.

Leasing:

Offers operating leases of passenger and commercial vehicles with related car fleet management for businesses. The segment also offers operating leases of passenger cars to private individuals. The business area is anchored in Alm. Brand Leasing A/S, which is a subsidiary of the bank.

Financial Markets:

Comprises Markets and Asset Management. The Markets department handles all of the bank's financial market activities, providing advisory services on and performs securities and currency transactions. In addition, Markets prepares research reports on developments in fixed income, equity and foreign exchange markets. Asset Management has assets under management for both institutional and private investors.

Other:

Comprises the bank's Treasury function, which is responsible for the bank's composition of funding and liquidity management, including the bank's own portfolio. All funding procured by the bank's other business areas is channelled to Treasury, which is responsible for allocation and settlement to the individual business areas. Funding is allocated at a price equivalent to the actual cost of procuring the funding plus a spread to cover administrative expenses and any risks.

Winding-up:

Is the only business area under Winding-up Activities and comprises exposures to small and medium-sized commercial customers, agricultural customers, property development projects, mortgage deeds and a portfolio of car finance contracts. Efforts are made to gradually reduce these exposures, a process which is expected to extend over a number of years.

Note 40 Contingent liabilities, guarantees and lease agreements

Guarantee commitments	1,404	1,235
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The group's companies have made lease and rental agreements for computer equipment and premises with total annual payments of DKK 106 million allocated over a five-year period.

The group's companies have entered into mobile phone leases with a total payment of DKK 1 million, which falls due within 12 months.

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 0.8 billion.

Alm. Brand Ejendomsinvest A/S, Copenhagen, has incurred a VAT adjustment liability of DKK 10 million relating to property.

Forsikringselskabet Alm. Brand Liv og Pension A/S, Copenhagen, has a VAT adjustment obligation in respect of properties totalling DKK 1 million.

Alm. Brand A/S has provided a guarantee to ILU (Institute of London Underwriters) covering contracts written on behalf of the Copenhagen Re-insurance 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 (Winding-up pension fund). 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 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.

DKK m	2015						2014			
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 41 Collateral security										
Carrying amounts of assets provided as collateral security for technical provisions										
Cash	0	109			109	0	265			265
Bonds	6,900	10,511			17,411	7,193	10,271			17,464
Equity investments and units in unit trusts	0	885			885	0	861			861
Shares in collective investments	0	0			0	78	0			78
Interest receivable	50	68			118	42	67			109
Properties, mortgages registered to owners	0	59			59	0	62			62
Investments in subsidiaries	0	1,238			-82	0	1,320			0
Collateral security, year-end	6,950	12,870			18,500	7,313	12,846			18,839

Monetary-policy counterparties with the Danish Central Bank can obtain credit only against security through the mortgaging of approved securities.

As part of its current operations, the bank provided collateral security to Danmarks Nationalbank and Clearstream in the form of bonds representing a nominal value of DKK 595 million (2014: DKK 1,875 million). The collateral security provided is not subject to any special conditions.

As collateral for positive and negative fair values of derivative financial instruments, respectively, cash in the amount of DKK 354 million was received and cash in the amount of DKK 246 million was paid at 31 December 2015 (2014: DKK 121 million and DKK 879 million).

In repo transactions (sale of securities which the group agrees to repurchase at a later date), the securities remain in the balance sheet, and the consideration received is recognised under payables. Securities in repo transactions are treated as assets placed as collateral for obligations. The counterparty is entitled to sell or remortgage the securities received.

In reverse transactions (purchase of securities that the group agrees to resell at a later date), the group is entitled to sell or remortgage the securities. The securities are not recognised in the balance sheet, and the consideration paid is recognised under receivables.

Assets received as collateral in connection with reverse transactions may be resold to third parties. If this is the case, a negative portfolio may arise due to the accounting rules. This is recognised under "Other liabilities".

Assets sold as part of repo transactions:

Bonds at fair value	189	187			187	0	0			0
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Assets bought as part of reverse transactions

Bonds at fair value	0	268			79	0	0			0
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Note 42 Related parties

The Alm. Brand A/S Group considers the following to be related parties:

- Alm. Brand af 1792 fmba (parent company)
- Cibor Invest A/S (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 arm's length agreement has been signed on interest accruing on intra-group accounts between the group companies.

Alm. Brand af 1792 fmba has acquired additional tier 1 capital issued in Alm. Brand Bank A/S.

Alm. Brand af 1792 fmba has contributed subordinated loan capital of DKK 250 million to Alm. Brand A/S.

An overview of subsidiaries and associates, etc. is provided in the corporate overview.

The Alm. Brand Group has intra-group functions that solve joint administrative tasks for group companies. Alm. Brand Bank A/S is the Alm. Brand group's primary banker. This involves the conclusion of a number of agreements between the bank and the other group companies, and there is a regular flow of transactions between the bank and the rest of the group. The Alm. Brand has signed an asset management agreement with Alm. Brand Bank A/S, as a result of which a substantial part of the group's assets are managed by the bank, and a substantial part of the group's trading in securities is conducted through Alm. Brand Bank at market value.

On 11 December 2014, Alm. Brand Bank sold non-delinquent mortgage deeds with a total carrying amount of DKK 1.9 billion to Alm. Brand Forsikring. The transaction comprises an option agreement implying that Alm. Brand Forsikring can resell mortgage deeds to the bank if a debtor defaults on his payment obligations. This means that Alm. Brand Bank retains the underlying credit risk for the mortgage deeds, whereas market risks are transferred to Alm. Brand Forsikring, including the risk of interest rate changes and prepayments. The mortgage deeds are no longer recognised in the bank's balance sheet as significant risks and rewards have been transferred to Alm. Brand Forsikring.

Alm. Brand Bank and Alm. Brand Forsikring have entered into a management agreement on the handling of the portfolio of mortgage deeds. In 2015, the bank received management fees of DKK 10.9 million and an option premium of DKK 2 million. The option has a market value of DKK 16.5 million per 31 december 2015.

Reinsurance cover for the Alm. Brand Group is taken out on a group-wide basis.

Alm. Brand Liv og Pension has sold its shares in property company DADES. The sale was completed at the carrying amount as at 30 June 2015.

The Company has 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.

See note 29 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					2015
	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	186	2	2	4	1	
Purchase of services	96	1	0	0	0	
Interest and fee income	0	4	0	0	0	
Interest and fee expenses	17	0	1	1	0	
Receivables	0	0	1	1	0	
Debt	333	0	30	43	0	
Collateral	0	0	0	1	0	
Interest rates			2,18-8,5%	2,18-8,5%	5,00-8,5%	

	2014				
	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	364	2	2	3	1
Purchase of services	348	1	0	0	0
Interest and fee income	0	4	0	0	0
Interest and fee expenses	17	0	1	1	0
Receivables	0	0	1	2	1
Debt	335	0	29	41	0
Collateral	0	0	1	1	0
Interest rates			2,33-8,5%	2,33-8,5%	5,28%

The buying and selling of services comprising insurance services and the provision of bank products in the form of loans, guarantees, credits and buying/selling of mortgage deeds etc. is made on an arm's length basis. Board members elected by the employees, however, obtain the usual staff terms. Payables comprise deposits with the bank, pension deposits in banking and life insurance etc. No losses or impairment charges were recognised on related party transactions in the financial year or the previous financial year.

DKKm **2015** **2014**

**Note 43 Fair value and classification
of financial assets, liabilities and instruments**

	Fair value	Amorti- sed cost	Total	Fair value	Amorti- sed cost	Total
<i>Assets at fair value classified on initial recognition</i>						
Loans and advances	1,816	0	1,816	2,181	0	2,181
<i>Assets at fair value held for trading</i>						
Government bonds	2,924	0	2,924	2,816	0	2,816
Mortgage bonds	19,910	0	19,910	21,592	0	21,592
Other fixed-rate instruments	324	0	324	482	0	482
Other floating-rate instruments	198	0	198	186	0	186
Listed shares	900	0	900	944	0	944
Unlisted shares	210	0	210	373	0	373
Other investment assets	0	0	0	7	0	7
Positive market value of derivative financial instruments	695	0	695	1,196	0	1,196
<i>Loans and receivables</i>						
Receivables from policyholders	0	150	150	0	127	127
Receivables from insurance brokers	0	6	6	0	10	10
Receivables from insurance companies	0	2	2	0	39	39
Other receivables	0	49	49	0	87	87
Pensionskassen under Alm. Brand A/S	0	11	11	0	8	8
Interest receivable	232	0	232	268	0	268
Balances due from credit institutions and central banks	0	323	323	0	952	952
Loans and advances	4,106	3,827	3,827	4,390	4,347	4,347
<i>Other assets</i>						
Owner-occupied properties	675	0	675	1,053	0	1,053
Investment properties	939	0	939	542	0	542
Assets temporarily acquired	0	0	0	0	30	30
Other assets	0	209	209	0	168	168
Prepayments	0	40	40	0	43	43
Cash in hand and demand deposits	0	313	313	0	249	249
Financial assets, year-end	32,929	4,930	33,753	36,030	6,060	37,700

DKKm	2015			2014		
	Fair value	Amortised cost	Total	Fair value	Amortised cost	Total
<i>Liabilities at fair value held for trading</i>						
Negative market value of derivative financial instruments	501	0	501	551	0	551
<i>Financial liabilities, amortised cost</i>						
Subordinated debt	582	574	574	591	574	574
Issued bonds	0	5	5	0	21	21
Payables to policyholders	0	8	8	0	7	7
Payables related to direct insurance	0	12	12	0	11	11
Payables related to reinsurance	0	41	41	0	29	29
Payables to group enterprises	0	13	13	0	9	9
Deposits	8,024	7,999	7,999	10,934	10,857	10,857
Payables to credit institutions and central banks	0	710	710	0	1,972	1,972
<i>Other liabilities</i>						
Liabilities temporarily acquired	1	0	1	0	1	1
Other payables	0	486	486	0	676	676
Deferred income	52	0	52	37	0	37
Financial liabilities, year-end	9,160	9,848	10,402	12,113	14,157	14,745

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.

Subordinated debt is measured at amortised cost. The difference relative to fair values is assumed to be the interest rate level-independent value adjustment calculated by comparing current market rates with the market rates prevailing when the issues were made. As regards the bank's subordinated debt, changes in fair values due to changes in the bank's own credit rating are not taken into account.

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 1 million at the end of 2015 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.

DKKm	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Fair value measurement of financial instruments										
<i>Level 1</i>										
<i>Financial assets</i>										
Loans and advances	0	0	0	0	0	0	0	0	0	0
Bonds	8,315	10,781	3,955	297	23,348	7,609	9,383	7,201	0	24,193
Shares	0	885	15	0	900	0	861	20	0	881
Other assets	0	0	0	0	0	0	0	0	0	0
Total financial assets	8,315	11,666	3,970	297	24,248	7,609	10,244	7,221	0	25,074
<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

DKKkm	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Level 2										
Financial assets										
Loans and advances	0	0	0	0	0	0	0	0	0	0
Bonds	0	0	0	2	2	0	702	0	2	704
Shares	0	0	121	0	121	0	0	138	0	138
Other assets	301	574	74	1	927	242	1,120	110	0	1,471
Total financial assets	301	574	195	3	1,050	242	1,822	248	2	2,313
Financial liabilities										
Liabilities temporarily acquired	0	0	1	0	1	0	0	1	0	1
Other payables	296	162	127	0	585	244	269	71	0	584
Total financial liabilities	296	162	128	0	586	244	269	72	0	585
Level 3										
Financial assets										
Loans and advances	1,588	0	228	0	1,816	1,874	0	307	0	2,181
Bonds	0	6	0	0	6	53	126	0	0	179
Shares	7	3	78	1	89	8	212	78	0	298
Investment properties	18	1,451	145	0	939	18	1,417	160	0	542
Assets temporarily acquired	0	0	0	0	0	0	0	30	0	30
Total financial assets	1,613	1,460	451	1	2,850	1,953	1,755	575	0	3,230
Financial liabilities										
Other payables	0	0	16	0	0	0	0	1	0	0
Total financial liabilities	0	0	16	0	0	0	0	1	0	0

The fair value is the price obtained in a sale of an asset or paid for transferring a liability in an arm's length transaction at the time of measurement. The fair value may be identical to the net asset value if the net asset value is calculated on the basis of underlying assets and liabilities measured at fair value. There are three levels of fair value measurement:

Level 1 is based on quoted (unadjusted) prices in active markets.

