

FIRST HALF

**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

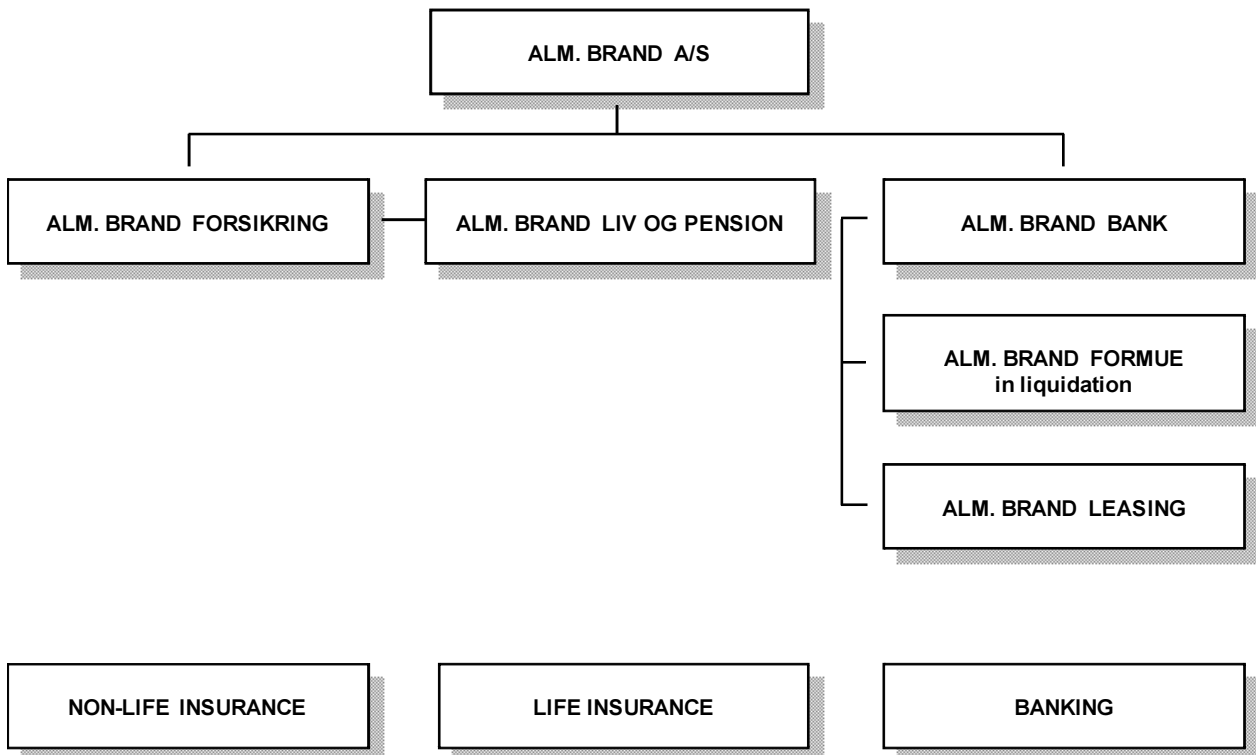
## REGISTRATION

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# 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 half report 2014. In case of any discrepancies the Danish version prevails.

# Financial highlights and key ratios

DKKm	Q2 2014	Q2 2013	H1 2014	H1 2013	Year 2013
<b>Income</b>					
Non-life Insurance	1,266	1,258	2,505	2,483	5,031
Life and Pension	278	191	668	465	928
Banking	162	183	313	360	708
Investments	214	174	385	347	653
<b>Total income</b>	<b>1,920</b>	<b>1,806</b>	<b>3,871</b>	<b>3,655</b>	<b>7,320</b>
<b>Profit excluding minorities</b>					
Non-life Insurance	212	229	344	372	763
Life and Pension	27	22	50	49	86
Banking	-53	-135	-116	-262	-469
Other activities	-13	-9	-29	-23	-25
<b>Profit before tax</b>	<b>173</b>	<b>107</b>	<b>249</b>	<b>136</b>	<b>355</b>
Tax	-43	-83	-61	-92	-159
<b>Profit after tax</b>	<b>130</b>	<b>24</b>	<b>188</b>	<b>44</b>	<b>196</b>
<b>Profit, Group</b>					
<b>Profit before tax, Group</b>	<b>171</b>	<b>93</b>	<b>256</b>	<b>135</b>	<b>375</b>
Tax	-42	-83	-60	-92	-159
<b>Profit after tax, Group</b>	<b>129</b>	<b>10</b>	<b>196</b>	<b>43</b>	<b>216</b>
Provisions for insurance contracts	19,804	19,103	19,804	19,103	18,627
Shareholders' equity	4,869	4,517	4,869	4,517	4,685
Of which minority interests	162	132	162	132	153
Total assets	38,708	41,693	38,708	41,693	39,580
Return on equity before tax excluding minorities p.a.	15%	10%	11%	6%	8%
Return on equity after tax excluding minorities p.a.	11%	2%	8%	2%	4%
Earnings per Share	0.8	0.1	1.1	0.3	1.1
Diluted Earnings per Share	0.8	0.1	1.1	0.3	1.1
Net assets value per Share	28	26	28	26	27
Share price end of period	28.3	17.6	28.3	17.6	24.1
Share price/Net asset value	1.02	0.69	1.02	0.69	0.91
Number of shares end of period ('000)	170,128	171,354	170,128	171,354	170,655
Average number of shares ('000)	170,458	171,517	170,497	172,065	171,587

