

INTERIM REPORT - THE FIRST QUARTER

**Alm Brand**

2014

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# Company information

## BOARD OF DIRECTORS

Jørgen H. Mikkelsen, Chairman  
 Boris N. Kjeldsen, Deputy Chairman  
 Ebbe Castella  
 Henrik Christensen  
 Per V. H. Frandsen  
 Karen Sofie Hansen-Hoeck  
 Arne Nielsen  
 Jan Skytte Pedersen  
 Lars Christiansen  
 Brian Egested  
 Helle L. Frederiksen  
 Susanne Larsen

## EXECUTIVE BOARD

Søren Boe Mortensen, Chief Executive Officer

## AUDITORS

Deloitte, Statsautoriseret Revisionspartnerselskab

## INTERNAL AUDITOR

Poul-Erik Winther, Chief auditor

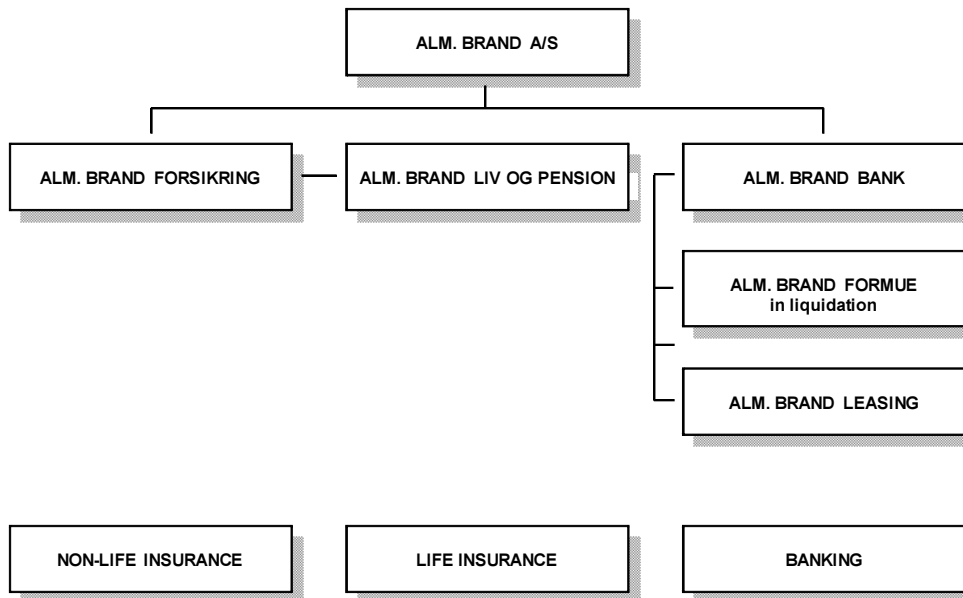
## REGISTRATION

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 Registration Number CVR 77 33 35 17

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# GROUP STRUCTURE



*Companies with negligible or discontinued activities are not included*

Alm. Brand is a listed Danish financial services group focusing on the Danish market. The group carries on non-life insurance, life insurance and pension activities as well as banking activities and generates annual consolidated revenue of DKK 7 billion yearly.

Alm. Brand's vision "We take care of our customers" is the guiding principle for the experience customers should have when they interact with Alm. Brand.

The group's insurance and pension products cover private lines, agriculture as well as small and medium-sized businesses. The bank focuses primarily on the private customer market as well as on asset management and markets activities.

Alm. Brand is Denmark's fourth largest provider of non-life insurance products. The group's life insurance, pension and banking activities complement the services we provide to our non-life insurance customers.

This is a translation of the Danish first quarter report 2014. In case of any discrepancies the Danish version prevails.

# Financial highlights and key ratios

<b>DKKm</b>	<b>Q1 2014</b>	<b>Q1 2013</b>	<b>Year 2013</b>
<b>Income</b>			
Non-life Insurance	1,239	1,225	5,031
Life and Pension	390	274	928
Banking	151	177	708
Investments	171	173	653
<b>Total income</b>	<b>1,951</b>	<b>1,849</b>	<b>7,320</b>
<b>Profit excluding minorities</b>			
Non-life Insurance	132	143	763
Life and Pension	23	27	86
Banking	-63	-127	-469
Other activities	-16	-14	-25
<b>Profit before tax</b>	<b>76</b>	<b>29</b>	<b>355</b>
Tax	-18	-9	-159
<b>Profit after tax</b>	<b>58</b>	<b>20</b>	<b>196</b>
<b>Profit, Group</b>			
<b>Profit before tax, Group</b>	<b>73</b>	<b>42</b>	<b>375</b>
Tax	-18	-9	-159
<b>Profit after tax, Group</b>	<b>55</b>	<b>33</b>	<b>216</b>
Provisions for insurance contracts	19,902	19,966	18,627
Shareholders' equity	4,750	4,538	4,685
Of which minority interests	162	155	153
Total assets	39,434	41,870	39,580
Return on equity before tax excluding minorities p.a.	7%	3%	8%
Return on equity after tax excluding minorities p.a.	5%	2%	4%
Earnings per Share	0.3	0.1	1.1
Diluted Earnings per Share	0.3	0.1	1.1
Net assets value per Share	27	25	27
Share price end of period	26.4	20.2	24.1
Share price/Net asset value	0.98	0.79	0.91
Number of shares end of period ('000)	170,535	172,463	170,655
Average number of shares ('000)	170,537	172,619	171,587

# The Alm. Brand Group

## Results for Q1 2014

The group posted a pre-tax profit excluding minorities of DKK 76 million in Q1 2014, against a profit of DKK 29 million in Q1 2013.

The group's forward-looking activities produced a profit of DKK 161 million. Strong non-life insurance results and a sustained strong performance of the underlying business continued to drive the performance in the first quarter. Life and Pension also delivered a strong performance, driven in particular by a satisfactory risk result, and the bank's forward-looking activities performed better than had been expected.

The bank's winding-up activities posted a loss of DKK 85 million, which was in line with expectations.

The performance of the group's forward-looking activities was satisfactory and better than expected. However, the group's overall performance remained adversely affected by the bank's winding-up activities.

### Non-life Insurance

The group's non-life insurance activities performed better than expected in the first quarter.

The claims experience in the first quarter was characterised by mild weather conditions without storms, snowfall or severe frost. Moreover, the number of major claims was low, and the underlying business performed strongly. The performance was also favourably affected by run-off gains, primarily from personal and motor insurance lines.

The investment result, on the other hand, was less than expected due to decreased interest rates in the first quarter.

### Life and Pension

The results reported by Life and Pension were in line with expectations.

The expense and risk results were satisfactory, being favourably affected by a DKK 3 million reversal from shadow accounts.

During the first quarter, pension contributions increased by 41%. Life and Pension is currently offering Denmark's highest rate on policyholders' savings to private customers, and this contributed to the strong growth seen in single payments. Investment schemes in the bank also reported

satisfactory growth. However, regular premiums remained adversely affected by the recent tax reform which abolished the tax deductibility of payments into capital pension schemes.

The investment result remained satisfactory, and in spite of the high rate on policyholders' savings, Life and Pension was again able to increase the bonus rate to stand at 10.2% at the end of the first quarter.

### Banking

The bank's forward-looking activities reported a pre-tax profit of DKK 22 million, which was satisfactory and better than expected. The performance was driven especially by a strong return on the bond portfolio and lower costs.

Lending to private customers remained affected by weak demand. However, the number of full-service customers increased in the first quarter, and earnings per customer also improved.

The results produced by Financial Markets and Leasing were as expected, and the bank's winding-up activities reported a loss of DKK 85 million – also in line with expectations.

On 20 March 2014, the bank repaid the last of its state-funded additional tier 1 capital. The bank has now repaid all state-funded capital raised under the Bank Packages in 2009.

### Other business activities

Other business activities, consisting primarily of corporate expenses, performed in line with expectations. The Q1 performance was a pre-tax loss of DKK 16 million, against a loss of DKK 14 million in the same period of 2013.

### Group

In Q1 2014, the group had an average of 1,571 employees, against 1,575 in the same period of 2013.

Consolidated revenue totalled DKK 2.0 billion in Q1 2014.

Earnings per share amounted to DKK 0.3, and the net asset value per share was DKK 27 at 31 March 2014.

The group's shareholders' equity totalled DKK 4.7 billion at 31 March 2014, which was on a par with 31 December 2013.

## CUSTOMERS FIRST

### Customer satisfaction

At Alm. Brand, we are making a dedicated effort to improve our customer service. All customer-facing processes are measured using the so-called net promoter score (NPS), which allows the group to monitor customer satisfaction on an ongoing basis.

Over the past couple of years, the group's three business areas have reported significant improvements in terms of customer satisfaction. Today, the group's business areas are believed to rank highly relative to the sector in general.

### Capitalisation

The group's total capital was DKK 4,566 million at 31 March 2014, corresponding to an excess of DKK 1,616 million relative to the statutory capital requirement for the group.

The group's internal capital target was DKK 4,133 million.

DKKm	
Capital base of the group	4,566
group	2,949
<b>Excess relative to statutory capital requirement</b>	<b>1,617</b>
Internal capital target of the group	4,133
Excess relative to internal capital target	433

## Major events

### Repayment of state-funded additional tier 1 capital

On 20 March 2014, Alm. Brand Bank A/S repaid the remaining DKK 226 million of the state-funded additional tier 1 capital.

### Alm. Brand Formue A/S

At an extraordinary general meeting of the subsidiary Alm. Brand Formue A/S held on 18 March 2014, it was resolved that the company should enter into liquidation.