Level 2 is used where no quoted price is available but where the use of another official price is deemed to best reflect the fair value.

Level 3 is used for financial assets and liabilities for which a quoted price or other official price is not available or is deemed not to reflect the fair value. Instead, measurement techniques and other observable market data are used to determine the fair value. In the cases in which observable prices based on market data are not available or are not deemed to be usable for the determination of fair value, recognised techniques, including discounted cash flows, and internal models and assumptions are used for the determination of fair value. The assumptions may include recent transactions involving comparable assets or liabilities, interest rates, exchange rates, volatility, credit spreads, etc. The bank's unlisted shares that are not measured at a redistribution price belong to this category.

The process for recognising fair values has been structured so that effective segregation of duties has been set up between the departments in the group that report, monitor and effect the transactions. Reconciliation procedures have been set up for the purpose of identifying material discrepancies across the various reports and source systems used.

Transfer between the categories of the fair value hierarchy is only effected in case of changes to available data for use in measurement.

There were no transfers between categories in the fair value hierarchy in 2014 or 2015.

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 rates between 0% and -1.4%, 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. If the average expected repayment rate is increased by 1 percentage point and the expected loss rates are increased by 0.5 of a percentage point, a negative change of the fair value for the market value model of DKK 1.2 million. See note 53 Accounting policies for additional information.

Bonds measured at quoted prices primarily comprise Danish mortgage bonds and, to a lesser extent, Danish government bonds and corporate bonds. Bonds included in level 2 are those which, as a result of an inactive market, are measured based on market rates and yield spreads to these as observed for similar issues. Bonds included in level 3 consist of a minor amount contributed to a fund. If the yield increases by 25 bps, the value of this bond portfolio will decline by DKK 0.2 million.

Shares mainly comprise listed shares and equity futures measured at quoted prices. The bank's unlisted shares consist of sector-owned companies and shares received for credit-defence purposes. For unlisted shares in sector-owned companies where the shares are redistributed, such redistribution is considered to represent the primary market for the shares. The fair value is determined as the redistribution price, and the shares are recognised as level 2 assets. For other unlisted shares and shares received by the bank for credit-defence purposes where no observable input is immediately available, the measurement is based on an estimate which builds on information from the companies' financial statements, experience from transactions involving shares in the companies in question as well as input from qualified third parties. The shares are included in level 3. A 10% drop in share prices would cause the value to decline by DKK 9 million in aggregate.

Assets held temporarily comprise single-family houses, rental property and returned vehicles expected to be sold within the next 12 months. Single-family houses and rental property are measured according to the same methods as investment property or at cost where this is lower. As at 31 December 2015, the bank had no assets held temporarily.

Other assets comprises interest receivable at DKK 233 million and positive values of derivative financial instruments at DKK 109 million. Interest rates are measured on the basis of normal principles of accrual. Derivative financial instruments mainly comprise interest rate swaps, which are measured by way of calculation of the net present value of expected future cash flows discounted on the basis of obtainable interest rate points, interpolation between interest rate points and exchange rates. Listed futures and options are measured on the basis of obtainable prices. Unlisted options are measured on the basis of obtainable volatilities, prices of underlying assets and exercise prices using Black-Scholes. Forward exchange transactions are measured on the basis of obtainable forward premiums and exchange rates. Inflation swaps are measured by way of calculation of the net present value of expected future cash flows discounted on the basis of obtainable index points of interest rate points, interpolation between these and exchange rates.

Liabilities temporarily acquired comprise prior-ranking loans on properties in temporary possession. This is primarily debt to mortgage credit institutions.

Other liabilities comprises interest payable at 53 million and negative values of derivative financial instruments at 504 million. Interest rates are measured on the basis of normal principles of accrual. Derivative financial instruments are valued on the basis of listed prices from an active market and using generally accepted valuation models with observable data, including yield curves, volatilities and equity indices.

Owner-occupied properties and investment properties are measured in the same way. See note 2 for additional information regarding owner-occupied properties and note 9 for additional information about investment properties.

DKKm	2015				2014				Total	
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking		Other
Development in level 3 financial instruments										
<i>Loans and advances</i>										
Carrying amount, beginning of year	1,874	0	307	0	2,181	0	0	2,497	0	2,497
Additions during the year	0	0	16	0	16	1,883	0	0	0	1,883
Disposals during the year	-193	0	-67	0	-260	-6	0	-2,129	0	-2,135
Realised value adjustments	1	0	-29	0	-28	0	0	-135	0	-135
Unrealised value adjustments	-94	0	1	0	-93	-3	0	74	0	71
Carrying amount, year-end	1,588	0	228	0	1,816	1,874	0	307	0	2,181
Value adjustments recognised in the income statement	-93	0	-28	0	-121	0	0	-61	0	-64
<i>Bonds</i>										
Carrying amount, beginning of year	53	126	0	0	179	54	125	0	0	179
Additions during the year	0	2	0	0	2	0	2	0	0	2
Disposals during the year	-53	-120	0	0	-173	0	0	0	0	0
Realised value adjustments	0	-1	0	0	-1	0	0	0	0	0
Unrealised value adjustments	0	-1	0	0	-1	-1	-1	0	0	-2
Carrying amount, year-end	0	6	0	0	6	53	126	0	0	179
Value adjustments recognised in the income statement	0	-2			-2	-1	-1			-2

DKK m	2015					2014				
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
<i>Shares</i>										
Carrying amount, beginning of year	8	212	78	0	298	8	207	70	1	286
Additions during the year	0	1	5	1	7	0	1	3	0	4
Disposals during the year	0	-185	0	0	-185	0	0	0	-1	-1
Realised value adjustments	0	-25	0	0	-25	0	0	0	0	0
Unrealised value adjustments	-1	0	-5	0	-6	0	4	5	0	9
Carrying amount, year-end	7	3	78	1	89	8	212	78	0	298
Value adjustments recognised in the income statement	-1	-25	-5	0	-31	0	4	5	0	9
<i>Assets temporarily acquired</i>										
Carrying amount, beginning of year	0	0	30	0	30	0	0	205	0	205
Additions during the year	0	0	0	0	0	0	0	3	0	3
Disposals during the year	0	0	-30	0	-30	0	0	-174	0	-174
Realised value adjustments	0	0	0	0	0	0	0	0	0	0
Unrealised value adjustments	0	0	0	0	0	0	0	-4	0	-4
Carrying amount, year-end	0	0	0	0	0	0	0	30	0	30
Value adjustments recognised in the income statement	0	0	0	0	0	0	0	-4	0	-4
<i>Other liabilities</i>										
Carrying amount, beginning of year	0	0	1	0	0	0	0	0	0	0
Additions during the year	0	0	0	0	0	0	0	1	0	0
Disposals during the year	0	0	0	0	0	0	0	0	0	0
Realised value adjustments	0	0	0	0	0	0	0	0	0	0
Unrealised value adjustments	0	0	15	0	0	0	0	0	0	0
Carrying amount, year-end	0	0	16	0	0	0	0	1	0	0
Value adjustments recognised in the income statement	0	0	15	0	0	0	0	0	0	0

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.

Rating of bonds

Rated AAA	7,830	8,995	3,425	297	20,547	7,043	8,785	6,750	0	22,578
Rated AA- to AA+	485	919	320	0	1,724	566	419	20	0	1,005
Rated A- to A+	0	337	64	0	401	0	372	122	0	494
Others	0	536	146	2	684	53	635	309	2	999
Bonds at fair value, year-end	8,315	10,787	3,955	299	23,356	7,662	10,211	7,201	2	25,076

Note 44 Return on financial instruments

	On initial recognition,	Held for trading,	Assets at	Debt at	Total	On initial recognition,	Held for trading,	Assets at	Debt at	Total
	fair value	fair value	amortised cost	amortised cost		fair value	fair value	amortised cost	amortised cost	
Interest income, etc.	59	621	235	0	915	192	625	259	0	1,076
Fee income etc.	13	75	40	0	128	2	79	33	0	114
Other income		-10	189	0	179		-2	144	0	142
Total income	72	686	464	0	1,222	194	702	436	0	1,332
Interest expenses		-66	0	-95	-161		-90	0	-216	-306
Value adjustments excluding credit losses on mortgage deeds	-85	-427	0	0	-512	-25	468	0	0	443
Credit losses on mortgage deeds	-74	0	0	0	0	-137	0	0	0	-137
Impairment of loans, advances and receivables, etc.	0	0	-253	0	-253	0	-141	0	0	-141
Profit/loss before tax	-87	193	211	-95	296	32	1,080	295	-216	1,191

Fee income from management activities amounted to DKK 1 08 million (2014: DKK 85 million), and fee expenses from management activities amounted to DKK 5 million (2014: DKK 5 million).

DKKkM	2015			2014		
	Deriva- tives	Repo agree- ments	Total	Deriva- tives	Repo agree- ments	Total
Note 45 Offsetting						
Financial assets						
Recognised assets, gross	695	82	777	1,196	0	1,196
Liabilities offset in the balance sheet	0	0	0	0	0	0
Financial assets stated at net amounts in the balance sheet	695	82	777	1,196	0	1,196
<i>Related amounts which have not been offset in the balance sheet</i>						
Financial instruments	-10	0	-10	-408	0	-408
Financial collateral	-365	-82	-447	-784	0	-784
Net amounts	320	0	320	4	0	4
Financial liabilities						
Recognised liabilities, gross	501	0	501	551	0	551
Assets offset in the balance sheet	0	0	0	0	0	0
Financial liabilities stated at net amounts in the balance sheet	501	0	501	551	0	551
<i>Related amounts which have not been offset in the balance sheet</i>						
Financial instruments	-10	0	-10	-408	0	-408
Financial collateral	-142	0	-142	-143	0	-143
Net amounts	349	0	349	0	0	0

Derivative financial instruments are recognised in the balance sheet at fair value. Negative fair values are included under Other liabilities, while positive fair values in the banking segment are included under Other assets and in the other segments under Investment assets. Financial instruments in the balance sheet are comprised by framework agreements for netting or other agreements. Assets and liabilities are offset when Alm. Brand and the counterparty have a legally enforceable right to offset the recognised amounts and subsequently realise the assets and settle the liability simultaneously. Alm. Brand uses master netting agreements, which entitle the group to offset amounts when a counterparty is in default as the exposure to the counterparty in such a case would be reduced because of collateral security received. Collateral security reduces the exposure if a counterparty is in default, but it does not meet the criteria for offsetting in accordance with IFRS.