# The Alm. Brand Group

## Results

The Alm. Brand Group achieved a pre-tax profit excluding minority interests of DKK 173 million in Q2 2014, compared with a profit of DKK 107 million in Q2 2013.

The group's forward-looking activities reported a profit of DKK 248 million, against DKK 213 million in the same period of 2013. The results of Non-life Insurance, Life and Pension and Banking were all ahead of expectations.

The bank's winding-up activities had a negative impact on the bank's financial results, although performing better than expected.

The overall pre-tax profit excluding minority interests for H1 2014 was DKK 249 million, against a profit of DKK 136 million in H1 2013. This was also better than expected.

### Non-life Insurance

The group's non-life insurance activities significantly outperformed expectations in the second quarter. The combined ratio was 82.6 for Q2 and 85.9 for H1.

The Q2 claims experience was driven by a lower claims frequency on the underlying business and fewer-than-expected major claims. However, the cloudburst in May resulted in quite a few claims from agricultural customers who had their crops damaged by hail.

Premiums grew by 0.6% in Q2 compared with the same period of last year. Premium growth was adversely impacted by intensifying competition, among other factors, and higher prices on commercial building and contents insurances were a cause of defection among some of the customers who have seen the biggest price increases.

The Q2 investment result was adversely affected by the falling level of interest rates, because the interest rate sensitivity on provisions was greater than on the investment portfolio.

### Life and Pension

Life and Pension continued to report a strong risk result.

Premiums rose by 45% in the second quarter, driven by significant growth in single payments from new customers transferring their pension savings from other companies to Alm. Brand.

Regular premiums increased by 2% in Q2, remaining adversely affected by the tax reform.

The falling level of interest rates made for a strong investment result. The bonus rate grew by 0.8 of a percentage point to 11.0%, which was highly satisfactory.

### Banking

The bank performed better than expected, being favourably impacted by a strong investment result and non-recurring fee income.

A net inflow of full-service, private customers and customers in the Financial Markets division has resulted in increased earnings per customer and higher fee income.

In spite of the increase in the number of customers, demand for lending remains limited, and lending to private customers was unchanged from the first quarter.

### *Winding-up activities*

The bank's winding-up activities continued to be loss-making, although they performed better than expected. The results before impairment write-downs were, among other things, favourably affected by value adjustments of assets taken over. Impairment writedowns were in line with expectations.

### Other business activities

Other business activities, consisting primarily of corporate expenses, performed in line with expectations. The H1 performance was a pre-tax expense of DKK 29 million, against an expense of DKK 23 million for the same period of 2013.

### Group

In the first six months of 2014, the group had an average of 1,580 employees, against 1,576 in the same period of 2013.

The Alm. Brand Group generated total revenue of DKK 3.9 billion in H1 2014.

Earnings per share amounted to DKK 1.1, and the net asset value per share was DKK 28 at 30 June 2014 for a price/NAV ratio of 1.0.

Consolidated equity was DKK 4.9 billion at 30 June 2014, against DKK 4.7 billion at 31 December 2013.

## Capitalisation

The group's total capital was DKK 4,705 million at 30 June 2014, corresponding to an excess of DKK 1,795 million relative to the statutory capital requirement for the group.

Because the group has increased its capital target by DKK 574 million, the group came out DKK 16 million short of its capital target at 30 June 2014.