### Outlook

The pre-tax profit forecast for the full year is raised by DKK 50 million to DKK 150-250 million.

The guidance for the pre-tax profit of the group's forward-looking activities is lifted to DKK 575-625 million. The upgrade is based on a profit upgrade for Non-life Insurance to around DKK 525 million. The guidance for the results of the bank's winding-up activities is maintained at a loss of DKK 375-425 million.

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

### Disclaimer

The forecast is based on the interest rate and price levels prevailing in mid-May 2014.

All other forward-looking statements are based exclusively on the information available when this report was released. This announcement contains forward-looking statements regarding the company's expectations for future financial developments and results and other statements which are not historical facts. Such forward-looking statements are based on various assumptions and expectations which reflect the company's current views and assumptions, but which are inherently subject to significant risks and uncertainties, including matters beyond the company's control. Actual and future results and developments may differ materially from those contained or assumed in such statements. Matters which may affect the future development and results of the group as well as of the individual business areas include changes in economic conditions in the financial markets, legislative changes, changes in the competitive environment, in the reinsurance market and in the property market, unforeseen events, such as extreme weather conditions or terrorist attacks, bad debts, major changes in the claims experience, unexpected outcomes of legal proceedings, etc.

The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information contained in this report should independently consider any uncertainties of significance to their decision.

This interim 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.

# Report – Non-life Insurance

<b>DKKm</b>	<b>Q1 2014</b>	<b>Q1 2013</b>	<b>Year 2013</b>
Gross premiums	1,239	1,225	5,031
Investment income on insurance business	1	3	9
Claims incurred	-1,094	-831	-3,769
Underwriting management expenses	-209	-206	-803
Profit from business ceded	198	-58	174
<b>Underwriting profit</b>	<b>135</b>	<b>133</b>	<b>642</b>
Interest and dividends etc.	53	62	233
Capital gains/losses	-34	-29	-24
Management expenses relating to investment business	-6	-6	-22
Interest on technical provisions	-16	-17	-66
<b>Profit on investments business after allocation of technical interest</b>	<b>-3</b>	<b>10</b>	<b>121</b>
<b>Profit before tax</b>	<b>132</b>	<b>143</b>	<b>763</b>
Tax	-33	-36	-221
<b>Profit for the year</b>	<b>99</b>	<b>107</b>	<b>542</b>
Run-off gains/losses	29	51	207
Technical provisions	8,555	8,144	7,553
Insurance assets	693	175	608
Shareholders' equity	2,033	2,049	2,184
Total assets	11,180	10,961	10,660
Gross claims ratio	88.3%	67.9%	74.9%
Net reinsurance ratio	-15.9%	4.7%	-3.5%
<b>Claims trend</b>	<b>72.4%</b>	<b>72.6%</b>	<b>71.4%</b>
Gross expense ratio	16.8%	16.8%	16.0%
Combined ratio	89.2%	89.4%	87.4%
Operating ratio	89.1%	89.2%	87.3%
Return on equity before tax p.a.	25%	25%	35%
Return on equity after tax p.a.	19%	19%	25%

## Financial results

The group's non-life insurance activities generated pre-tax profit of DKK 132 million in Q1 2014, as compared with DKK 143 million in Q1 2013.

The performance was highly satisfactory and better than expected. The performance equalled a return on equity of 25% p.a. before tax, which was unchanged relative to the same period of last year.

The technical result was a profit of DKK 135 million, against DKK 133 million in Q1 2013.

The combined ratio was 89.2, which was better than anticipated and in line with the Q1 2013 level of 89.4.

Better than expected results from lower major claims expenses, favourable weather conditions, run-off gains on prior-year claims and an improved performance of the underlying business all served to lift Non-life Insurance's overall performance. On the other hand, the overall performance was adversely affected by payment of reinsurance premiums in a total amount of DKK 45 million due to a revaluation of expenses related to the two storms in Q4 2013.

Compared with the first quarter of 2013, the performance was favourably affected by fewer major claims and, like last year, by a strong performance of the underlying business.

The combined ratio of the underlying business was 81.1, against 82.0 in the same period of 2013.

	Q1 2014	Q1 2013	Year 2013	Year 2012
Combined Ratio, underlying business	81.1	82.0	78.8	79.7
Major claims	5.7	10.3	7.2	6.2
Weather-related claims	1.1	1.3	3.7	2.1
Run-off result	-2.3	-4.2	-4.1	-4.9
Reinstatement premiums	3.6	0.0	1.8	0.2
Combined Ratio	89.2	89.4	87.4	83.3

The investment return after transfer to insurance activities was negative at DKK 3 million, against a positive figure of DKK 10 million in Q1 2013.

### Premiums

Gross premiums amounted to DKK 1,239 million in Q1 2014, against DKK 1,225 million in Q1 2013. This represents an increase of 1.1% on the year-earlier period, which was in line with expectations.

Growth in private lines was 1.7%. In spite of more competitive markets, especially on motor insurance, the retention rate in private lines remained high. The net inflow of motor insurance customers continued, but average premiums declined by 1.6% relative to Q1 2013. The reason for this is that more but smaller cars are sold in Denmark these years.

Growth in commercial lines was 0.6%. Competition in this segment intensified as well, especially in the market for motor and workers' compensation insurances. As explained in the annual report, the ongoing rewriting of building insurances resulted in a higher customer defection rate, especially among the customers facing the largest increases in premiums and deductibles.

Alm. Brand's strategy is to maintain its market share in both lines without compromising profitability. The most recent figures show an unchanged, combined market share of 10.3%.

### Claims experience

The gross claims ratio was 88.3 in Q1 2014, against 71.6 in the year-earlier period. The in-

crease was due to the revaluation of expenses incurred in connection with the storms in the fourth quarter of 2013. The full amount of the revaluation was covered by reinsurance, after which the net claims ratio (gross claims ratio less net reinsurance ratio) was 72.4 in Q1 2014, against 72.6 in Q1 2013.

The claims ratio net of run-off was 65.9 in Q1 2014, against 71.2 in the same period of 2013. The improvement was mainly driven by the lower level of expenses for major claims.

### Underlying business

The number of reported burglary claims was unchanged from Q1 2013, whereas the number of fire claims declined year on year.

The mild weather and the absence of severe snowfall also meant fewer winter-related claims, such as frost damage and slip and slide accidents, than in a normal year.

Overall, this meant that the underlying business performed better than expected in the reporting period.

### Major claims and weather-related claims

Major claims totalled DKK 70 million in Q1 2014, against DKK 126 million in Q1 2013. This was better than expected, both in private and commercial lines. The major claims ratio was 5.7, against 10.3 in Q1 2013.

Weather-related claims totalled DKK 13 million in Q1 2014. This was largely unchanged from the year-earlier period, which also saw few weather-related claims.

Expenses for major claims and weather-related claims amounted to DKK 83 million in aggregate, equivalent to 6.7% of gross premium income.

### Discounting effect

In the first quarter, interest rates were on a par with the year-earlier level. Discounting thus did not affect the claims ratio.

### Run-off result

The run-off result net of reinsurance amounted to a gain of DKK 29 million, against a gain of DKK 51 million in Q1 2013. The positive run-off performance was mainly attributable to personal insurance lines and motor insurance.

### Costs

The expense ratio was 16.8 in Q1 2014, which was slightly lower than expected. The level of expenses was affected by investments to digitalise customerfacing processes.



**Net reinsurance ratio**

In the first quarter of the year, the net reinsurance ratio was negative at 15.9, corresponding to an income for the group, against an expense of 4.7 in 2013.

The income was due to a significant revaluation of expenses related to the two storms that hit Denmark in the fourth quarter of 2013. These expenses are covered by reinsurance, but with adjustments being made for payments to re-establish the reinsurance cover.

Net of prior-year run-off, the net reinsurance ratio was 5.2, against 5.5 in 2013. Due to the storms Allan and Bodil, the price of reinsurance has been raised by the equivalent of approximately 0.2% of the combined ratio in 2014.

**Investment return**

The return after interest on technical provisions was negative at DKK 3 million in Q1 2014, against DKK 10 million in Q1 2013. The investment return before transfer to insurance activities was DKK 13 million, against DKK 27 million in the same period of last year.

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

However, the risk profile was exposed to rising interest rates during the reporting period, as the assets generally had lower interest rate sensitivity than the liabilities. The falling interest rates in the first quarter of 2014 thus had an adverse impact on the Q1 results.

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

Over the past few years, Non-life Insurance has opted not to fully align its investment portfolio with the low level of interest rates. At 31 March 2014, the net interest rate risk in the event of a 1 percentage point decline in interest rates equalled a loss of DKK 71 million and a gain of DKK 11 million in the event of a similar interest rate increase.

**Capitalisation**

With effect from 1 January 2014, Alm. Brand Forsikring A/S stopped using a company-aligned QIS calculation approach and began using an internal model in combination with a standard formula for solvency calculation, as specified in the Danish

FSA's executive order on solvency and operating plans of 3 December 2013.

The individual solvency need of Alm. Brand Forsikring A/S was DKK 1,273 million at 31 March 2014, against DKK 1,225 million at 31 December 2013. Calculated according to the Solvency II standardised approach, the solvency need was DKK 1,676 million, against DKK 1,628 million at 31 December 2013.

The total capital was DKK 2,342 million, which means that the company had an excess cover relative to the individual solvency need of DKK 1,069 million. The Solvency I requirement was DKK 820 million, representing a solvency ratio of 2.9.