DKKkM	2015				2014					
	Non-life	Life	Banking	Other	Total	Non-life	Life	Banking	Other	Total
Note 46 Financial instruments by term to maturity										
<i>Bonds</i>										
Expiry within 1 year	539	371	1,122	0	2,032	1,380	409	3,248	0	5,037
Expiry between 1 year and 5 years	4,771	2,204	1,321	273	8,569	4,314	2,190	1,709	0	8,213
Expiry after more than 5 years	3,005	8,212	1,512	26	12,755	1,968	7,612	2,244	2	11,826
Bonds, year-end	8,315	10,787	3,955	299	23,356	7,662	10,211	7,201	2	25,076
<i>Cash in hand and balances at call</i>										
Expiry within 1 year	58	93	262	0	313	46	224	198	0	249
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	58	93	262	0	313	46	224	198	0	249

DKKm	2015				2014				Total	
	Non-life	Life	Banking	Other	Non-life	Life	Banking	Other		
<i>Loans, advances and receivables</i>										
Expiry within 1 year	193	33	1,348	22	1,352	218	123	2,410	95	2,846
Expiry between 1 year and 5 years	273	0	1,400	0	1,673	313	0	727	0	1,040
Expiry after more than 5 years	1,247	0	1,852	0	3,099	1,496	0	2,274	0	3,770
Loans, advances and receivables, year-end	1,713	33	4,600	22	6,124	2,027	123	5,411	95	7,656
<i>Deposits and payables to credit institutions and central banks</i>										
Expiry within 1 year	67	534	7,655	0	7,970	40	780	11,177	0	11,780
Expiry between 1 year and 5 years	0	0	135	0	132	0	0	175	0	173
Expiry after more than 5 years	0	0	668	0	668	0	0	923	0	923
Deposits and payables to credit institutions and central banks, year-end	67	534	8,458	0	8,770	40	780	12,275	0	12,876
<i>Issued bonds</i>										
Expiry within 1 year			0	5	5		0	16		16
Expiry between 1 year and 5 years			0	0	0		0	5		5
Issued bonds, year-end			0	5	5		0	21		21
<i>Guarantees</i>										
Expiry within 1 year			196		196		200			200
Expiry between 1 year and 5 years			63		63		90			90
Expiry after more than 5 years			556		556		439			439
Guarantees, year-end			815		815		729			729
<i>Financial liabilities</i>										
Expiry within 1 year	296	162	130	0	588	244	269	63	0	576
Expiry between 1 year and 5 years	0	0	6	0	-10	0	0	6	0	5
Expiry after more than 5 years	0	0	7	0	7	0	0	3	0	3
Financial liabilities, year-end	296	162	143	0	585	244	269	72	0	584

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 Provisions for insurance contracts, which includes the expected cash flow for the group's claims and life insurance provisions.

Note 47 Credit risk

Credit risk by type of financial asset

Government bonds	0	2,880	44	0	2,924	0	2,793	23	0	2,816
Mortgage bonds	8,215	7,533	3,865	297	19,910	7,508	6,993	7,091	0	21,592
Other fixed-rate instruments	0	278	46	0	324	53	342	87	0	482
Other floating-rate instruments	100	96	0	2	198	101	83	0	2	186
Other investment assets	16	0	0	0	0	1	7	0	0	7
Reinsurers' share of insurance contracts	227	15	0	0	242	298	24	0	0	322
Receivables from policyholders	119	31	0	0	150	104	23	0	0	127
Receivables from insurance brokers	6	0	0	0	6	10	0	0	0	10
Receivables from insurance companies	0	2	0	0	2	39	0	0	0	39
Other receivables	30	15	0	34	49	49	32	0	38	87
Positive market value of derivative financial instruments, gross	200	465	35	0	695	166	1,003	27	0	1,196
Other assets	123	0	86	0	209	114	0	54	0	168
Interest receivable	85	109	39	1	232	75	110	83	0	268
Balances due from credit institutions and central banks	0	0	301	22	323	0	100	757	95	952
Cash in hand and demand deposits	58	93	262	0	313	46	224	198	0	249
Loans and advances	1,588	0	4,299	0	5,643	1,874	0	4,654	0	6,528
Maximum credit risk, year-end	10,767	11,517	8,977	356	31,220	10,438	11,734	12,974	135	35,029

DKK M	2015				2014			
	Non-life	Life Banking	Other	Total	Non-life	Life Banking	Other	Total
<p>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. 98% 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.</p> <p>Total receivables written down in connection with insurance operations:</p>								
Impairment, beginning of year	79			79	78			78
Impairment during the year and reversal of impairment	11			11	1			1
Impairment, year-end	90			90	79			79
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		6.5%		6.5%		11.8%		11.8%
Manufacturing and raw materials extraction		0.1%		0.1%		0.1%		0.1%
Energy supplies		0.0%		0.0%		0.4%		0.4%
Construction		0.2%		0.2%		0.2%		0.2%
Trade		0.2%		0.2%		0.4%		0.4%
Transport, restaurant and hotel industry		0.0%		0.0%		0.0%		0.0%
Information and communications		0.0%		0.0%		0.0%		0.0%
Credit and financing and insurance		10.3%		10.3%		6.2%		6.2%
Property administration and trading, business services		14.9%		14.9%		20.1%		20.1%
Other business		4.2%		4.2%		3.9%		3.9%
Business total		36.4%		36.4%		43.1%		43.1%
Private customers		63.6%		63.6%		56.9%		56.9%
Total		100.0%		100.0%		100.0%		100.0%
<i>Impairment</i>								
<i>Individual assessment</i>								
Impairment, beginning of year		1,304		1,304		1,336		1,336
Impairment during the year		387		387		331		331
Reversal of impairment		-146		-146		-205		-205
Loss (written off)		-290		-290		-158		-158
Impairment individual assessment, year-end		1,255		1,255		1,304		1,304
<i>Collective assessment</i>								
Impairment, beginning of year		153		153		118		118
Impairment during the year		44		44		118		118
Reversal of impairment		-11		-11		-83		-83
Impairment collective assessment, year-end		186		186		153		153
Total impairment		1,441		1,441		1,457		1,457
Interest income relating to loans, advances and receivables, etc. written down		30		30		34		34
Reasons for individual impairment writedowns								
<i>Loans, advances and other receivables before impairment</i>								
Estate administration		272		272		245		245
Debt collection		111		111		77		77
Uncollectible claims		1,650		1,650		1,736		1,736
Total		2,033		2,033		2,058		2,058
<i>Impairment, etc.</i>								
Estate administration		252		252		205		205
Debt collection		94		94		67		67
Uncollectible claims		909		909		1,032		1,032
Total		1,255		1,255		1,304		1,304
Loans, advances and other receivables after impairment, year-end		778		778		754		754

DKKkM	2015			2014			
	Non-life	Life Banking	Other	Total Non-life	Life Banking	Other	Total
Description of value of security for loans found to be impaired after individual assessment							
<i>Value of security</i>							
Real property, private		83		83	73		73
Real property, commercial		809		809	788		788
Cash and highly marketable securities		8		8	9		9
Cars		1		1	1		1
Other security		89		89	64		64
Value of security, year-end		990		990	935		935

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	0	0	5	5
Cars	1	1	2	2
Total value of realised security	1	1	7	7

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.

Loans, advances and other receivables, etc. in arrears

Age composition of assets that are past due

but not impaired

Up to three months	3	3	5	5
Three to six months	0	0	8	8
Six to twelve months	1	1	1	1
More than twelve months	1	1	1	1
Arrears, year-end	5	5	15	15

Description of security for loans in arrears

Value of security

Real property, private	107	107	114	114
Real property, commercial	25	25	174	174
Cash and highly marketable securities	4	4	3	3
Cars	2	2	4	4
Other security	1	1	43	43
Value of security, year-end	139	139	338	338

DKK M	2015				2014			
	Non-life	Life Banking	Other	Total	Non-life	Life Banking	Other	Total
Description of the total value of security at the balance sheet date								
<i>Value of security</i>								
Real property, private		1,979		1,979		1,860		1,860
Real property, commercial		1,859		1,859		1,948		1,948
Cash and highly marketable securities		87		87		83		83
Cars		56		56		52		52
Other security		192		192		136		136
Value of security, year-end		4,173		4,173		4,079		4,079

The assets are marked to market. See description earlier in this note.

Under the total credit exposure, DKK 1.6 billion (2014: DKK 1.9 billion) concerns a loss option to cover mortgage deeds in Alm. Brand Forsikring, whereas the associated collateral in real property is not included.

Credit quality

The credit quality is quantified on the basis of the credit quality categories of the Danish Financial Supervisory Authority, according to which loans and advances with normal credit quality are categorised in 2a and 3, loans and advances with certain indications of weakness are categorised in 2b, loans and advances with substantial weaknesses are categorised in 2c and loans and advances with an objective evidence of impairment are categorised in category 1.

Loans, advances and other receivables at fair value – by credit quality category

Loans and advances with normal credit quality	1,126	85	1,211	1,341	82	1,423
Loans and advances with certain indications of weakness	150	21	171	105	2	107
Loans and advances with substantial weaknesses	125	34	159	194	44	238
Loans that are neither due nor impaired	1,401	140	1,541	1,640	128	1,768
Loans and advances with an objective evidence of impairment	24	799	823	2	985	987
Total residual debt before value adjustment etc.	1,425	939	2,364	1,642	1,113	2,755
Value adjustments etc.	163	-711	-548	232	-806	-574
Loans, advances and other receivables at fair value, year-end	1,588	228	1,816	1,874	307	2,181

Of value adjustments etc. of DKK 548 million, (2014: DKK 574 million) DKK 727 million (2014: DKK 824 Million) was attributable to credit-related value adjustments at 31 December 2015.

Loans, advances and other receivables at amortised cost – by credit quality category

Loans and advances with normal credit quality		2,085	2,085		1,636	1,636
Loans and advances with certain indications of weakness		953	953		1,159	1,159
Loans and advances with substantial weaknesses		153	153		524	524
Loans that are neither due nor impaired		3,191	3,191		3,319	3,319
Loans and advances with an objective evidence of impairment		2,313	2,313		2,475	2,475
Total residual debt before value adjustment etc.		5,504	5,504		5,794	5,794
Value adjustments etc.		-1,433	-1,433		-1,447	-1,447
Loans, advances and other receivables at amortised cost, year-end		4,071	4,071		4,347	4,347

Guarantee debtors – by credit quality category

Guarantee debtors with normal credit quality		529	529		449	449
Guarantee debtors with certain indications of weakness		145	145		127	127
Guarantee debtors with substantial weaknesses		1	1		34	34
Guarantee debtors that are neither due nor impaired		675	675		610	610
Guarantee debtors with an objective indication of impairment		147	147		130	130
Total guarantee debtors before provisions etc.		822	822		740	740
Provisions etc.		-8	-8		-10	-10
Guarantee debtors, year-end		814	814		730	730

DKKm	2015	2014
Note 48 Market risk		
<i>Currency risk</i>		
Foreign currency positions:		
Long positions	8,874	12,352
Short positions	-7,236	-10,075
Net positions	1,638	2,277
Foreign currency positions distributed on the five largest net positions:		
EUR	719	1,287
SEK	332	339
BRL	75	63
PLN	52	56
TRY	51	56
Other	409	476
Total foreign currency positions	1,638	2,277
<i>Interest rate risk</i>		
Total interest rate risk calculated according to the group's internal	1,258	1,333

The internal calculation approach is used for the management of day-to-day risk. The calculation approach applies modified option-adjusted durations for the calculation of interest rate risk in the event of a 1 percentage point increase in interest rates. Interest rate risk is measured as the expected loss on interest rate positions that would result from an immediate upwards or downwards change in all interest rates by 1 percentage point. The interest rate risk is calculated for each currency.