DKKm	
Capital base of the group	4,705
group	2,910
<b>Excess relative to statutory capital requirement</b>	<b>1,795</b>
Internal capital target of the group	4,721
Excess relative to internal capital target	-16

### Adjusted internal capital model

In connection with the release of the 2013 financial statements, Alm. Brand opted not to pay dividends, although the group had an excess relative to its capital target. The reason was that the company's capital target did not fully include the risk associated with the expected losses in the bank in combination with the general uncertainty related to the bank's loans in the winding-up portfolio.

In order to quantify the uncertainty in the winding-up bank, a buffer was added on top of the existing capital target. This buffer applies only to the parent company, Alm. Brand A/S, and does not affect the bank's target, which is unchanged. The capital target of Alm. Brand A/S is increased by a buffer of 13% of the loans booked in the winding-up bank, equivalent to DKK 574 million at 30 June 2014.

Together, the buffer and the capital target will provide scope to cover the uncertainty in the winding-up bank in the same order as the statutory capital requirement for the winding-up bank.

## Major events

### Inspection by the Danish FSA

In May 2014, the Danish FSA initiated an inspection of Alm. Brand Bank A/S. The bank expects the inspection to result in a smaller number of orders from the Danish FSA, which have already been complied with or will be complied with shortly.

The FSA report is not expected to affect the group's full-year profit guidance or the calculated solvency need.

### Outlook

The guidance for the full-year consolidated profit before tax is raised by DKK 100 million to DKK 250-350 million. The upgrade is driven by the strong H1 performance, whereas expectations for H2 are maintained.

The guidance for the pre-tax profit of the group's forward-looking activities is lifted to DKK 625-675 million. Non-life Insurance is upgraded by DKK 50 million to a profit of about DKK 575 million, Life and Pension is upgraded by DKK 5 million to about DKK 80 million and Banking is upgraded by DKK 10 million to a profit of about DKK 50 million.

The guidance for the group's winding-up activities is improved by DKK 50 million to a loss of DKK 325-375 million from the previously guided DKK 375-425 million interval.

DDKm	
	2014
<b>Total expected Profit</b>	<b>250-350</b>
Forward-looking activities	625-675
<i>Non-life</i>	575
<i>Life and Pension</i>	80
<i>Banking</i>	50
<i>Other</i>	-50
Winding-up activities	-325 - -375

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-August 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

	Q2	Q2	H1	H1	Year
DKKm	2014	2013	2014	2013	2013
Gross premiums	1,266	1,258	2,505	2,483	5,031
Investment income on insurance business	2	2	3	5	9
Claims incurred	-774	-789	-1,868	-1,620	-3,769
Underwriting management expenses	-201	-207	-410	-413	-803
Profit from business ceded	-71	-66	127	-124	174
<b>Underwriting profit</b>	<b>222</b>	<b>198</b>	<b>357</b>	<b>331</b>	<b>642</b>
Interest and dividends etc.	51	60	104	122	233
Capital gains/losses	-41	-9	-75	-38	-24
Management expenses relating to investment business	-5	-5	-11	-11	-22
Interest on technical provisions	-15	-15	-31	-32	-66
<b>Profit on investments business after allocation of technical interest</b>	<b>-10</b>	<b>31</b>	<b>-13</b>	<b>41</b>	<b>121</b>
<b>Profit before tax</b>	<b>212</b>	<b>229</b>	<b>344</b>	<b>372</b>	<b>763</b>
Tax	-52	-74	-85	-110	-221
<b>Profit for the year</b>	<b>160</b>	<b>155</b>	<b>259</b>	<b>262</b>	<b>542</b>
Run-off gains/losses	57	86	86	137	207
Technical provisions	8,174	7,761	8,174	7,761	7,553
Insurance assets	419	113	419	113	608
Shareholders' equity	2,143	2,203	2,143	2,203	2,184
Total assets	11,092	10,711	11,092	10,711	10,660
Gross claims ratio	61.1%	62.7%	74.6%	65.2%	74.9%
Net reinsurance ratio	5.6%	5.4%	-5.1%	5.0%	-3.5%
<b>Claims trend</b>	<b>66.7%</b>	<b>68.1%</b>	<b>69.5%</b>	<b>70.2%</b>	<b>71.4%</b>
Gross expense ratio	15.9%	16.4%	16.4%	16.6%	16.0%
<b>Combined ratio</b>	<b>82.6%</b>	<b>84.5%</b>	<b>85.9%</b>	<b>86.8%</b>	<b>87.4%</b>
Operating ratio	82.4%	84.3%	85.8%	86.7%	87.3%
Return on equity before tax p.a.	40%	43%	33%	33%	35%
Return on equity after tax p.a.	30%	29%	24%	23%	25%

## Financial results, Q2 2014

The group's non-life insurance activities generated a pre-tax profit of DKK 212 million in Q2 2014, compared with a profit of DKK 229 million in Q2 2013. The slightly lower profit was due to a lower investment result.