At 31 March 2014, shareholders' equity allocated to Non-life Insurance was DKK 2.0 billion.

**Major events****New online banking insurance (including identity protection)**

In March 2014, Alm. Brand introduced a new insurance product covering theft from online bank accounts for its commercial and agricultural customers. The insurance covers direct financial losses on online bank accounts, no matter where in the world the theft is discovered. The coverage of direct financial loss is combined with a service ensuring that customers get advice on what preventive measures they should take.

In addition, Alm. Brand has introduced an optional cover to the online banking insurance that provides cover for businesses falling victim to identity theft. The purpose of identity protection is to prevent, discover and limit losses in the event of identity theft.

Alm. Brand is the first company in Denmark to offer this type of combined insurance product to commercial and agricultural customers.

**New roadside assistance cover for commercial and agricultural customers**

Since January 2014, Alm. Brand's commercial and agricultural customers have been able to take out roadside assistance cover in combination with a motor insurance with comprehensive and liability cover.

**New claims prevention initiative for oil and manure storage tanks**

In collaboration with a leading Danish security systems provider, Alm. Brand offers installation of a sensor triggering an alarm in the event of seepage from oil and manure storage tanks. The new oil and manure storage tank sensors are offered to Alm. Brand's agricultural customers at a very at-

tractive price as yet another element in Alm. Brand's efforts to offer its customers claims prevention measures.

### **The storm surge scheme**

The storm Bodil and the ensuing storm surge brought attention to the cover provided under the national storm surge scheme. Storm surge claims are covered under the storm surge scheme but are assessed by the individual fire insurance companies.

Cover under the storm surge scheme was very different from ordinary insurance cover in part because it had a very high deductible of 8-13%. Moreover, almost all building parts were written off and, because cover for rehousing, storage and mould control measures was not provided, many customers were left to pay a very substantial bill.

The inadequate cover spurred debate in the media as well as at various public meetings. F&P, the Danish insurance industry organisation, collaborated closely with Alm. Brand and other insurers to push for an amendment of the storm surge scheme.

As a result of the many meetings and the massive pressure, the Danish parliament on 26 March

2014 adopted a number of improvements for homeowners hit by storm surge. The act entered into force at the beginning of April with retroactive effect from December 2013. The cover provided under the new legislation is more similar to ordinary insurance cover, although with a deductible of up to DKK 30,000 on single-family homes and DKK 50,000 on holiday homes.

Storm surge claims filed due to the Bodil storm will now be assessed on the basis of the new principles, and damages will be paid accordingly.

### **Outlook**

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The full-year guidance for Non-life Insurance is lifted by DKK 50 million to around DKK 525 million, equivalent to a combined ratio of approximately 90 and an expense ratio of about 16%.

Growth in premium income is expected to remain at the level of just under 1%. Premium growth is affected by customer defections due to premium increases on building insurances, cancellation by a couple of large commercial customers in the fourth quarter of 2013 and by lower average premiums on motor insurances.

# Report – Life and Pension

	Q1	Q1	Year
DKKm	2014	2013	2013
Premiums	390	274	928
Claims incurred	-355	-914	-2,239
Investment return after allocation of interest	301	138	253
Total underwriting management expenses	-21	-21	-81
Profit on business ceded	-3	1	-3
Change in life insurance provisions	-185	742	1,650
Change in collective bonus potential	-95	-106	-240
Government Tax on unallocated funds	-10	-88	-185
<b>Underwriting profit/loss</b>	<b>22</b>	<b>26</b>	<b>83</b>
Return on investments allocated to equity	1	1	3
<b>Profit before tax</b>	<b>23</b>	<b>27</b>	<b>86</b>
Tax	-6	-7	-21
<b>Profit after tax</b>	<b>17</b>	<b>20</b>	<b>65</b>
<b>Return requirement for shareholders' equity</b>			
Return on investments allocated to equity	1	1	3
Result of portfolios without bonus entitlement	-1	1	0
Interest result	4	3	11
Expense result	1	1	3
Risk result	15	22	70
Transferred to/from the shadow account	3	-1	-1
<b>Profit before tax</b>	<b>23</b>	<b>27</b>	<b>86</b>
Tax	-6	-7	-21
<b>Profit after tax</b>	<b>17</b>	<b>20</b>	<b>65</b>
Total technical provisions	11,346	11,822	11,074
Shareholders' equity	778	966	1,011
Total assets	13,101	13,653	12,993
Return on equity before tax p.a.	9%	11%	9%
Return on equity after tax p.a.	7%	8%	7%
Bonus rate	10.2%	7.2%	9.2%

## Investment return on policyholders funds in Life and Pension Q1 2014

	Return ratio
Interest-bearing assets	2.8%
Shares	3.2%
Property	1.0%
<b>Total</b>	<b>3.2%</b>

## Financial results

Life and Pension reported pre-tax profit of DKK 23 million in Q1 2014, against DKK 27 million in Q1 2013.

The performance was satisfactory and equalled a return on equity of 9% p.a. before tax.

The overall profit was composed of an expense and risk result of DKK 15 million, an interest rate result of DKK 4 million and a loss on annuities without bonus entitlement of DKK 1 million and, lastly, an investment return on assets allocated to shareholders' equity of DKK 1 million.

Moreover, DKK 3 million was booked as income from shadow accounts in the first quarter, bringing the total shadow account balance to DKK 9 million.

### Return on equity principles

The return on equity principles applied in 2014 were adjusted relative to 2013.

The risk allowance for interest rate groups was fixed at 0.15% of average provisions in 2014, against 0.10% in 2013.

### Premiums

#### *Payments into guaranteed schemes*

Premiums totalled DKK 390 million in Q1 2014, against DKK 274 million in the same period of 2013, a year-on-year increase of 42.6%.

These figures cover a decline in regular premiums of 3.1% and an increase in single payments of 137.1% relative to the first quarter of 2013.

The significant increase in single payments was driven by the fact that Life and Pension is currently offering Denmark's highest rate on policyholders' savings to private customers.

Regular premiums remained adversely affected by the recent tax reform, which abolished the tax deductibility of payments into capital pension schemes.

#### *Payments into market schemes*

In addition to payments in Alm. Brand Liv og Pension, customers have the option of paying into market-based investment schemes with the bank.

Payments into these schemes amounted to DKK 75 million in Q1 2014, against DKK 56 million in the same period of last year, marking an increase of 33.3%.

#### *Total pension payments*

Total payments into pension schemes, including investment schemes through the bank, amounted to DKK 465 million in Q1 2014, which was an increase of 41.0% relative to Q1 2013.

### Benefits paid

In connection with the tax reform introduced in 2012, capital pension customers were given the option of settling the tax due on their schemes at a rate of 37.3% instead of the standard rate of 40%. This option has subsequently been extended to apply in 2014 as well.

In the first quarter, a total tax amount of DKK 52 million was paid on behalf of customers, against DKK 509 million in the same period of 2013.

The taxes paid are recognised in the financial statements of Alm. Brand Liv og Pension as benefits paid.

In addition, a DKK 10 million provision was made in the first quarter for taxes on unallocated provisions. Since this tax will be paid out of customers' unallocated provisions, the amount was expensed under changes in collective bonus potential.

Benefits paid amounted to DKK 363 million in Q1 2014, compared with DKK 918 million in 2013.

In addition to a decline in extraordinary taxes, the first quarter saw a decline in benefits paid in connection with retirement.

As the portfolio ages, a growing number of schemes will reach the date of disbursement, with either a lump sum payment or payment over a number of years. As a result, benefits paid in connection with retirement will generally increase gradually. The decline in the first quarter was due to periodic fluctuations as well as to the fact that a number of customers have chosen to postpone the date of their retirement.

#### *Risk result*

Net of reinsurance, the risk result, which expresses the difference between risk premiums and actual claims expenses, was an income of DKK 14 million in Q1 2014, against DKK 23 million in Q1 2013.

Moreover, in the first quarter of 2014, DKK 3 million was booked as income from the shadow account concerning disability.

**Costs**

Acquisition costs and administrative expenses totalled DKK 22 million in Q1 2014, against DKK 20 million for the same period of 2013.

Total costs for the Q1 period were slightly lower than expected.

*Expense result*

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was positive at DKK 1 million for the three months ended 31 March 2014. The expense result was satisfactory.

**Investment return on policyholders' funds**

The return on investment assets belonging to policyholders was DKK 375 million for Q1 2014, corresponding to a return of 3.2% (12.9% p.a.), against a return of DKK 168 million in Q1 2013.

The Q1 return was favourably affected by declining interest rates, which led to capital gains on bonds and interest hedging arrangements.

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

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

Total investment assets amounted to DKK 11.7 billion at 31 March 2014. The investment assets are placed in bonds, equities and property.

*Bonds*

Bonds make up a total of 68% of the overall portfolio of policyholders' funds. The return was 2.8% in Q1 2014 (11.2% p.a.).

*Equities*

Equities make up a total of 14% of the overall portfolio of policyholders' funds. The return was 3.2% in Q1 2014 (12.8% p.a.).

*Property*

Properties represent a total of 14% of the portfolio of policyholders' funds. The return on the portfolio of properties was 1.0% in Q1 2014 (3.9% p.a.),

which was consistent with the budget. As the return is related to property operations, no significant value adjustments were made to the property portfolio in the Q1 period.

*Financial instruments*

Financial instruments used for partial hedging of insurance liabilities made a positive contribution to the return due to the lower level of interest rates.

**Life insurance provisions**

Total life insurance provisions increased by DKK 185 million to DKK 10.4 billion in Q1 2014. The increase was mainly due to accrued interest and a declining rate on policyholders' savings.