DKKm	2015				Total	% of share- holders' equity
	Life, share- holders' equity	Banking	Other	Other		
Note 49 Sensitivity information						
<i>Sensitivity information, group</i>						
Risk on shareholders' equity in case of specific events:						
Interest rate increase of 1 percentage point	-1	-9	-9	-5	-24	-0.5%
Interest rate fall of 1 percentage point	-33	9	-5	5	-24	-0.5%
Share price fall of 12%	-29	0	-28	0	-57	-1.1%
Fall in property prices of 8%	-1	0	-12	0	-13	-0.2%
Maximum exchange rate loss of 99.5% probability of 10 days	0	0	0	0	0	0.0%
Loss on counterparties of 8%	-7	0	-26	0	-33	-0.6%
Loss on credit of 8%	-116	-21	-15	0	-152	-2.9%
1 percentage point spread widening	-186	-23	-146	-7	-362	-6.9%
Catastrophe events:						
- one "100-year event"	-99	0	0	0	-99	-1.9%
- two "100-year events"	-231	0	0	0	-231	-4.4%

*) 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 (calculated on the basis of modified option-adjusted durations) for accounting purposes in the event of a 1 percentage point change in interest rates amounted to DKK 7 million (gain) at 31 December 2015. 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 51 Capital and risk management contains a description of the risks assumed by the group.

Sensitivity information, life company

DKK m	Minimum effect on total capital	Maximum effect on collective bonus potential	Maximum effect on bonus potential on paid-up policies benefits before change in applied bonus potential on paid-up policies	Maximum effect on applied bonus potential on paid-up policies
Event:				
Interest rate increase of 1 percentage point	-13	-97	331	0
Interest rate fall of 1 percentage point	-9	-33	-306	0
Share price fall of 12%	0	-254	0	0
Fall in property prices of 8%	0	-98	0	0
Exchange rate risk (VaR 99.5%)	0	-8	0	0
Loss on counterparties of 8%	-29	-115	0	0
Fall in mortality intensity of 10%	-41	0	-1	0
Increase in mortality intensity of 10%	38	0	1	0
Increase in disability intensity of 10%	-21	0	-8	0

	2015	2014	2013	2012	2011
Note 50 Key ratios for the banking group					
Solvency ratio	17.2%	17.8%	18.4%	18.5%	16.8%
Tier 1 ratio	17.2%	17.8%	17.7%	13.9%	11.0%
Return on equity before tax	-20.4%	-15.7%	-33.8%	-41.6%	-94.5%
Return on equity after tax	-15.4%	-8.8%	-27.9%	-30.6%	-75.8%
Income/cost ratio	0.59	0.56	0.38	0.42	0.08
Interest rate risk	0.4%	2.0%	3.4%	1.5%	-0.9%
Foreign exchange position	13.6%	3.6%	21.3%	7.1%	5.3%
Foreign exchange risk	0.1%	0.0%	0.2%	0.1%	0.2%
Loans and advances as a percentage of deposits	70.8%	55.1%	80.3%	87.8%	148.0%
Gearing of loans and advances	2.9	2.7	4.3	7.2	8.3
Annual growth in lending	-11.7%	-36.6%	-12.6%	-17.8%	-18.2%
Excess cover relative to statutory liquidity requirement	270.6%	322.0%	201.6%	248.7%	319.6%
Total amount of large exposures	146.8%	58.5%	63.0%	60.9%	68.0%
Impairment ratio for the year	3.9%	2.1%	2.1%	2.8%	6.0%
Return on capital employed	-2.4%	-1.0%	-2.2%	-2.3%	-4.4%

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

NOTE 51 CAPITAL AND RISK MANAGEMENT**Capital management**

The capital management is based on three key business objectives:

- Having solid capital strength which supports the statutory requirements
- Generating a return on average shareholders' equity of the money market rate plus 10%
- Supporting a stable dividend policy

As a result, Alm. Brand's subsidiaries have defined capital targets which provide a buffer relative to the solvency requirements for their capital. To this should be added an allowance in the parent company specifically related to the extraordinary risk associated with the winding-up bank. The individual capital targets are described på koncernens hjemmeside almbrand.dk/risk. The capital target reflects management's intention that the group's capital resources should be sufficiently robust to be able to absorb a number of external events or strong adverse developments in the financial markets.

If Alm. Brand has total capital equivalent to the defined capital targets, management believes that the three objectives mentioned above will have been met.

The total capital may consist of shareholders' equity and tier 2 capital. The aim is for equity to constitute most of the total capital.

Risk management

As a group, Alm. Brand assumes a number of risks, including the highly different risks associated with operating its various business areas and the more uniform financial risks related to managing its liquidity and investment strategy.

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. The risk management function therefore has an obligation 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 means that reporting and sparring must be 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 Risk Management dealing with market risk and capital management for the group. In other words, the structure of risk management is decentralised with respect to the principal business risks, while the overall risk management is 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 also determines the overall limits for such risks and the required reporting. The board of directors receives a risk report. On this basis, the individual management boards determine each subsidiary's operational risk management. Note 49 Sensitivity information shows the principal risk concentrations and their impact on the group.

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 Liv & Pension, Alm. Brand Forsikring and Alm. Brand Bank. Participating in this forum are Risk Management, Compliance and Internal Audit. Moreover, the group has set up an approval committee for

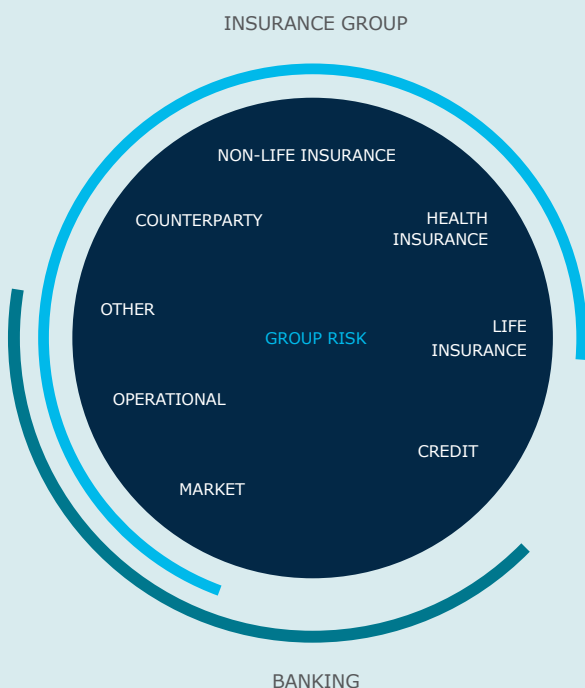
NOTE 51 CAPITAL AND RISK MANAGEMENT – CONTINUED

financial products. 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.

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.

Risk parameters



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, Alm.Brand has 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 through the use of 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 partial internal 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 disasters and terrorism events. The company’s risk associated with natural disasters is assessed using the partial internal model and a number of scenarios based on portfolio exposure and on a calculated probability. Both show that the

NOTE 51 CAPITAL AND RISK MANAGEMENT – CONTINUED

current reinsurance programme will provide cover at least for losses resulting from a 1:200-year storm.

For 2016, Non-life Insurance has bought catastrophe reinsurance up to DKK 4.3 billion with retention of DKK 75 million. Reinsurance supplemented by facultative coverage covers fire claims with retention of DKK 30 million, while personal injury on accident and workers’ compensation claims are covered with retention of DKK 20 million. In addition, frequency cover has been taken out on major fire, windstorm and precipitation claims (cloudburst, snow load, etc.).

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 terrorism event is not always comprised by the insured risks. In cases in which Alm. Brand covers this type of event, the company’s risk is covered by one of the following two options: First of all, the so-called terrorism pool covers up to 1:200 year loss events involving nuclear, biological or chemical claims events. Secondly, Alm. Brand through own programmes has coverage 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 terrorism events.

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 average 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.

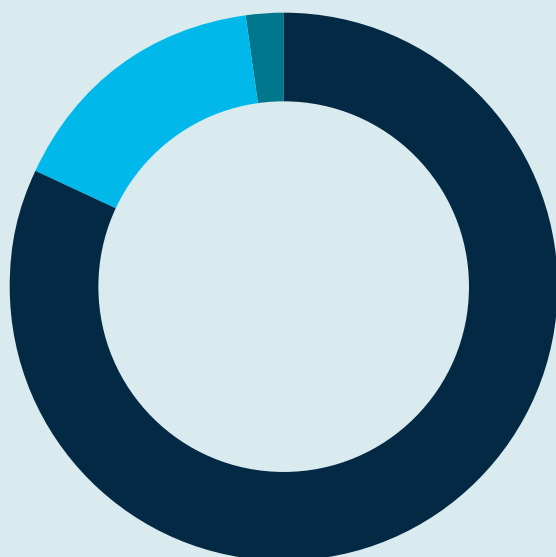
Because workers’ compensation insurance is of a longer-tail nature and because the legislative framework is more complicated, the potential impact of risk factors on the results of workers’ compensation lines is greater compared with personal accident lines.

Market risk

The management of market risk is intended to ensure achievement of an optimum return without putting the total capital of Alm. Brand Forsikring at risk of significant deterioration due to financial market developments or financial difficulties of individual issuers.

The asset allocation of Alm. Brand Forsikring at 31 December 2015 reflects a focus on stable returns and low investment risk. The investment assets of Alm. Brand Forsikring 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.

**Investment assets
Non-life Insurance**



- 82% Bonds
- 16% Mortgage deeds
- 2% Equities

NOTE 51 CAPITAL AND RISK MANAGEMENT – CONTINUED

The interest rate risk on assets and liabilities is monitored on an ongoing basis. Interest rate swaps are used to adjust the interest rate risk on the assets. Throughout most of 2015, the risk profile was neutral in relation to interest rate changes, while the company was exposed to a widening of credit spreads on mortgage bonds.

In late 2014, Alm. Brand Forsikring acquired most of Alm. Brand Bank's portfolio of mortgage deeds. The transaction contained an option agreement to protect Alm. Brand Forsikring against future credit losses. This means that Alm. Brand Forsikring can deliver back mortgage deeds to the bank if the mortgage deed debtors default on their payment obligations. The bank thus retains the credit risk, whereas Alm. Brand Forsikring only assumes the market risk associated with investing in the mortgage deeds.

About 2% of the portfolio is placed in equities, and less than 1% of the assets are placed in unlisted equities, primarily in the form of strategic sector equities. Sector equities are held for the purpose of supporting the insurance activities. In mid-2015, Alm. Brand Forsikring increased the global equity mandate by DKK 100 million in order to further diversify the asset composition.

The currency risk of Alm. Brand Forsikring 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.

Alm. Brand Forsikring holds a quite substantial portfolio of Danish mortgage bonds and is exposed to rising mortgage yields relative to the general yield curve.

Counterparty risk

Counterparty risk arises when a counterparty in a financial agreement fails to meet its obligations. Counterparty risk is broken down into two types in the solvency calculation. Type 1 counterparty risk covers exposure to large financial enterprises, for instance due to reinsurance agreements or financial contracts. Type 2 counterparty risk covers the risk that ordinary insurance customers fail to pay what they owe to Alm. Brand Forsikring.

Type 1 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 & Poor's or A.M. Best. Deviations from this rating must be approved by the board of directors.

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, which creates a type 1 counterparty risk. Placement limits contain restrictions as to the companies' maximum receivable from specific credit institutions.

Alm. Brand Forsikring 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 implies 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.

In addition, Alm. Brand Forsikring has type 1 counterparty risk on Alm. Brand Bank. This is due to Alm. Brand Forsikring's option to sell back delinquent mortgage deeds to Alm. Brand Bank. The capital strength of Alm. Brand Bank is monitored on an ongoing basis to ensure that Alm. Brand Bank can honour any claims from Alm. Brand Forsikring arising due to delinquent mortgage deeds.

Receivables from policyholders in Non-life Insurance arise on an ongoing basis and an allowance is made in that respect in the solvency requirement as type 2 counterparty risk.

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.

NOTE 51 CAPITAL AND RISK MANAGEMENT – CONTINUED

Life and Pension

Life insurance risks

Biometric risks include mortality, longevity and disability. The risk of disability and death is restricted by guidelines for how large a risk the company may accept. It is currently standard policy with Alm. Brand Liv og Pension A/S to only write risk coverage subject to the customer providing individual health information. In 2015, Alm. Brand Liv og Pension launched a corporate concept offering company pension schemes against provision of limited personal health information. This product has been developed on the basis of a wish to offer better and more complete cover for customers who are existing customers of the Alm. Brand Group. Moreover, risks are limited through a reinsurance programme which mitigates the effects of losses incurred on large customers. The reinsurance programme also comprises catastrophe cover in the event of several customers/lives being hit by the same event.

Investment assets policyholders' funds Life and Pension



- 72% Bonds
- 16% Equities
- 12% Property

To cover any future fluctuations in mortality or disability rates, a risk allowance is added to market value provisions, which is calculated by increasing the risk intensities for mortality and disability by 12% or lowering the mortality intensities by 12% for insurance types dependent on increased longevity. The market value parameters for use in the calculation of market value provisions are assessed at least once a year.

Alm. Brand Liv og Pension's breakdown into contribution groups means that generally there is no collective bonus potential in the contribution groups for mortality, longevity and disability, respectively. This generally implies 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 has a relatively small exposure to longevity, as the portfolio is predominantly composed of capital, retirement and instalment pension schemes. Alm. Brand uses the Danish FSA's benchmark for longevity assumptions for the calculation of provisions and the industry standard described by the Danish Society of Actuaries for the assessment of longevity risk.

Health insurance risks

New health and personal accident business in Alm. Brand Liv og Pension 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

Market risk

Alm. Brand Liv og Pension's insurance portfolio is divided into four interest rate contribution groups characterised by the different guarantee levels on which the insurances are based. The interest rate decline in 2015 has had an adverse impact on the investment buffers in some of the interest rate contribution groups. The reason has become more difficult to continually achieve a satisfactory investment return relative to the guarantee levels. The investment strategies of the individual interest rate contribution groups are carefully designed to match the investment buffers of each individual

NOTE 51 CAPITAL AND RISK MANAGEMENT – CONTINUED

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 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.

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 is gradually reduced. At 31 December 2015, the portfolio amounted to just over DKK 3 billion.

At least once each month and otherwise as needed, Alm. Brand Liv og Pension carries out sensitivity analyses on the expected profit for the year and on the individual solvency need according to a selection of financial scenarios (combinations of a rise or fall in interest rates, decline in equities and a widening of the credit spread (OAS)).

The asset allocation of Alm. Brand Liv og Pension at 31 December 2015 was widely diversified across a number of asset classes. The risk tolerance 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 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 in 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 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.

Alm. Brand Liv og Pension limits counterparty risks in connection with derivative agreements by entering into margin agreements and netting with its counterparties. Margin agreements ensure that collateral is provided when the exposure exceeds a certain level. Netting is described in the ISDA Master Agreements and implies 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

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.

Banking

The bank's forward-looking 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 (Financial Markets) and asset management (Asset Management). This is reflected in the types of risk accepted by the bank.

NOTE 51 CAPITAL AND RISK MANAGEMENT – CONTINUED**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, investment credit facilities in Financial Markets 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. The mortgage deed portfolio was strongly reduced in connection with the sale of most of the mortgage deeds to Alm. Brand Forsikring A/S in December 2014. The related option agreement means that the bank retains the credit risk attaching to the original mortgage deed portfolio.

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 credit rating of private customers seeking loans is based on a review of the customers' overall financial situation, including disposable amount, assets and level of debt. Secondly, the bank uses credit scoring models which 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.

Alm. Brand Bank 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 regular collection of financial information on individual customers. This information is included in the overall decision-making basis for credit segmentation of the customer.

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 risk tolerance and applied capital. The bank's risk management uses derivative financial instruments to adjust the market risk.

Alm. Brand Bank holds a quite substantial portfolio of Danish mortgage bonds and is exposed to rising mortgage yields relative to the general yield curve.

Interest rate risk

The asset allocation of Alm. Brand Bank did not change significantly in 2015, and mortgage bonds still represent the majority of the investment assets. Spread risk is adjusted through an overall limit on various types such as countries and credit classes.

The board of directors of Alm. Brand Bank 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. There are limits for both the overall interest rate risk and the distribution thereof on the yield curve. Most of the bank's interest rate exposure is to Danish kroner. Alm. Brand 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.

In the event of a 1 percentage point increase in interest rates on the total interest-bearing portfolio, the banking group's equity and results will be adversely affected by DKK 5 million.

NOTE 51 CAPITAL AND RISK MANAGEMENT – CONTINUED**Currency risk**

The banking group's daily currency risk is calculated and managed on the basis of the greater of the sum of receivables and the sum of payables denominated in foreign currency translated into Danish kroner.

The bank's loans are primarily denominated in Danish kroner and are therefore not subject to currency risk to any significant extent. The investment strategy stipulates that the bank may hold active positions in foreign currency within given limits. An active position means that it is possible to purchase foreign currency without having any obligation to do so and may sell foreign currencies which are not part of the portfolio. Derivative financial instruments are used to manage currency risk.

Equity risk

Equities in the trading portfolio, amounting to DKK 15 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 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.

In the event of a 12% decline on the total portfolio of equities within and outside the trading portfolio, the banking group's equity and results will be adversely affected by DKK 27 million.

Property risk

The bank does not want to hold properties but has in recent years taken over single-family houses and rental property for credit-defence purposes. In 2015, the bank significantly reduced its property portfolio, and the exposure to properties is therefore assessed to be limited relative to the bank's total assets. A 1 percentage point increase in the return requirement on rental property and a 15% reduction of the valuation of single-family houses would impact the banking group's equity and financial results adversely by DKK 18 million.

Counterparty risk

The bank's financial counterparties 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 individual counterparty.

The bank reduces its exposure by means of margin agreements and netting with the relevant counterparties. Margin agreements ensure that a counterparty provides collateral 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 prudent risk profile. The bank manages and monitors liquidity on a day-to-day basis based on short-term and long-term liquidity requirements.

The short-term liquidity management is intended to ensure that Alm. Brand Bank complies with the statutory requirements at all times. 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. Deposits are the primary funding source. Consequently, the financial liabilities have a shorter average duration than the assets. See note 46. This liquidity

NOTE 51 CAPITAL AND RISK MANAGEMENT – CONTINUED

profile should be seen in light of bank's ongoing reduction of lending in the winding-up segment. This reduces the longer receivables, whereby it is an advantage to be able to adjust funding relatively quickly.

The bank's funding is composed primarily of deposits held at call and secondarily of deposits subject to term of notice, but the proportion of deposits subject to term of notice declined in 2015, which was in line with the funding strategy. There is no need to increase the external funding through other sources.

The new liquidity ratio (Liquidity Coverage Ratio) took effect from 1 October 2015. This ratio shows the degree to which the bank is able to cover its cash outflows over the next 30 days without access to market funding. At 31 December 2015, 80% of the liabilities falling due over the next 30 days must be covered by highly liquid assets. Of these, 30% must be cash or cash equivalents, government bonds or the like. When the rules have been fully phased in by 2018, the coverage must be 100%. At 31 December 2015, Alm. Brand Bank's LCR was 382.

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 its 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 almbrand.dk/risk.

NOTE 52 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

The preparation of the financial statements involves 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 are related to the calculation of fair values of unlisted financial instruments, measurement of deferred tax assets and loans, advances and receivables as well as provision for losses on guarantees. In addition, significant estimates are involved in the valuation of mortgage deeds and liabilities under insurance contracts.

This note should be read in conjunction with note 43, which contains information about the determination of fair value.

Financial instruments

Significant estimates are not used for the valuation of financial instruments where the valuation is based on prices quoted in an active market or on generally accepted valuation models employing observable market data.

Valuations of financial instruments that are only to a limited extent based on observable market data are subject to estimates. This applies for example to unlisted shares and certain bonds for which an active market does not exist. For securities that are not listed on a stock exchange, or for which no price is quoted that reflects the fair value of the instrument, the fair value is determined using a model calculation. The valuation models include the discounting of the instrument cash flow using an appropriate market rate. The valuation of unlisted shares is based on information from the companies' financial statements, experience from transactions involving shares in the companies in question as well as input from qualified third parties.

The group holds a quite substantial portfolio of Danish mortgage bonds and is exposed to rising mortgage yields relative to the general yield curve.

Deferred tax

The full amount of the group's deferred tax assets is recognised in the balance sheet.

The amount of the deferred tax asset is assessed on the basis of expectations for the future earnings of the Alm. Brand Group. This assessment is based on projections of the group's results based on a best estimate of upcoming developments in the three business segments. The current tax asset is expected to be utilised within the next five years.

Valuation of mortgage deed portfolios

The mortgage deed portfolios are valued partly on the basis of non-observable input and are therefore to some extent subject to estimates. The calculation of the fair value of mortgage deeds is based on models which include parameters such as expected prepayments, loss rates and interest rate level.

Non-delinquent mortgage deeds are measured on the basis of the number of assumptions relating to required rate of return, expected credit losses and repayments – assumptions basically concerning what a mortgage deed could trade for between two independent parties. The model will revalue the mortgage deed if the mortgage deed coupon is higher than the discount rate. Such revaluation is sensitive to the model assumptions.

The repayment rates are updated on an ongoing basis to reflect the development in realised repayments.

Delinquent mortgage deeds are valued with due consideration for the risk of default and the loss incurred in the event of default. Any unsecured part is written down, and the amount depends, among other things, on how long the mortgage deed has been delinquent. However, the unsecured part must be written down to zero after the mortgage deed has been delinquent for a period of 180 days. In the calculation of any unsecured part, the valuation of property values builds on a significant estimate, which is made on the basis of an individual external valuation for large properties and the official property valuation for other properties.

NOTE 52 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES – CONTINUED**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.

The provisions for workers' compensation insurance are affected by several acts. Most recently, the Danish Social Pensions Act was amended in December 2015, whereby the state retirement age was raised from 67 to 68 years for people born on or after 1 January 1963. In the explanatory notes to the bill, the additional cost including occupational health and safety contribution and occupational injury tax for the insurance industry as a whole in the year of commencement of the Act is estimated at approximately DKK 1 billion, which concerns the claims years from 2004 to 2015. The Act also imposes a duty on the Minister for Social Affairs in 2020 to reassess whether the retirement age should be raised further.

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 expert committee has submitted its report, but it remains uncertain which recommendations will be implemented in legislation (and when) and also what the amount of claims expenses resulting from a potential revision of the Act will be.

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 financial 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.

Properties

In connection with the valuation of properties, a fair value is calculated on the basis of market-based rental income and operating expenses relative to the required rate of return of the individual properties. The valuation takes into account the type, location, state of repair, vacancy rate, etc. of the property.

Banking

In respect of individual 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.