**Collective bonus potential**

In Q1 2014, the collective bonus potential increased by DKK 95 million excluding provisions for taxes to DKK 922 million, corresponding to an average bonus rate of 10.2%.

New policyholders are placed in interest rate group 0, which had a bonus rate of 13.4% at 31 March 2014.

The bonus rate was highly satisfactory.

In interest rate group 3, which comprises customers with a high guarantee rate, the bonus rate increased from 2.4% to 3.1% in Q1 2014. The favourable bonus rate trend was highly satisfactory. This group continues to pursue a cautious investment policy with a substantial share of bonds and financial instruments in order to strike a healthy balance between the group's investments and obligations.

The table below shows the current rate on policyholders' savings, bonus rate, return and breakdown of policyholders' investment assets on the four interest rate groups into which the portfolio of policies with bonus entitlement is divided.

	U74*	Interest rate group				I alt
		0	1	2	3	
Investment assets (DKKbn)	0.1	4.4	2.8	1.2	4.1	11.7
Rate on policy holders' savings (% p.a.)		4.00	4.50	5.00	6.00	
Bonus rate (%)		13.4	17.1	8.8	3.1	10.2
Return (% ytd)		2.1	4.0	2.7	3.2	3.2
Bonds	100%	58%	56%	77%	80%	68%
Equities	0%	24%	21%	8%	3%	14%
Properties	0%	17%	15%	12%	11%	14%
Interest rate derivatives	0%	0%	7%	3%	6%	4%

\*Portfolios without bonus entitlement

## Capitalisation

The total capital of Alm. Brand Liv og Pension A/S amounted to DKK 900 million at 31 March 2014, of which DKK 111 million was tier 2 capital.

The company's Solvency I requirement was DKK 442 million. Accordingly, excess liquidity was DKK 458 million, corresponding to an excess of 204% over the solvency requirement. The individual solvency need was calculated at DKK 210 million, against DKK 192 million at 31 December 2013.

Equity allocated to life insurance was DKK 778 million at 31 March 2014.

## Major events

### Solvency II

Alm. Brand Liv og Pension has implemented a new individual solvency calculation system. The system is based on the principles expected to be introduced in Solvency II and positions the company strongly to implement future requirements in a cost efficient manner.

The system will also be used for advanced risk management and investment composition optimisation purposes.

### Outlook

The guidance for a full-year profit of DKK 75 million before tax is maintained.

The company expects to be able to book risk allowance for all contribution groups in 2014. However, the results of the interest rate groups will depend entirely on developments in the financial markets..

# Report – Banking

DKKm	GROUP		
	Q1 2014	Q1 2013	Year 2013
<b>FORWARD-LOOKING ACTIVITIES:</b>			
Net interest and fee income, Private	43	48	179
Trading income (excl. value adjustments)	54	37	240
Other income	29	18	89
<b>Total income</b>	<b>126</b>	<b>103</b>	<b>508</b>
Expenses	-86	-89	-368
Amortisation	-17	-10	-52
<b>Core earnings</b>	<b>23</b>	<b>4</b>	<b>88</b>
Value adjustments	10	-8	-33
Profit/loss from investments	0	-2	-2
Alm. Brand Formue (the bank's ownership interest)	-4	-1	-25
<b>Profit/loss before impairment writedowns</b>	<b>29</b>	<b>-7</b>	<b>28</b>
Writedowns	-7	-30	-118
<b>Profit/loss before tax, forward-looking activities</b>	<b>22</b>	<b>-37</b>	<b>-90</b>
<i>Of which discontinued activities</i>	<i>0</i>	<i>4</i>	<i>-6</i>
<b>WINDING-UP ACTIVITIES:</b>			
Loss before impairment writedowns	-22	-27	-123
Writedowns	-63	-63	-256
<b>Loss before tax, winding-up activities</b>	<b>-85</b>	<b>-90</b>	<b>-379</b>
<b>Total loss before tax and minority interests</b>	<b>-63</b>	<b>-127</b>	<b>-469</b>
Tax	17	31	77
<b>Loss for the period before minority interests</b>	<b>-46</b>	<b>-96</b>	<b>-392</b>
Share attributable to minority interests	11	16	26
<b>Consolidated loss for the period</b>	<b>-35</b>	<b>-80</b>	<b>-366</b>
Loans and advances, forward-looking activities	2,510	2,660	2,568
Loans and advances, winding-up activities	4,573	5,472	4,772
Deposits	10,341	11,358	10,936
Shareholders' equity	2,061	1,792	1,696
Share attributable to minority interests	205	193	193
<b>Balance</b>	<b>15,303</b>	<b>17,722</b>	<b>16,296</b>
Average no. of employees (full-time equivalents)	251	259	263
Interest margin (%)	1.6	1.3	1.6
Income/cost ratio	0.62	0.34	0.38
Impairment ratio	0.5	0.4	2.1
Solvency ratio	21.5	19.9	18.4
Return on equity before tax (%)	-12	-30	-34
Return on equity after tax (%)	-5	-22	-28

## Financial results

The bank incurred a loss before tax and excluding minority interests of DKK 63 million in Q1 2014, against a loss of DKK 104 million in Q4 2013. The performance was better than expected, but was not satisfactory.

The Q1 loss was composed of a profit of DKK 22 million from forward-looking activities and a loss of DKK 85 million from winding-up activities.

The bank's total impairment writedowns amounted to DKK 70 million in Q1 2014, of which DKK 63 million was attributable to the winding-up portfolio.

The interest margin for the banking group was 1.6% in Q1 2014, compared with 1.3% in Q1 2013.

On 20 March 2014, the bank repaid the last of its state-funded additional tier 1 capital. The bank has now repaid all state-funded capital raised under the Bank Packages in 2009.

## Forward-looking activities

The bank's forward-looking activities produced a pre-tax profit of DKK 22 million in Q1 2014, marking an improvement of DKK 42 million relative to Q4 2013.

The performance was satisfactory and better than expected. The performance was affected by higher earnings on the bank's bond portfolio as well as by lower costs.

Core earnings amounted to DKK 23 million in Q1 2014, against DKK 30 million in Q4 2013. The decline was attributable to certain events that lifted the Q4 performance by close to DKK 10 million. Year on year, the bank's basic earnings improved by DKK 19 million.

## Income

Income from the bank's forward-looking activities amounted to DKK 126 million in Q1 2014.

Net interest and fee income from the bank's private customers was DKK 43 million in Q1 2014, which was unchanged from Q4 2013. In spite of the tough market competition and weak demand from private customers, the bank's income has remained stable for the past couple of quarters.

Trading income excluding value adjustments was DKK 54 million in Q1 2014, against DKK 78 million in Q4 2013.

This decline was due to the strong performance delivered by Asset Management in 2013, which lifted earnings considerably in the fourth quarter of 2013.

Trading income was in line with expectations in Q1 2014 and increased by DKK 17 million relative to Q1 2013.

## Costs

Costs amounted to DKK 86 million in Q1 2014, which was below the expected level.

## Value adjustments

Value adjustments produced a gain of DKK 10 million in Q1 2014, against a loss of DKK 2 million in Q4 2013.

Interest-related value adjustments were DKK 0 million in Q1 2014, against a loss of DKK 3 million in Q4 2013. The bank's bond portfolio produced a return of 2.1% p.a. in Q1 2014, which was highly satisfactory in light of the general market performance.

Equity-related value adjustments produced a gain of DKK 6 million in Q1 2014, against a loss of DKK 2 million in Q4 2013. This improvement was due to a DKK 4 million gain on sector equities, among other things.

Currency-related value adjustments produced a gain of DKK 4 million in Q1 2014, against a gain of DKK 3 million in Q4 2013.

## Impairment writedowns

Impairment writedowns on the bank's forward-looking activities amounted to an expense of DKK 7 million in Q1 2014, against an expense of DKK 44 million in Q4 2013, which was affected by an extraordinary credit review, however. The level of impairment writedowns was in line with expectations.

## Business activities

### Private

The bank incurred a pre-tax loss of DKK 16 million in Q1 2014, compared with a loss of DKK 60 million in Q4 2013. The improved performance was composed of a decline in impairment writedowns of DKK 37 million and a decline in costs of DKK 7 million.

PRIVATE DKKm	Q1 2014	Q4 2013
Income	44	44
Expenses	-53	-60
<b>Loss before impairment writedowns</b>	<b>-9</b>	<b>-16</b>
Impairment writedowns	-7	-44
<b>Loss before tax</b>	<b>-16</b>	<b>-60</b>

Growth in the number of full-service customers kept the momentum from 2013 and continued to increase. This trend contributed to the increase of just over 3% in earnings per customer household in Q1 2014 alone.



The positive trend from 2013 also continued in the portfolio of Totalkredit loans for which the bank acted as intermediary. The portfolio increased by more than DKK 130 million in Q1 2014 to DKK 4,296 million.

The bank's lending to private customers increased by only DKK 2 million excluding impairment writedowns to DKK 2,288 million in Q1 2014. There was an inflow of new customers in the first quarter and a gross increase in lending of DKK 146 million, while lending to existing customers continued to decline.

Impairment writedowns amounted to DKK 7 million in Q1, equivalent to 0.3% of the average portfolio.

#### Leasing

The bank posted a pre-tax profit of DKK 2 million in Q1 2014, which was in line with Q4 2013.