Adverse and unforeseen economic developments may affect the payment ability of individual customers. For instance, major interest rate changes, failure to let premises and changes in settlement prices for agricultural products may affect the customers' ability to pay and the value of the collateral security on which the calculation of the bank's collateral security is based. In particular, lending for activities within financing of real property and agriculture may be adversely affected.

Collective impairment charges are made on the basis of a model developed by the Association of Local Banks in Denmark. If the model does not sufficiently take into account all matters regarding the bank's loan portfolio, it will be supplemented by a management estimate.

NOTE 52 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES – CONTINUED

The management estimate hence reflects the effect of expectations for the development in the credit risk in selected segments.

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/provisions.

Sensitivity information

We take various types of calculated risk in support of the long-term business objectives. The most important business risks and financial risks are listed in the table below.

The individual risks are described in note 51, Capital and risk management, on pages [119 to 127](#).

Sensitivity information

DKK m	Non-life	Banking	Life and Pension*	Other	Total	% of shareholders' equity
<i>Sensitivity information, group</i>						
Risk on shareholders' equity in case of specific events						
Interest rate increase of 1 percentage point	-1	-9	-9	-5	-24	-0.5%
Interest rate fall of 1 percentage point	-33	-5	9	5	-24	-0.5%
Equity price fall of 12%	-29	-28	0	0	-57	-1.1%
Fall in property prices of 8%	-1	-12	0	0	-13	-0.2%
Maximum exchange rate loss of 99.5% probability of 10 days	0	0	0	0	0	0.0%
Loss on counterparties of 8%	-7	-26	0	0	-33	-0.6%
Loss on credit of 8%	-116	-15	-21	0	-152	-2.7%
1 percentage point spread widening	-186	-146	-23	-7	-362	-6.9%
Catastrophic events:						
- one "100-year event"	-99	-	-	-	-99	-1.9%
- two "100-year events"	-231	-	-	-	-231	-4.4%

The bank's interest rate risk for accounting purposes (calculated on the basis of the option-adjusted, modified duration) in case of a 1 percentage point movement was DKK 7 million (gain) at 31 December 2015. The bank's property risk concerns properties held directly.

*Sensitivity information on shareholders' equity in Life and Pension.

NOTE 53 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 for insurance companies and multi-employer occupational pension funds. In addition, the consolidated 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 otherwise consistent with the policies applied in the 2014 Annual Report.

In order to provide a better overview and reduce the number of note disclosures, the amount and qualitative information of which are insignificant, certain disclosures have been omitted.

New financial reporting rules as per 1 January 2016

The Danish FSA has issued a new Executive Order on financial reports of insurance companies and multi-employer occupational pension funds applicable as from 1 January 2016. Apart from presentational changes, the new provisions also imply an amendment to the measurement of technical

provisions and introduce new concepts such as risk margin and profit margin. In addition, the companies will transition to using a new yield curve for the discounting of insurance liabilities. Alm. Brand Liv og Pension A/S and Alm. Brand Forsikring A/S have obtained permission from the Danish FSA to use volatility adjustment, which is an additional allowance in relation to the yield curve from EIOPA that partly reduces liabilities and partly makes it easier to hedge yield curve fluctuations.

For Alm. Brand Liv og Pension A/S, the amended rules imply that technical provisions relating to the life insurance business overall are presented as life insurance provisions and profit margin on life insurances, respectively. The transition to the new provisions, including the implementation of the new yield curve, is expected to slightly reduce the level of provisions for portfolios without bonus entitlement. Other than that, no changes in total technical provisions relating to the life insurance business are expected.

Moreover, technical provisions relating to health and personal accident insurance are presented as premium provisions, profit margin on non-life insurance contracts, claims provisions and risk margin on non-life insurance contracts. As a result of the fact that premium provisions are only to be calculated for the period until the next possible premium adjustment date, and not as previously until the date of expiry, the transition to the new rules imply that provisions relating to health and personal accident insurance will be reduced.

For Alm. Brand Forsikring A/S, the amended rules imply that the technical provisions are presented as premium provisions, profit margin on non-life insurance contracts, claims provisions and risk margin on non-life insurance contracts. The profit margin is a part of the current provisioning level, and the implementation thereof will thus have no impact on Alm. Brand Forsikring A/S's total technical provisions. As the transition to the new yield curve and the implementation of the risk margin largely offset each other, the provisioning level will remain unchanged.

For the Alm. Brand Group as a whole, the implementation of the new Executive Order will leave Alm. Brand A/S's shareholders' equity largely unchanged.

NOTE 53 ACCOUNTING POLICIES – CONTINUED

Implementation of new and amended standards and interpretations

The Annual Report 2015 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 2015.

The implementation of new and amended standards and interpretations did not have any effect on the profit for the year, other comprehensive income, total assets or shareholders' equity and did not result in changes to the presentation or note disclosures either.

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 financial statements. Standards expected to have a material effect include:

IFRS 9, Financial Instruments, which concerns the accounting treatment of financial assets, including in relation to classification, measurement, hedge accounting and impairment.

IFRS 9 changes the classification of financial assets to the effect that classification depends on (i) the entity's business model for managing the asset and (ii) the cash flows generated by the asset.

Following the implementation of IFRS 9, financial assets must be classified as belonging to one of the following four categories:

1. Amortised cost
2. Fair value through profit or loss (FVTPL)
3. Fair value through other comprehensive income (FVTOCI) (liabilities)
4. Fair value through other comprehensive income (FVTOCI) (equity instruments)

The majority of the provisions of IAS 39 on recognition and measurement of financial liabilities are unchanged in IFRS 9.

The derecognition provisions of IAS 39 are unchanged in IFRS 9.

The provisions of IFRS 9 concerning impairment of financial assets are based on an expected loss model as opposed to the current rules of IAS 39, which are based on the incurred loss model.

Under IFRS 9, impairment of financial assets must be calculated on a regular basis from initial recognition at an amount equal to:

- Lifetime expected losses weighted by the probability that the borrower defaults within the next 12 months; or
- Lifetime expected losses when the financial asset's credit risk has significantly increased since initial recognition of the asset

IFRS 9 also increases the disclosure requirements by means of consequential amendments to IFRS 7, for instance concerning hedge accounting, credit risk and calculation of provisions for bad debts. The standard comes into force for financial years starting on or after 1 January 2018. The standard has not yet been adopted for use in the EU.

In January 2016, the IASB issued IFRS 16, Leases. IFRS 16, which replaces IAS 17, Leases, will only imply insignificant changes to the accounting treatment for lessors. For lessees, the accounting treatment will change significantly as all leases will generally be recognised in the balance sheet. IFRS 16, which has not yet been adopted by the EU, is effective from 1 January 2019. It is not yet possible to give an estimate of the effect on the annual report of the changes in the accounting treatment when the group acts as a lessee.

Management believes that, except for the implementation of IFRS 9, the effect of which has not been investigated in connection with the preparation of the annual report, the implementation of new and amended standards will only have a minor impact on the annual report.

NOTE 53 ACCOUNTING POLICIES – CONTINUED**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.

Properties owned by subsidiaries and used by the group are reclassified from investment property to owner-occupied property.

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. 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.

The consolidated financial statements of Alm. Brand A/S are included in the consolidated financial statements of Alm. Brand af 1792 fmba, Copenhagen.

Foreign currency

Assets and liabilities denominated in foreign currency are recognised at the rate of exchange published by Denmark's 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 fair value. 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 in the income statement. 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.

NOTE 53 ACCOUNTING POLICIES – CONTINUED**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.

The fair value of land and buildings is assessed on an annual basis. An external appraiser may be engaged where necessary.

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 group's proportionate share of the company's net asset value at the balance sheet date, calculated according to the group's accounting policies.

NOTE 53 ACCOUNTING POLICIES – CONTINUED**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.

Other assets

Other assets comprise various receivables and prepayments. The item also comprises positive fair value of spot transactions and derivative financial instruments, operating equipment and assets taken over temporarily.

Forward transactions, futures, swaps, options and unsettled spot transactions are measured at fair value on initial and subsequent recognition. Positive and negative fair values of derivatives are recognised as Other assets or Other liabilities, respectively. Changes in the fair value of derivatives are recognised in the income statement.

The loss option issued by Alm. Brand Bank to cover credit losses on mortgage deeds in Alm. Brand Forsikring is measured using the credit model, which is also used for the measurement of the bank's other delinquent mortgage deeds.

Assets held temporarily comprises properties and cars only temporarily in the group's possession and awaiting sale within 12 months and where a sale is very probable. The item is measured at the lower of the carrying amount and the fair value less expected costs to sell.

Prepayments comprises expenses incurred prior to the balance sheet date but which relate to a subsequent accounting period.

Operating equipment

Operating equipment is measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets taking into account the expected residual value. The expected useful lives are assessed to be:

Cars	5 years
Furniture and equipment	3-5 years
Computers	3-5 years

Cost comprises acquisition cost and directly attributable costs.

Leasehold improvements are capitalised and amortised over their estimated useful lives, up to five years, taking into account the expected residual value.

Investment assets

Investment assets comprise financial assets measured at fair value. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this at every reporting date.

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 fair value can be reliably measured. Generally, the group's financial instruments form part of the trading portfolio, however, not unlisted shares and parts of the portfolio of mortgage deeds designated at fair value.

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 the majority of the unlisted shares, 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.

NOTE 53 ACCOUNTING POLICIES – CONTINUED

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 fair value 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, including mortgage deeds

Mortgage deeds are measured at fair value on initial and subsequent recognition. In the bank, mortgage deeds are included in Loans, advances and other receivables. The calculation of the fair value of mortgage deeds is based on models which include parameters such as expected prepayments, loss rates and interest rate level.

The mortgage deed portfolios are valued partly on the basis of non-observable input and are therefore to some extent subject to estimates. The calculation of the fair value of mortgage deeds is based on models which include parameters such as expected prepayments, loss rates and interest rate level.

Non-delinquent mortgage deeds are measured on the basis of the number of assumptions relating to required rate of return, expected credit losses and repayments – assumptions basically concerning what a mortgage deed could trade for between two independent parties. The model will revalue the mortgage deed if the mortgage deed coupon is higher than the discount rate. Such revaluation is sensitive to the model assumptions.

The repayment rates are updated on an ongoing basis to reflect the development in realised repayments.

Delinquent mortgage deeds are valued with due consideration for the risk of default and the loss incurred in the event of default. Any unsecured part is written down, and the amount depends, among other things, on how long the mortgage deed has been delinquent. However, the unsecured part must be written down to zero after the mortgage deed has been delinquent for a period of 180 days. In the calculation of any unsecured part, the valuation of property values builds on a significant estimate, which is made on the basis of an individual external valuation for large properties and the official property valuation for other properties.

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

NOTE 53 ACCOUNTING POLICIES – CONTINUED

explanatory macroeconomic variables include unemployment, house 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.

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

NOTE 53 ACCOUNTING POLICIES – CONTINUED

not yet run off, including all direct and indirect administrative and claims-handling expenses. Unearned premium provisions will, however, as a minimum correspond to an accrual of the premiums collected. Unearned premium provisions on change of ownership policies are discounted.

Unearned premium provisions relating to health and personal accident insurance are made up according to market value principles. They are calculated as the difference between the present value of the company's liabilities in respect of health and personal accident policies and the present value of the premiums to be paid by policyholders in the future using a best estimate of insurance risk, costs incurred in managing insurance and claims handling and the rate of return obtainable in the market. The provisions are calculated based on an assumption of a lower mortality and disability than in the company's calculation basis for new contracts. The reduction is estimated based on the company's historical claims ratios on mortality and disability, respectively, and costs relative to the assumptions in the calculation basis for new contracts. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

Life insurance provisions

Life insurance provisions are calculated at market value based on an expected cash flow discounted using the government bond-adjusted yield curve announced by the Danish Financial Supervisory Authority. The market value expectations include a risk premium, corresponding to the risk of fluctuations in the amount and time of payment of guaranteed benefits. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

The expected future insurance benefits are estimated based on projections of mortality and disability. These are estimated based on the company's historical claims ratios on mortality and disability, respectively, and actual costs relative to the assumptions in the calculation basis for new contracts.

Life insurance provisions are divided into provisions for guaranteed benefits bonus potential on future premiums and bonus potential on paid-up policy benefits.

Life insurance provisions are calculated at market value, based on individual calculations for each policy. Also, bonuses earned but not yet added to the individual policies are added to the provisions. For amounts exempt from tax on pension returns, a discount rate without deduction of tax on pension returns is used.

The provisions are generally calculated based on an assumption of a lower mortality and disability than in the company's calculation basis for new contracts. The reduction is estimated on the basis of an empirical analysis of the company's insurance portfolio.

Provisions for the guaranteed benefits comprise obligations to pay benefits guaranteed to the policyholder. Provisions for guaranteed benefits are calculated as the difference between the present value of the benefits guaranteed by the insurance policy and the present value of the expected future insurance administration costs less the present value of the agreed future premiums. The provision includes an estimated amount in cover of future benefits resulting from already incurred claims and an estimated amount for claims incurred but not reported. The guaranteed benefits are calculated with the addition of a premium, ensuring that as a minimum a value corresponding to the guaranteed surrender value is provided.

The bonus potential on future premiums comprises obligations to pay a bonus concerning premiums agreed but not yet due. For the portfolio of insurance with bonus entitlement, the bonus potential on future premiums is calculated as the difference between the value of the guaranteed paid-up policy benefits and the value of guaranteed benefits. Guaranteed paid-up policy benefits are benefits guaranteed under the insurance if the policy is converted into a paid-up policy. The value of the guaranteed paid-up policy benefits is calculated as the present value of the guaranteed paid-up policy 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

NOTE 53 ACCOUNTING POLICIES – CONTINUED

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.

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 payment 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.

NOTE 53 ACCOUNTING POLICIES – CONTINUED**Other financial liabilities**

On initial recognition, other financial liabilities are measured at fair value less transaction costs. 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.

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 corresponding to known and anticipated claims relating to the year.

Amounts to cover expenses for surveying and assessment and other direct or indirect staff administration costs, etc. associated with claims handling are included in the item. In addition, the item includes run-off results regarding previous years.

The group's indirect costs relating to the handling of claims are distributed between claims expenses and administrative expenses using allocation keys based on estimated resource application.

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.

NOTE 53 ACCOUNTING POLICIES – CONTINUED

Alm. Brand has entered into swap agreements to partially hedge provisions for workers' compensation against changes in the future wage index, assuming a continued stable growth in the real value of claims paid. The value adjustment of these swaps is included in claims incurred.

Claims and benefits relating to life insurance comprise benefits due during the year, amounts paid for repurchases and bonus amounts paid in cash.

Other expenses from investment activities

The item includes amounts associated with the management of investment assets. Brokerage and commission relating to the purchase and sale of securities is recognised under market value adjustments.

Impairment of loans, advances and receivables, etc.

Impairment of loans, advances and receivables comprises impairment of loans, advances and receivables on which there is an objective evidence of impairment and provisions for guarantees. The item also includes value adjustment of assets temporarily acquired in connection with closing commitments.

Acquisition costs and administrative expenses

The part of the insurance operation expenses that can be ascribed to acquisition and renewal of the insurance portfolio is recognised under acquisition costs. Acquisition costs are generally charged to the income statement when the insurance takes effect.

Administrative expenses comprise expenses related to managing the company's activities. Administrative expenses are accrued to match the financial year.

Operating expenses relating to owner-occupied properties are recognised in the consolidated income statement under administrative expenses. Rent concerning the company's owner-occupied properties is not recognised in the consolidated income statement, but the expense is included in the individual segment financial statements.

Other expenses

Expenses associated with activities that cannot be ascribed to the company's principal activities are recognised under other expenses.

Result of ceded business

For reinsurance contracts containing a combination of financial terms and traditional terms with transfer of risk,

the risk premium is recognised on an accruals basis under premium income. The accrual is based on the value of the contracts at the end of the year. Realised losses relating to these contracts are included in claims after adjustment for movements in financial deposits.

Reinsurance premiums ceded and reinsurers' share received are accrued and recognised in the income statement according to the same principles as those applied for the corresponding items under the gross business.

Changes in ceded business attributable to discounting are transferred to interest expenses etc. while changes attributable to changes in the discount rate applied are transferred to value adjustments.

Value adjustments

Value adjustments include all realised and unrealised gains and losses on investment assets, except for value adjustment of subsidiary and associated undertakings and revaluations of owner-occupied properties. The item also includes the discounting effect of insurance contracts.

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.

NOTE 53 ACCOUNTING POLICIES – CONTINUED

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

The business segments Non-life Insurance, Life Insurance, Banking and Other are the group's primary segments and they have been determined on the basis of the regulatory differences. No geographical segment information is provided as the group's activities are predominantly focused on the Danish market.

Non-life Insurance is divided into Private and Commercial. Private comprises the group's sales of insurances to private households through own sales channels and the group's health and personal accident activities, which for legal purposes are placed in Alm. Brand Liv og Pension. Commercial comprises the group's sales to agricultural and commercial customers through own sales channels and partnerships. The management reporting related to Private and Commercial consists exclusively of reporting of the technical result.

Banking is divided into Private, Leasing, Financial Markets, Other (collectively referred to as the forward-looking bank) and Winding-up Activities. The forward-looking activities form part of the bank's strategy and represent areas in which the bank wants to expand its business volume. Winding-up Activities do not form part of the bank's strategy and represent an area in which the bank, in a responsible and financially appropriate manner, aims to reduce its exposure.

The segment information follows the group's internal reporting structure, reflecting a risk allocation on relevant business areas. Recognition and measurement in the segment reporting are in accordance with the group's accounting policies.

More detailed information about the individual segments 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 outlook is based on the interest rate and price levels prevailing at Mid February 2016. 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

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Balance sheet

DKKkM	Note	Parent company	
		2015	2014
Assets			
Investment in group enterprises	1	5,156	4,984
Total investments in group enterprises and associates		5,156	4,984
Equity investments		1	0
Bonds		297	0
Other loans and advances		2	2
Deposits with credit institutions	2	22	95
Cash in hand and balances at call	3	0	0
Total other financial investment assets		322	97
Total investment assets		5,478	5,081
Receivables from group enterprises		10	0
Other receivables	4	45	48
Total receivables		55	48
Current tax assets	5	15	43
Total other assets		15	43
Total assets		5,548	5,172
Liabilities and equity			
Share capital		1,735	1,735
Other provisions		1,215	1,210
Proposed dividend		521	87
Retained earnings		1,761	1,815
Total shareholders' equity	6	5,232	4,847
Subordinated debt		250	250
Total subordinated debt	7	250	250
Deferred tax liabilities	8	27	25
Total provisions		27	25
Payables to group enterprises		24	19
Issued bonds		5	21
Other payables		10	10
Total payables		39	50
Total liabilities and equity		5,548	5,172
Contingent liabilities, guarantees and lease agreements	9		
Staff costs	10		
Auditors' fees	11		
Related parties	12		

Income and comprehensive income statement

DKKm	Note	Parent company	
		2015	2014
Income statement			
Income from group enterprises	13	571	388
Interest income and dividends, etc.	14	2	0
Interest expenses	15	-13	-14
Value adjustments	16	-5	0
Administrative expenses related to investment activities	17	-39	-39
Total return on investments		516	335
Profit/loss before tax			
Tax	18	13	13
Profit/loss for the year		529	348
Proposed allocation of profit/loss for the year:			
Proposed dividend		521	87
Retained earnings		8	261
Profit/loss for the year		529	348
Comprehensive income			
Profit/loss for the year		529	348
Total comprehensive income		529	348
Proposed allocation:			
Proposed dividend		521	87
Retained earnings		8	261
Total comprehensive income		529	348

Accounting policies

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Statement of changes in equity

DKKm	Share capital	Other provisions	Retained earnings	Proposed dividend	Shareholders' equity
Shareholders' equity at 1 January 2014	1,735	1,215	1,573	0	4,523
Changes in shareholders' equity 2014:					
Profit/loss for the year			348	0	348
Comprehensive income			348	0	348
Proposed dividend			-87		0
Purchase and sale of treasury shares			-28		-28
Purchase and sale of treasury shares in subsidiaries			-1		-1
Share option scheme			5		5
Tax on changes recognised in equity			0		0
Changes in shareholders' equity			237	87	324
Shareholders' equity at 31 December 2014	1,735	1,215	1,810	87	4,847
Shareholders' equity at 1 January 2015	1,735	1,215	1,810	87	4,847
Changes in shareholders' equity 2015:					
Profit/loss for the year			529	0	529
Comprehensive income			529	0	529
Proposed dividend			-521	521	0
Dividende distributed			2		-85
Purchase and sale of treasury shares			-68		-68
Share option scheme, issuance			5		5
Share option scheme, exercise			4		4
Tax on changes recognised in equity			0		0
Changes in shareholders' equity			-49	434	385
Shareholders' equity at 31 December 2015	1,735	1,215	1,761	521	5,232

Notes

DKKm	2015	2014
Note 1 Investment in group enterprises		
Cost, beginning of year	8,790	8,491
Additions during the year	0	400
Disposals	0	-101
Cost, year-end	8,790	8,790
Revaluation and impairment, beginning of year	-3,806	-3,793
Dividend received	-400	-500
Profit/loss for the year	571	388
Reversal of impairment, cessation	0	100
Revaluation and impairment of treasury shares in subsidiaries	1	-1
Revaluation and impairment, year-end	-3,634	-3,806
Investment in group enterprises, year-end	5,156	4,984
Specification of carrying amount:		
Alm. Brand Bank A/S (DKK 1,021 million nominal value wholly owned)	1,495	1,743
Alm. Brand Forsikring A/S (DKK 1,032 million nominal value wholly owned)	3,661	3,241
Investment in group enterprises, year-end	5,156	4,984
Note 2 Deposits with credit institutions		
Fixed-term deposits, external banks	22	95
Deposits with credit institutions, year-end	22	95
Note 3 Cash in hand and balances at call		
Deposits held at call, Alm. Brand Bank	-1	-1
Escrow account, Alm. Brand Bank	1	1
Cash in hand and balances at call, year-end	0	0
Note 4 Other receivables		
Miscellaneous debtors	0	5
Rent deposit	34	36
Pensionskassen under alm. Brand A/S	11	7
Other receivables, year-end	45	48
Note 5 Current tax assets		
Current tax assets, beginning of year	43	9
Prior-year tax adjustment	0	-2
Tax paid in respect of prior years	-43	-7
Tax paid during the year	0	30
Tax on profit/loss for the year	15	13
Current tax assets, year-end	15	43

DKKm	2015	2014
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 1 73,500,000 shares of DKK 10 each and has been fully paid up.

DKKm	2015	2014	2013	2012	2011
Share capital, beginning of year	1,735	1,735	1,735	1,735	1,735
Share capital, year end	1,735	1,735	1,735	1,735	1,735

Reference is made to the statement of changes in equity.