LEASING DKKm	Q1 2014	Q4 2013
Income	28	27
Expenses	-9	-8
Writedowns	-17	-17
<b>Profit before tax</b>	<b>2</b>	<b>2</b>

The leasing portfolio continued to develop favourably, with total assets amounting to DKK 337 million, against DKK 172 million in the same period of 2013.

#### Financial Markets

Financial Markets generated pre-tax profit of DKK 17 million in Q1 2014, against DKK 33 million in Q4 2013. The decline of DKK 16 million was due to a DKK 25 million reduction in core earnings and a DKK 9 million improvement in value adjustments.

This decline in core earnings was due to the strong performance delivered by Asset Management in 2013, which lifted earnings considerably in the fourth quarter of 2013.

The pre-tax profit reported in Q1 2014 marked a DKK 5 million improvement relative to Q1 2013, which was in line with expectations.

FINANCIAL MARKETS DKKm	Q1 2014	Q4 2013
Income	37	67
Expenses	-23	-28
<b>Core earnings</b>	<b>14</b>	<b>39</b>
Value adjustments	3	-6
Profit/loss from equity investments	0	0
<b>Profit before tax</b>	<b>17</b>	<b>33</b>

The Q1 period saw an inflow of new customers to the Financial Markets division as well as an inflow of funds to the Asset Management division.

#### Other

Other activities generated a pre-tax profit of DKK 19 million in Q1 2014, compared with a profit of DKK 5 million in Q4 2013.

The increase in income and the favourable value adjustments of DKK 7 million were driven by a strong return on bonds and capital gains on sector equities.

OTHER ACTIVITIES DKKm	Q1 2014	Q4 2013
Income	17	12
Expenses	-1	-7
<b>Core earnings</b>	<b>16</b>	<b>5</b>
Value adjustments	7	4
Profit/loss from equity investments	0	1
Alm. Brand Formue (the bank's ownership interest)	-4	-5
<b>Profit before tax</b>	<b>19</b>	<b>5</b>

Alm. Brand Formue has entered into liquidation and constitutes the bank's discontinued activities.

#### Winding-up activities

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

The winding-up activities reported a loss of DKK 85 million in Q1 2014, against a loss of DKK 84 million in Q4 2013. The performance was lifted by value adjustments of DKK 9 million on assets taken over. Adjusted for this impact, the performance was in line with expectations. Impairment writedowns amounted to DKK 63 million in Q1 2014, compared with DKK 54 million in Q4 2013.

DKKm	Loans			Total loss and writedowns		Loss ratio *)
	31.12.2013	31.03.2014	Share of portfolio (%)	Year 2013	Q1 2014	
Agriculture	820	800	11.3%	101	11	1.4%
Commercial lending	1,455	1,329	18.8%	-23	25	1.8%
Mortgage deeds	2,497	2,444	34.5%	177	27	1.1%
Shares <sup>b)</sup>	-	-	-	1	-	-
<b>Winding-up activities</b>	<b>4,772</b>	<b>4,573</b>	<b>64.6%</b>	<b>256</b>	<b>63</b>	<b>1.3%</b>

a) Losses and writedowns as a percentage of the average portfolio in Q1 2014. The percentage is not comparable with the impairment ratio in the bank's financial highlights and key ratios.

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

Total loans and advances in the winding-up portfolio declined by DKK 199 million to DKK 4,573 million in Q1 2014, representing 65% of the bank's overall lending portfolio. Adjusted for losses and writedowns, loans and advances were reduced by DKK 136 million, which was in line with the expected level.

### Agriculture

The agricultural portfolio amounted to DKK 800 million at 31 March 2014, corresponding to 11% of the bank's total assets. Excluding impairment writedowns, the portfolio declined by DKK 9 million relative to 31 December 2013.

The financial performance of dairy farmers is improving due to higher milk prices. Pig farmers, on the other hand, have been facing difficult conditions, which is putting pressure on their financial position.

Impairment writedowns amounted to DKK 11 million in Q1 2014, which was in line with Q4 2013 (DKK 10 million).

### Commercial

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

The overall portfolio totalled DKK 1,329 million at 31 March 2014, marking a decline of DKK 101 million excluding impairment writedowns since 31 December 2013. The portfolio represents 19% of the bank's total loans and advances.

Impairment writedowns on the commercial customer segment amounted to DKK 25 million in Q1 2014, against a total reversal of DKK 23 million in 2013. Impairment writedowns in the first quarter were affected by a few large exposures.

### Mortgage deeds

This segment comprises the bank's own portfolio of private and commercial mortgage deeds. The mortgage deed portfolio amounted to DKK 2,444

million at 31 March 2014, a decline of DKK 53 million relative to 31 December 2013.

Mortgage deeds inherently run off as a result of regular payments and redemptions. In Q1 2014, the natural run-off on the mortgage deed portfolio was approximately 8% p.a.

Credit-related writedowns amounted to DKK 27 million in Q1 2014, against DKK 43 million in Q4 2013.

#### *Private mortgage deeds*

Private mortgage deeds amounted to DKK 1,810 million, comprising the bank's portfolio of mortgage deeds secured primarily against single-family homes, commonhold flats and holiday homes. The properties are located throughout Denmark.

Credit-related writedowns of private mortgage deeds amounted to DKK 18 million in Q1 2014.

#### *Commercial mortgage deeds*

Commercial mortgage deeds amounted to DKK 634 million and comprise mortgage deeds secured against residential rental property, commercial property for office, trade and industrial use as well as land and mixed residential/commercial property.

Credit-related writedowns of commercial mortgage deeds amounted to DKK 9 million in Q1 2014.

## Balance sheet

### Loans and advances

The bank's loans and advances totalled DKK 7,082 million at 31 March 2014, against DKK 7,340 million at 31 December 2013, corresponding to a decline of DKK 258 million.

Excluding intra-group lending and writedowns, loans and advances in Q1 2014 increased by DKK 5 million for the forward-looking activities and declined by DKK 136 million for the winding-up activities.

## Deposits

The bank had deposits of DKK 10.3 billion at 31 March 2014, against DKK 10.9 billion at 31 December 2013. The decline in deposits was in line with the bank's targets and was a result of the bank's ongoing focus on reducing deposits in step with the reduction of loans and advances in the winding-up portfolio.

The reduction of deposits was mainly composed of fixed-rate deposits. This continued the trend from 2013 when the bank saw a positive shift in the relationship between high-interest, fixed-rate deposits and lower-interest, floating-rate deposits. Further reducing the volume of fixed-rate deposits is part of the bank's strategy.

## Liquidity

At 31 March 2014, the bank had cash funds of DKK 4.6 billion and excess liquidity of DKK 3.2 billion, equivalent to an excess cover of 225% relative to the statutory requirement.

The bank expects to reduce the excess liquidity coverage in 2014.

## Capitalisation

The bank's equity stood at DKK 1.9 billion at 31 March 2014. The total capital was DKK 1.8 billion, and the total risk exposure was DKK 8.9 billion at 31 March 2014.

Accordingly, the solvency ratio was 20.2, and the tier 1 capital ratio was 20.2. The bank's adequate total capital was calculated at 14.1%, which means that the solvency ratio exceeded the adequate total capital by 6.1 percentage points.

The banking group's equity stood at DKK 2.1 billion at 31 March 2014. The total capital was DKK 1.9 billion, and the total risk exposure was DKK 8.7 billion at 31 March 2014.

Accordingly, the banking group had a solvency ratio of 21.6, and a tier 1 capital ratio of 21.6. The banking group's adequate total capital was calculated at 14.2%, which means that the solvency ratio exceeded the adequate total capital by 7.4 percentage points.

### Capital reservation for credit risk

The banking group's total capital reservation for credit risk amounted to DKK 3,112 million at 31 March 2014, against DKK 3,149 million at 31 December 2013.

The capital reservation equalled 34% of gross loans and advances and the residual debt on mortgage deeds at 31 March 2014, which was unchanged relative to 31 December 2013.

The capital reservation on the forward-looking portfolio accounted for 18% of gross loans and advances, and the capital reservation on the winding-up portfolio represented 41% of gross loans and advances and residual debt on mortgage deeds.

Of the banking group's total capital reservation at 31 March 2014, accumulated writedowns amounted to DKK 1,487 million, against DKK 1,454 million at 31 December 2013. Accumulated writedowns broke down as follows at 31 March 2014: DKK 272 million on the forward-looking portfolio and DKK 1,215 million on the winding-up portfolio. To this should be added DKK 655 million in fair value adjustment of the mortgage deeds.

CAPITAL RESERVATION DKK m	31.03.2014						31.12.2013	
	Gross lending/ outstandi	Balance	Difference <sup>a)</sup>	Required capital	Total reser- vation	Reservation relative to gross lending	Total reser- vation	Reserva- tion relati- ve to gross
Continuing portfolio	2,701	2,429	272	218	490	18%	500	18%
Winding-up portfolio	6,443	4,573	1,870	741	2,611	41%	2,625	39%
<b>Total, excl. reverse transactions</b>	<b>9,144</b>	<b>7,002</b>	<b>2,142</b>	<b>959</b>	<b>3,101</b>	<b>34%</b>	<b>3,125</b>	<b>33%</b>
Reverse transactions and intra-group transactions	80	80	0	11	11	14%	24	18%
<b>Total, group</b>	<b>9,224</b>	<b>7,082</b>	<b>2,142</b>	<b>970</b>	<b>3,112</b>	<b>34%</b>	<b>3,149</b>	<b>33%</b>

a) Accumulated writedowns and value adjustments of mortgage deeds.

### New capital adequacy rules (CRD IV)

New capital adequacy rules were introduced by the EU with effect from 1 January 2014. Under the new rules, the value of the bank's tier 2 capital in the solvency calculation declined by DKK 160 mil-

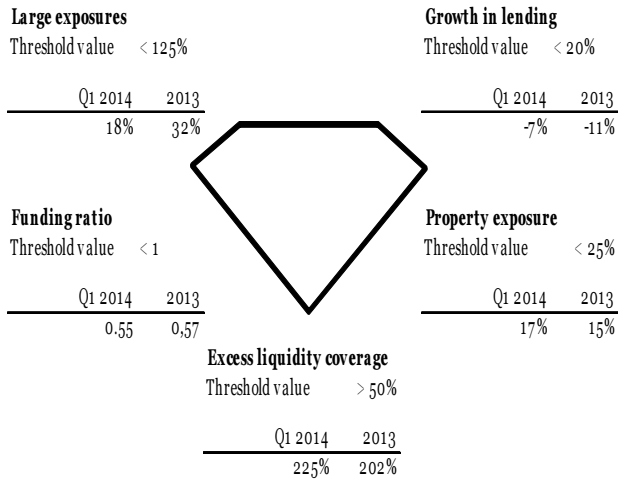
lion on 1 January 2014 and will be reduced by an additional DKK 40 million in 2014.

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

## Supervisory diamond

At 31 March 2014, the bank was in compliance with all five threshold values of the Danish FSA's supervisory diamond as shown in the figure below.

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



## Major events

### Capital injection and repayment of state-funded additional tier 1 capital

On 27 February 2014, Alm. Brand A/S injected DKK 400 million into Alm. Brand Bank A/S as equity. The capital injection was used to repay the remaining DKK 226 million of state-funded additional tier 1 capital on 20 March 2014. A part of the capital injection will also be used to offset the effect of the new capital adequacy rules, which entered into force on 1 January 2014.

### Alm. Brand Formue

At an extraordinary general meeting of the subsidiary Alm. Brand Formue A/S held on 18 March

2014, it was resolved that the company should enter into liquidation.

In the first quarter of 2014, the company sold its securities portfolio. After the expiry of the statutory claims filing period on 18 June 2014, liquidation financial statements will be prepared for approval at the company's final general meeting. The liquidation process is expected to be completed by the end of Q3 2014.

## Events after the balance sheet date

### Repayment of tier 2 capital

On 1 May 2014, the Danish FSA approved the bank's request to repay tier 2 capital in the amount of DKK 200 million. The repayment will take place on 3 June 2014 and will not have any impact on the bank's capitalisation.

## Outlook

The bank maintains the guidance for a pre-tax profit from its forward-looking activities of around DKK 40 million in 2014 after impairment write-downs, which are expected to amount to approximately DKK 35 million.

The bank maintains its guidance for a pre-tax loss of DKK 375-425 million from its winding-up activities.

The expectation of a reduction of the bank's winding-up portfolio excluding losses and writedowns is maintained at around DKK 500 million in 2014.

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

# Statement by the Management Board and the Board of Directors

The Board of Directors and the Management Board have today considered and adopted the interim report of Alm. Brand A/S for the three months ended 31 March 2014.

The consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU, and the interim financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act. In addition, the interim report has been presented in accordance with additional Danish disclosure requirements for listed financial enterprises.

In our opinion, the accounting policies applied are appropriate, and the interim report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 March 2014 and of the results of the group's and the parent company's operations and the group's cash flows for the three months ended 31 March 2014.

The Management's review also gives a true and fair view of developments in the activities and financial position of the group and a true and fair description of significant risk and uncertainty factors that may affect the group.

## MANAGEMENT BOARD

Copenhagen, 21 May 2014

*Søren Boe Mortensen*  
Chief Executive Officer

## BOARD OF DIRECTORS

Copenhagen, 21 May 2014

*Jørgen H. Mikkelsen*  
Chairman

*Boris N. Kjeldsen*  
Deputy Chairman

*Ebbe Castella*

*Henrik Christensen*

*Per V. H. Frandsen*

*Karin Sofie Hansen-Hoeck*

*Arne Nielsen*

*Jan Skytte Pedersen*

*Lars Christiansen*

*Brian Egested*

*Helle L. Frederiksen*

*Susanne Larsen*

# Balance sheet

DKKm	Group		
	31 March 2014	31 March 2013	31 December 2013
<b>Assets</b>			
Owner-occupied properties	1,058	1,059	1,058
Deferred tax assets	550	657	556
Participating interests in joint ventures	45	44	42
Reinsurers' share of insurance contracts	714	195	631
Current tax assets	0	4	0
Other assets	1,226	1,386	1,397
Loans	7,082	8,132	7,340
Investment properties	568	398	428
Investment assets	26,557	28,780	27,094
Amounts due from credit institutions and central banks	1,249	691	671
Cash in hand and demand deposits	181	524	363
Discontinued activities	204	0	0
<b>Total assets</b>	<b>39,434</b>	<b>41,870</b>	<b>39,580</b>
<b>Liabilities and equity</b>			
Share capital	1,735	1,735	1,735
Reserves, retained profit etc.	2,853	2,648	2,797
Minority interests	162	155	153
<b>Consolidated shareholders' equity</b>	<b>4,750</b>	<b>4,538</b>	<b>4,685</b>
Subordinated debt	874	1,400	1,100
Provisions for insurance contracts	19,902	19,966	18,627
Other provisions	35	27	32
Deferred tax liabilities	40	46	40
Current tax liabilities	54	0	40
Issued bonds	21	982	31
Other liabilities	1,389	1,115	1,463
Deposits	10,210	11,178	10,853
Payables to credit institutions and central banks	2,159	2,618	2,709
<b>Total liabilities and equity</b>	<b>39,434</b>	<b>41,870</b>	<b>39,580</b>

Note 1 Own shares

Note 2 Contingent liabilities, guaranties and leasing

Note 3 Accounting policies - Group

Note 4 Financial highlights and key ratios

# Income statement

DKKm	Group		
	Q1 2014	Q1 2013	Year 2013
<b>Income</b>			
Premium income	1,629	1,499	5,959
Interest income etc.	264	310	1,172
Fee income etc.	25	23	114
Other income from investment activities	-4	1	-4
Income associates	2	0	2
Other income	35	16	77
<b>Total income</b>	<b>1,951</b>	<b>1,849</b>	<b>7,320</b>
<b>Costs</b>			
Claims incurred	-1,449	-1,745	-6,008
Interest expenses	-81	-115	-387
Other cost from investment activities	-19	-16	-29
Impairment of loans, advances and receivables, etc.	-42	-42	-196
Acquisition and administrative costs	-339	-333	-1,336
<b>Total costs</b>	<b>-1,930</b>	<b>-2,251</b>	<b>-7,956</b>
Profit from business ceded	195	-57	171
Change in life insurance provisions	-185	742	1,650
Change in collective bonus potential	-105	-194	-429
Exchange rate adjustments	206	-39	-352
Tax on pension investment returns	-59	-28	-49
<b>Profit before tax, continuing activities</b>	<b>73</b>	<b>22</b>	<b>355</b>
Tax, continuing activities	-18	-9	-158
<b>Profit after tax, continuing activities</b>	<b>55</b>	<b>13</b>	<b>197</b>
Profit on discontinued activities	12	20	19
<b>Profit after tax</b>	<b>67</b>	<b>33</b>	<b>216</b>
<b>The profit before tax is allocated as follows:</b>			
Share attributable to Alm. Brand	76	29	355
Share attributable to minority shareholders	-3	13	20
<b>Profit before tax</b>	<b>73</b>	<b>42</b>	<b>375</b>
<b>The profit after tax is allocated as follows:</b>			
Share attributable to Alm. Brand	58	20	196
Share attributable to minority shareholders	9	13	20
<b>Profit after tax</b>	<b>67</b>	<b>33</b>	<b>216</b>
Earnings per share, DKK	0.3	0.1	1.1
Diluted earnings per share, DKK	0.3	0.1	1.1
<b>Comprehensive income</b>			
Profit for the period	67	33	216
<i>Items that may be recycled to profit or loss</i>	0	0	0
<i>Items that may not be recycled to profit or loss:</i>			
Revaluation of owner-occupied properties	0	0	-4
Transferred to collective bonus potential	0	0	4
Tax on other comprehensive income	0	0	0
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income</b>	<b>67</b>	<b>33</b>	<b>216</b>
<b>Proposed allocation of profit/loss:</b>			
Share attributable to Alm. Brand	58	20	196
Share attributable to minority shareholders	9	13	20
<b>Comprehensive income</b>	<b>67</b>	<b>33</b>	<b>216</b>