DKKm	2015	2014
Solvency		
Tier 1 capital after deductions	3,281	3,889
Total capital after deductions	3,041	3,569
Weighted assets subject to market risk	4,328	3,913
Total weighted assets	4,328	3,913
Tier 1 capital after deductions as a percentage of total weighted items	75.8%	99.4%
Total capital ratio	70.3%	91.2%

The total capital is calculated in accordance with the FICOD II rules.

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	-3,807	-2,845
No. of shares, beginning of year	169,693	170,655
Shares acquired/sold during the year	-1,283	-962
Issued shares, year-end	173,500	173,500
Treasury shares, year-end	-5,090	-3,807
No. of shares at year-end	168,410	169,693

Treasury shares

Carrying amount, beginning of year	0	0
Value adjustment	-65	-28
Acquired during the year, net	65	28
Carrying amount, year-end	0	0

Nominal value, beginning of year	38	28
Acquired during the year, net	13	10
Nominal value, year-end	51	38

Holding (1,000), beginning of year	3,807	2,845
Acquired during the year	1,611	962
Sold during the year	-328	0
Holding (1,0000), year-end	5,090	3,807

Percentage of share capital	2.9%	2.2%
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DKKm	2015	2014
Note 7 Total subordinated debt		
Floating rate bullet loans maturing 1 April 2024	250	250
Subordinated debt, year-end	250	250
Interest on subordinated debt	13	13
Costs incurred in connection with the raising of the subordinated debt	0	0
<p>The subordinate loan capital carries a floating rate of interest of 3M CIBOR plus 5.0 percentage points. The subordinated loan capital is eligible for recognition in full in the calculation of total capital.</p>		
Note 8 Deferred tax liabilities		
Deferred tax liabilities, beginning of year	25	27
Prior-year tax adjustment	0	-2
Change for the year	2	0
Deferred tax liabilities, year-end	2	0
Deferred tax on contingency funds in group enterprises	40	40
Deferred tax on equipment	-4	-5
Deferred tax on provisions	-1	-2
Deferred tax on losses carried forward	-8	-8
Deferred tax liabilities, year-end	27	25
Note 9 Contingent liabilities, guarantees and lease agreements		
Guarantee commitments	521	547
<p>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) writtenthrough 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.</p> <p>Alm. Brand A/S has issued a guarantee commitment in respect of Pensionskassen under Alm. Brand af 1792 (Winding-up pension fund). 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.</p> <p>Alm. Brand A/S has made rental agreements for premises with total annual payments of DKK 50 million allocated over a four-year period.</p> <p>Alm. Brand A/S is jointly and severally liable with the other jointly taxed and jointly registered group companies for the total tax liability.</p> <p>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.</p>		
Note 10 Staff costs		
Salaries and wages	13	13
Pension	2	2
Share-based payment	1	1
Total salaries and wages, pension, etc.	16	16
Average number of employees	3	3

DKKm	2015	2015	2014	2014
	Parent company	Alm. Brand Group	Parent company	Alm. Brand Group
<i>Remuneration to the Management Board and Board of Directors (DKK '000)</i>				
Salaries and wages	5,761	5,761	5,751	5,751
Pension plans	1,787	1,787	1,728	1,728
Share-based payment	799	799	792	792
Total remuneration to the Management Board	8,347	8,347	8,271	8,271
Directors' fees	3,546	3,546	3,546	3,546
Total remuneration to the Management Board and Board of Directors	11,893	11,893	11,817	11,817
<i>Alm. Brand Group remuneration to the Board of Directors (DKK '000)</i>				
Jørgen Hesselbjerg Mikkelsen (Chairman)	670	980	670	980
Boris Nørgaard Kjeldsen (Deputy Chairman)	445	730	445	730
Ebbe Castella	250	410	250	410
Henrik Christensen	225	330	225	270
Annette Eberhard (joined in 2015)	224	386	0	0
Per Viggo Hasling Frandsen	225	250	225	250
Karen Sofie Hansen-Hoek	250	250	250	250
Arne Nielsen (retired in 2015)	107	185	330	570
Jan Skytte Pedersen	225	490	225	490
Lars Christiansen (employee representative)	225	250	225	250
Brian Egested (employee representative, joined in 2014)	225	250	151	170
Helle Låsby Frederiksen (employee representative)	225	250	225	250
Henning Kaffka (retired in 2014)	0	0	75	81
Susanne Larsen (employee representative)	250	250	250	250
Total remuneration to the Board of Directors	3,546	5,011	3,546	4,951
No. of members of the Management Board	1	0	1	0
No. of members of the Board of Directors	12	0	12	0

Remuneration to the members of the Management Board comprises remuneration to Chief Executive Officer Søren Boe Mortensen.

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.

The remuneration of the Board of Directors includes remuneration for audit committee participation. As chairman of the audit committee, Anette Eberhard receives DKK 80,000 (2015: DKK 54,000), and Jørgen Hesselbjerg Mikkelsen and Boris Nørgaard Kjeldsen each receive DKK 40,000.

DKKm	2015	2014
<i>Remuneration to risk takers (DKK '000)</i>		
Fixed salary	12,420	29,147
Pension	2,533	3,633
Variable salary	100	100
Share-based payment	997	1,002
Total remuneration to risk takers	16,050	33,882
Number of risk takers	9	26

Risk takers are those persons who, in accordance with the Danish Executive Order on remuneration policy and public disclosure of salaries, have a material influence on the company's risk profile.

In 2014 remuneration to risk takers includes salary etc. in connection with severance.

A one-off fee has been paid to risk takers, but no bonus has been disbursed.

DKKm	2015	2014
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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 share option programme will continue in its present form until 31 March 2016. 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	560	557
Tax consultancy	593	583
Non-audit services	304	566
Total audit fees	1,457	1,706

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 1 792 fmba, which exercises a controlling influence on the company

Related party transactions:

The Alm. Brand Group has intra-group functions that solve joint administrative tasks for group companies. Alm. Brand Bank A/S is the Alm. Brand group's primary banker. This involves the conclusion of a number of agreements between the bank and the other group companies, and there is a regular flow of transactions between the bank and the rest of the group. The Alm. Brand has signed an asset management agreement with Alm. Brand Bank A/S, as a result of which a substantial part of the group's assets are managed by the bank, and a substantial part of the group's trading in securities is conducted through Alm. Brand Bank at market value.

Dividends of DKK 400 million were received from Alm. Brand Forsikring A/S in 2015. In 2014, the amount of dividends received from Alm. Brand Forsikring A/S was DKK 500 million.

Alm. Brand A/S made a capital injection of DKK 400 million into Alm. Brand Bank A/S in 2014.

Alm. Brand af 1 792 fmba has contributed subordinated loan capital of DKK 250 million to Alm. Brand A/S.

All agreements and transactions are made on an arm's length basis or, where there is no specific market, on a cost-recovery basis.

An arm's length agreement has been signed on interest accruing on intra-group accounts between the group companies.

Reinsurance cover for the Alm. Brand Group is taken out on a group-wide basis.

Note 13 Income from group enterprises

Alm. Brand Bank A/S	-249	-159
Alm. Brand Forsikring A/S	820	547
Total income from group enterprises	571	388

The results are recognised in the following items:

Income from group enterprises	571	388
Total income from group enterprises	571	388

Note 14 Interest income and dividends, etc.

Bonds	2	0
Total interest income and dividends, etc.	2	0

DKKm	2015	2014
Note 15 Interest expenses		
Interest expenses, group enterprises	-13	-13
Other interest expenses	0	-1
Total interest expenses	-13	-14
Note 16 Value adjustments		
Bonds	-5	0
Total value adjustments	-5	0
Note 17 Administrative expenses related to investment activities		
Cost, group enterprises	-1	-1
Other costs	-38	-38
Total administrative expenses related to investment activities	-39	-39
Note 18 Tax		
Estimated tax on profit/loss for the year	15	13
Prior-year adjustment	0	0
Adjustment of deferred tax	-2	0
Total tax	13	13
<i>Tax for the year consists of:</i>		
Tax on accounting profit	13	13
Total tax	13	13
Effective tax rate	2.5%	3.9%

Note 19 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 accounting policies are unchanged from the policies applied in the Annual Report 2014.

Financial ratios

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.

$$\text{Return on equity before tax} = \frac{\text{Profit before tax} \times 100}{\text{Average shareholders' equity}}$$

$$\text{Return on equity after tax} = \frac{\text{Profit for the year} \times 100}{\text{Average shareholders' equity}}$$

FINANCIAL RATIOS, ALM. BRAND A/S, PARENT COMPANY

In the determination of the average number of shares, any stock options and warrants are taken into consideration.

$$\text{Net asset value per share} = \frac{\text{Shareholders' equity} \times 100}{\text{No. of shares at year-end}}$$

$$\text{Earnings per share} = \frac{\text{Profit for the year after tax} \times 100}{\text{Average no. of shares}}$$

$$\text{Diluted earnings per share} = \frac{\text{Profit for the year after tax} \times 100}{\text{Average no. of shares}}$$

$$\text{Price/NAV} = \frac{\text{Share price}}{\text{Net asset value per share}}$$

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

$$\text{Gross claims ratio} = \frac{\text{Gross claims incurred} \times 100}{\text{Gross premium income}}$$

$$\text{Gross expense ratio} = \frac{\text{Insurance operating expenses} \times 100}{\text{Gross premium income}}$$

Gross premiums is regulated for bonus and premium discounts

$$\text{Net reinsurance ratio} = \frac{\text{Profit/loss on reinsurance} \times 100}{\text{Gross premium income}}$$

$$\text{Combined ratio} = \frac{(\text{Gross claims expenses} + \text{Insurance operating expenses} + \text{Profit/loss on reinsurance}) \times 100}{\text{Gross premium income}}$$

$$\text{Operating ratio} = \frac{(\text{Gross claims expenses} + \text{Insurance operating expenses} + \text{Profit/loss on reinsurance}) \times 100}{\text{Gross premium income} + \text{Technical interest}}$$

FINANCIAL RATIOS, LIFE AND PENSION

Key ratios have been calculated in accordance with the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

FINANCIAL RATIOS, BANKING

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

$$\text{Interest margin} = \frac{\text{Interest receivable}}{\text{Average interest-bearing assets}} - \frac{\text{Interest payable}}{\text{Average interest-bearing liabilities}}$$

$$\text{Impairment ratio for the year} = \frac{\text{Impairment for the year} \times 100}{\text{Loans and advances} + \text{guarantees} + \text{impairment}}$$

$$\text{Income/cost ratio} = \frac{\text{Income}}{\text{Costs}}$$

Group companies

DKK m			Profit/loss for the year	Shareholders' equity at year-end	Ownership interest
Holding					
Alm. Brand A/S, Copenhagen	Holding		529	5,232	100%
Non-life Insurance					
Alm. Brand Forsikring A/S, Copenhagen	Insurance		820	3,661	100%
Life and Pension					
Forsikringsselskabet Alm. Brand Liv og Pension A/S, Copenhagen	Insurance		104	916	100%
Alm. Brand Ejendomsinvest A/S, Copenhagen	Real property		72	1,417	100%
Banking and finance					
Alm. Brand Bank A/S, Copenhagen	Banking		-249	1,495	100%
Alm. Brand Leasing A/S, Copenhagen	Car finance and leasing		11	135	100%
Other activities					
Alm. Brand Præmieservice A/S, Copenhagen	Financing		0	1	100%
Associated companies					
Cibor Invest	Investment		1	42	43%

"Ownership interest" indicates Alm. Brand A/S's direct or indirect ownership interests.

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