# Statement of changes in equity

DKKm	Share capital	Contingency funds	Other provisions	Retained profit	Shareholders' equity	Minority interests	Consolidated equity
<b>Shareholders equity, 1 January 2011:</b>	<b>1,735</b>	<b>182</b>	<b>1,215</b>	<b>1,237</b>	<b>4,369</b>	<b>137</b>	<b>4,506</b>
<b>Changes in equity Q1 2013:</b>							
Profit/loss for the period				20	20	13	33
Total income	0	0		20	20	13	33
Repurchased shares				-6	-6		-6
Purchase and sale of treasury shares in subsidiaries				-1	-1	0	-1
Tax on changes recognised in equity				1	1		1
Change in share attributable to minority interest				0	0	5	5
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>14</b>	<b>18</b>	<b>32</b>
<b>Shareholders equity, 31 March 2013</b>	<b>1,735</b>	<b>182</b>	<b>1,215</b>	<b>1,251</b>	<b>4,383</b>	<b>155</b>	<b>4,538</b>
<b>Shareholders equity, 1 January 2011:</b>	<b>1,735</b>	<b>182</b>	<b>1,215</b>	<b>1,237</b>	<b>4,369</b>	<b>137</b>	<b>4,506</b>
<b>Changes in equity 2013:</b>							
Profit/loss for the year				196	196	20	216
Revaluation of owner-occupied properties				-4	-4		-4
Transferred to collective bonus potential				4	4		4
Tax on changes recognised in equity				0	0		0
Total income	0	0	0	196	196	20	216
Share option scheme				4	4		4
Purchase and sale of treasury shares				-42	-42		-42
Purchase and sale of treasury shares in subsidiaries				-1	-1	-4	-5
Adjustment of tax relating to contingency funds (25% - 22%)				6	6		6
Tax on changes recognised in equity				0	0	0	0
Change in share attributable to minority interest				0	0	0	0
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>163</b>	<b>163</b>	<b>16</b>	<b>179</b>
<b>Shareholders equity, 31 December 2013</b>	<b>1,735</b>	<b>182</b>	<b>1,215</b>	<b>1,400</b>	<b>4,532</b>	<b>153</b>	<b>4,685</b>
<b>Shareholders equity, 1 January 2014</b>	<b>1,735</b>	<b>182</b>	<b>1,215</b>	<b>1,400</b>	<b>4,532</b>	<b>153</b>	<b>4,685</b>
<b>Changes in equity Q1 2014:</b>							
Profit/loss for the period				58	58	9	67
Total income	0	0	0	58	58	9	67
Purchase and sale of treasury shares				-3	-3		-3
Purchase and sale of treasury shares in subsidiaries				0	0		0
Share option scheme				1	1		1
Change in share attributable to minority interest				0	0	0	0
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56</b>	<b>56</b>	<b>9</b>	<b>65</b>
<b>Shareholders equity, 31 March 2014</b>	<b>1,735</b>	<b>182</b>	<b>1,215</b>	<b>1,456</b>	<b>4,588</b>	<b>162</b>	<b>4,750</b>
						<b>31 March 2014</b>	<b>31 December 2013</b>
Shareholders' equity exclusive minority interests						4,588	4,532
Consolidation of Pensionskassen under Alm. Brand A/S						-7	-9
<b>Shareholders' equity under the rules of the Danish Financial Supervisory Authority exclusive minority interests</b>						<b>4,581</b>	<b>4,523</b>
Share of profit attributable to Alm. Brand A/S						58	196
Consolidation of Pensionskassen under Alm. Brand A/S						2	-3
<b>Share of profit attributable to Alm. Brand A/S under the rules of the Danish Financial Supervisory Authority</b>						<b>60</b>	<b>193</b>



# Capital target

<b>DKKm</b>	<b>Capital base at 31 March 2014</b>
Equity	4,581
Tax asset	-550
Supplementary capital	535
<b>Consolidated capital base</b>	<b>4,566</b>
<b>DKKm</b>	<b>Capital target 31 March 2014</b>
Non-life insurance (40% of gross premium income)	2,027
Life and Pension (8.50% of life insurance provisions)	883
Alm. Brand Bank (17.1% of risk weighted assets *)	1,523
Diversification effects	-300
<b>Consolidated capital target</b>	<b>4,133</b>
<i>*) Calculated as the individual solvency need at 31 March 2014 plus 3 percentage points</i>	
<b>Statutory capital requirement for the group at 31 March 2014</b>	<b>2,949</b>
<b>Excess relative to statutory capital requirement</b>	<b>1,617</b>
<b>Excess relative to internal capital target</b>	<b>433</b>

# Cash flow statement

DKKm	Q1 2014	Q1 2013	Group Year 2013
<b>Cash flows from operating activities</b>			
Premiums received	2,367	2,285	5,901
Claims paid	-1,473	-1,813	-5,671
Interest receivable, dividends, etc.	649	369	1,207
Interest payable	-61	-98	-321
Payments concerning reinsurance	103	-63	-204
Fee income received	29	30	138
Fee income paid	-6	-7	-27
Expences paid	-499	-272	-1,339
Tax on pension investment returns paid	-48	-149	-153
Acquisition of intangible assets, furniture, equipments etc.	-35	-24	-135
Other ordinary income received	34	16	77
Taxes paid/received	0	0	-10
<b>Cash flows from operating activities</b>	<b>1,060</b>	<b>274</b>	<b>-537</b>
<b>Change in investment placement (net)</b>			
Properties acquired or converted	-139	-5	-35
Sale/aquisition of equity investments	175	26	233
Sale/repayment of mortgage deeds and loans	257	155	1,175
Sale/aquisition of bonds	473	686	1,637
<b>Change in investment placement (net)</b>	<b>766</b>	<b>862</b>	<b>3,010</b>
<b>Change in financing (net)</b>			
Other provisions	3	1	4
Sale/purchase of treasury shares	-3	-6	-42
Sale/acquisition of subsidiaries (change in minority interest)	0	4	-1
Subordinated debt	-228	-430	-730
Share issue	1	0	4
Change in issued bonds	-10	-1,050	-2,000
Change in deposits	-643	-62	-387
Change in payables to credit institutions	-550	437	528
<b>Change in financing (net)</b>	<b>-1,430</b>	<b>-1,106</b>	<b>-2,624</b>
<b>Net change in cash and cash equivalents</b>	<b>396</b>	<b>30</b>	<b>-151</b>
Cash and cash equivalents, beginning of period	1,034	1,185	1,185
<b>Cash and cash equivalents, end of period</b>	<b>1,430</b>	<b>1,215</b>	<b>1,034</b>

# Segment reporting

Q1 2014

DKK m						Group
	Non-life	Life	Bank	Other	Elimi- nation	
Premium income	1,239	390	0	0		1,629
Interest income etc.	54	91	119	0	0	264
Fee income etc.	0	0	32	0	-7	25
Other investment income	0	14	0	0	-18	-4
Income associates	0	3	2	0	-3	2
Other income	0	0	35	0		35
<b>Total income</b>	<b>1,293</b>	<b>498</b>	<b>188</b>	<b>0</b>	<b>-28</b>	<b>1,951</b>
Claims incurred	-1,094	-355	0	0		-1,449
Interest expenses	-16	-1	-61	-3	0	-81
Other investment expenses	-6	-7	0	-13	7	-19
Provisions for bad and doubtful debts	0	0	-42	0		-42
Acquisition and administrative expenses	-209	-21	-127	0	18	-339
<b>Total expenses</b>	<b>-1,325</b>	<b>-384</b>	<b>-230</b>	<b>-16</b>	<b>25</b>	<b>-1,930</b>
Result of business ceded	198	-3	0	0		195
Change in life insurance provisions	0	-185	0	0		-185
Change in collective bonus potential	0	-105	0	0		-105
Exchange rate adjustments	-34	261	-21	0		206
Tax on pension investment returns	0	-59	0	0		-59
<b>Profit before tax, continuing activities</b>	<b>132</b>	<b>23</b>	<b>-63</b>	<b>-16</b>	<b>-3</b>	<b>73</b>
Tax, continuing activities	-33	-6	17	4		-18
<b>Profit after tax, continuing activities</b>	<b>99</b>	<b>17</b>	<b>-46</b>	<b>-12</b>	<b>-3</b>	<b>55</b>
Profit on discontinued activities			12			12
<b>Profit after tax</b>	<b>99</b>	<b>17</b>	<b>-34</b>	<b>-12</b>	<b>-3</b>	<b>67</b>

Q1 2013

Premium income	1,225	274	0	0		1,499
Interest income etc.	63	102	146	0	-1	310
Fee income etc.	0	0	31	0	-8	23
Other investment income	0	21	-2	0	-18	1
Income associates	0	3	0	0	-3	0
Other income	0	0	16	0		16
<b>Total income</b>	<b>1,288</b>	<b>400</b>	<b>191</b>	<b>0</b>	<b>-30</b>	<b>1,849</b>
Claims incurred	-831	-914	0	0		-1,745
Interest expenses	-15	-1	-97	-3	1	-115
Other investment expenses	-6	-7	0	-11	8	-16
Provisions for bad and doubtful debts	0	0	-42	0		-42
Acquisition and administrative expenses	-206	-21	-124	0	18	-333
<b>Total expenses</b>	<b>-1,058</b>	<b>-943</b>	<b>-263</b>	<b>-14</b>	<b>27</b>	<b>-2,251</b>
Result of business ceded	-58	1	0	0		-57
Change in life insurance provisions	0	742	0	0		742
Change in collective bonus potential	0	-194	0	0		-194
Exchange rate adjustments	-29	49	-59	0		-39
Tax on pension investment returns	0	-28	0	0		-28
<b>Profit before tax, continuing activities</b>	<b>143</b>	<b>27</b>	<b>-131</b>	<b>-14</b>	<b>-3</b>	<b>22</b>
Tax, continuing activities	-36	-7	31	3		-9
<b>Profit after tax, continuing activities</b>	<b>107</b>	<b>20</b>	<b>-100</b>	<b>-11</b>	<b>-3</b>	<b>13</b>
Profit on discontinued activities	0	0	20	0		20
<b>Profit after tax</b>	<b>107</b>	<b>20</b>	<b>-80</b>	<b>-11</b>	<b>-3</b>	<b>33</b>

# Notes

DKK <sup>m</sup>	<b>Group</b>		
	<b>Q1 2014</b>	<b>Q1 2013</b>	<b>Year 2013</b>
<b>Note 1 Own Shares</b>			
Carrying amount, beginning of year	0	0	0
Value adjustments	-3	-6	-42
Acquired during the period	3	6	42
Sold during the period	0	0	0
<b>Carrying amount, end of period</b>	<b>0</b>	<b>0</b>	<b>0</b>
Nominal value, beginning of year	28	7	7
Acquired during the period	2	3	21
Sold during the period	0	0	0
<b>Nominal value, end of period</b>	<b>30</b>	<b>10</b>	<b>28</b>
Holding number of shares (1,000), beginning of year	2,845	710	710
Additions, number of shares	120	327	2,135
Disposals, number of shares	0	0	0
<b>Holding number of shares (1,000), end of period</b>	<b>2,965</b>	<b>1,037</b>	<b>2,845</b>
<b>Percentage of share capital, end of period</b>	<b>1.7%</b>	<b>0.6%</b>	<b>1.6%</b>

## Note 2 Contingent liabilities, guaranties and leasing

<b>Guarantee commitments</b>	<b>1,128</b>	<b>1,479</b>	<b>1,150</b>
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## Note 3 Accounting policies - Group

The consolidated interim report has been prepared in compliance with IAS 34 "Interim Financial Reporting" and the requirements of the Danish Financial Business Act and NASDAQ OMX Copenhagen A/S applying to interim financial reporting of Danish listed financial enterprises. The application of IAS 34 means that the report is limited relative to the presentation of a full annual report.

The parent company financial statements have been prepared in accordance with the provisions of the - Danish Financial Business Act, including the Executive Order on financial reports presented by insurance companies and profession-specific pension funds.

The subsidiary Alm. Brand Formue A/S entered into liquidation in March 2014 and is expected to be closed by the end of the year. The IFRS 5 rules on the presentation of discontinued operations are thus satisfied. As a result, the income statement and the balance sheet are presented differently from previous presentations. The income statement and the balance sheet now include a separate line item called discontinued activities. The item discontinued activities in the income statement

comprises the results of Alm. Brand Formue, the results of equity risk hedging in the company, the bank's trading income relating to Alm. Brand Formue and interest on loans provided to Alm. Brand Formue. Alm. Brand Formue had no debt as at the balance sheet date, and most of the assets are cash funds, which are recognised in the consolidated financial statements under discontinued activities with respect to the part which is expected to be attributable to minority shareholders.

Comparative figures in the income statement have been restated to reflect the above. Comparative figures in the balance sheet have not been restated.

The accounting policies applied for the consolidated financial statements are other wise unchanged from the policies applied for the Annual Report 2013.

The accounting policies of the parent company are described in connection with the parent company's interim report, as detailed in a separate section of this report.

The interim report for the three months ended 31 March 2014 is unaudited.

## Note 4 Financial highlights and key ratios

Referring to management's report.

# Balance sheet

DKKm	Note	Parent company		
		31 March 2014	31 March 2013	31 December 2013
<b>Assets</b>				
Investment in group enterprises	1	4,668	4,614	4,698
<b>Total investments in group enterprises and associates</b>		<b>4,668</b>	<b>4,614</b>	<b>4,698</b>
Equity investments		1	1	1
Other loans and advances		2	2	2
Deposits with credit institutions		170	20	60
Cash in hand and balances at call		12	11	11
<b>Total other financial investment assets</b>		<b>185</b>	<b>34</b>	<b>74</b>
<b>Total investment assets</b>		<b>4,853</b>	<b>4,648</b>	<b>4,772</b>
Receivables from group enterprises		0	0	14
Other receivables		37	36	57
<b>Total receivables</b>		<b>37</b>	<b>36</b>	<b>71</b>
Current tax assets		13	20	9
Deferred tax assets		12	17	13
<b>Total other assets</b>		<b>25</b>	<b>37</b>	<b>22</b>
<b>Total assets</b>		<b>4,915</b>	<b>4,721</b>	<b>4,865</b>
<b>Liabilities and equity</b>				
Share capital		1,735	1,735	1,735
Other provisions		1,215	1,215	1,215
Retained earnings		1,631	1,429	1,573
<b>Total shareholders' equity</b>		<b>4,581</b>	<b>4,379</b>	<b>4,523</b>
Subordinated loan capital		250	250	250
<b>Total subordinated loan capital</b>		<b>250</b>	<b>250</b>	<b>250</b>
Deferred tax liabilities		40	46	40
<b>Total provisions</b>		<b>40</b>	<b>46</b>	<b>40</b>
Payables to subsidiaries		5	1	3
Issued bonds		21	32	31
Other payables		18	13	18
<b>Total payables</b>		<b>44</b>	<b>46</b>	<b>52</b>
Deferred income		0	0	0
<b>Total liabilities and equity</b>		<b>4,915</b>	<b>4,721</b>	<b>4,865</b>

# Income statement

DKKm	Note	Parent company		
		Q1 2014	Q1 2013	Year 2013
Income from group enterprises	2	70	31	216
Interest income and dividends, etc.		0	0	0
Interest expenses		-3	-3	-12
Administrative expenses related to investment activities		-11	-9	-16
<b>Profit before tax</b>		<b>56</b>	<b>19</b>	<b>188</b>
Tax		4	3	5
<b>Profit after tax</b>		<b>60</b>	<b>22</b>	<b>193</b>

## Comprehensive income

Profit for the period		60	22	193
<b>Comprehensive income</b>		<b>60</b>	<b>22</b>	<b>193</b>
Proposed allocation of profit/loss:				
Retained earnings		60	22	193

Note 3 Accounting policies parent company

# Statement of changes in equity

DKKm	Parent company			
	Share-Capital	Other provisions	Retained earnings	Shareholders' equity
<b>Shareholders equity, 1 January 2013</b>	<b>1,735</b>	<b>1,215</b>	<b>1,413</b>	<b>4,363</b>
<b>Changes in equity Q1 2013:</b>				
Profit/loss for the period			22	22
Total income			22	22
Purchase and sale of treasury shares			-6	-6
Repurchased shares			-1	-1
Tax on changes recognised in equity			1	1
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>16</b>
<b>Shareholders equity, 31 March 2013</b>	<b>1,735</b>	<b>1,215</b>	<b>1,429</b>	<b>4,379</b>
<b>Shareholders equity, 1 January 2013</b>	<b>1,735</b>	<b>1,215</b>	<b>1,413</b>	<b>4,363</b>
<b>Changes in equity 2013:</b>				
Profit/loss for the year			193	193
Total income			193	193
Purchase and sale of treasury shares			-42	-42
Purchase and sale of treasury shares in subsidiaries			-1	-1
Share option scheme			4	4
Adjustment of tax relating to contingency funds (25% - 22%)			6	6
Tax on changes recognised in equity			0	0
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>160</b>	<b>160</b>
<b>Shareholders equity, 31 December 2013</b>	<b>1,735</b>	<b>1,215</b>	<b>1,573</b>	<b>4,523</b>
<b>Shareholders equity, 1 January 2014</b>	<b>1,735</b>	<b>1,215</b>	<b>1,573</b>	<b>4,523</b>
<b>Changes in equity Q1 2014:</b>				
Profit/loss for the period			60	60
Total income			60	60
Purchase and sale of treasury shares			-3	-3
Purchase and sale of treasury shares in subsidiaries			0	0
Share option scheme			1	1
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>58</b>	<b>58</b>
<b>Shareholders equity, 31 March 2014</b>	<b>1,735</b>	<b>1,215</b>	<b>1,631</b>	<b>4,581</b>

# Notes

## Note 1 Investment in group enterprises

DKKm	Parent company		
	31 March 2014	31 March 2013	31 December 2013
Cost, beginning of year	8,491	7,591	7,591
Additions during the period	400	700	900
Cost, end of period	8,891	8,291	8,491
Revaluation and impairment, beginning of year	-3,792	-3,201	-3,208
Dividend received	-500	-500	-800
Profit for the period	70	31	216
Revaluation and impairment of treasury shares in subsidia:	-1	-7	-1
Revaluation and impairment, end of period	-4,223	-3,677	-3,793
<b>Carrying amount, end of period</b>	<b>4,668</b>	<b>4,614</b>	<b>4,698</b>
Specification of carrying amount:			
Alm. Brand Bank A/S	1,857	1,599	1,502
Alm. Brand Forsikring A/S	2,810	3,014	3,195
Asgaard Finans A/S	1	1	1
Carrying amount, end of period	4,668	4,614	4,698

## Note 2 Income from group enterprises

DKKm	Parent company		
	Q1 2014	Q1 2013	Year 2013
Alm. Brand Bank A/S	-46	-96	-392
Alm. Brand Forsikring A/S	116	127	608
Asgaard Finans A/S	0	0	0
<b>Total income from group enterprises</b>	<b>70</b>	<b>31</b>	<b>216</b>

## Note 3 Accounting policies parent company

The interim report is presented in compliance with the Danish Financial Business Act, including the Executive Order on financial reports presented by insurance companies and profession-specific pension funds.

In addition, the interim report has been presented in accordance with additional Danish disclosure requirements for the interim reports of listed financial enterprises.

The accounting policies of the parent company on the recognition and measurement are in accordance with the accounting policies of the group, except for the following point:

Investments in subsidiaries are recognised and measured at the parent company's share of the subsidiaries' net asset value at the balance sheet date. The value of Pensionskassen under Alm. Brand A/S is not recognised in the balance sheet but is exclusively disclosed as a contingent liability.

The accounting policies are unchanged from the policies applied in the Annual Report 2013.

The interim report for the three months ended 31 March 2014 is unaudited.