The performance was highly satisfactory and ahead of expectations, driven by a number of positive events in the second quarter, which are not expected to reoccur. The performance equalled a return on equity of 40% p.a. before tax.

The technical result was DKK 222 million, against DKK 198 million in Q2 2013.

The combined ratio was 82.6, against 84.5 in Q2 2013, due to fewer major claims and fewer claims in the underlying business. The number of weather-related claims was higher than expected in the second quarter.

The combined ratio of the underlying business was 76.8 in Q2 2014, against 83.6 in the same period of 2013, which was, however, extraordinarily high.



	Q2 2014	Q2 2013	Year 2013	Year 2012
Combined Ratio, underlying business	76.8	83.6	78.8	79.7
Major claims	3.7	6.0	7.2	6.2
Weather-related claims	6.6	1.7	3.7	2.1
Run-off result	-4.5	-6.8	-4.1	-4.9
Reinstatement premiums	0.0	0.0	1.8	0.2
Combined Ratio	82.6	84.5	87.4	83.3

The investment return after transfer to insurance activities was a loss of DKK 10 million in Q2 2014, against a gain of DKK 31 million in Q2 2013.

### Premiums

Gross premium income amounted to DKK 1,266 million in Q2 2014, an increase of 0.6% on Q2 2013, which was slightly less than expected.

Growth in private lines was 0.3% in the second quarter. The retention rate remained high, while average premiums on cars etc. declined by 1.8% relative to the year-earlier period. This was due to an increase in the number of small and low-priced cars sold and also to the fact that the market has become more competitive. In the second quarter, Alm. Brand launched measures to strengthen its competitive position.

Growth in commercial lines was 1.0%. As explained in the annual report and in the interim report for the three months ended 31 March 2014, the ongoing rewriting of building insurances to higher premiums possibly combined with higher deductibles resulted in a higher customer defection rate. This trend was seen in particular among the customers facing the largest increases in premiums and deductibles.

### Claims experience

The Q2 claims ratio was 61.1, against 62.7 in Q2 2013. Net of run-off gains, the Q2 claims ratio was 65.8, which was better than expected. In the same period of 2013, the claims ratio net of run-off gains was 69.5.

The claims experience (gross claims ratio less net reinsurance ratio) was 66.7, against 68.1 in Q2 2013.

### Underlying business

The underlying claims ratio was 60.9, against 67.3 in Q2 2013. The number of reported claims was significantly lower compared with the same period of 2013. Easter was at the end of March in 2013, which meant that quite a few claims were not re-

ported until in the second quarter of that year. But even when this is factored in, the number of claims reported was about 6% lower in Q2 2014.

Among other things, the improvement was driven by recent years' efforts to tighten acceptance rules. Moreover, the incentive for customers to choose deductibles has been increased. In particular, the notification of building insurances in commercial lines has reduced the claims frequency.

In addition to fewer building claims, the claims frequency in general has also declined. That goes especially for traffic accident claims, which declined by 13% year-on-year in the second quarter (and by 10% year-on-year in the first six months).

### Major claims and weather-related claims

Major claims amounted to DKK 49 million in Q2 2014, which was DKK 26 million less than in the same period of 2013. Fire-prevention in agricultural lines has been a key focal area for Alm. Brand since 2010, and a special team of agricultural consultants has been set up for this purpose. The consultants have visited a very large part of the properties that could pose a special risk.

Expenses for major claims can vary significantly, and in Q2 2014 they were unusually low at just under 4% of premium income, compared with a normal level of about 8%.

Weather-related claims amounted to DKK 84 million in Q2, against DKK 7 million in the year-earlier period. A cloudburst in May resulted in quite extensive damage for strawberry farmers, among others, who had their crops destroyed by hail. Expenses related to the cloudburst are estimated at DKK 60 million.

### Discounting effect

Discounting of provisions reduced the claims ratio by almost 0.1 in the second quarter relative to the same period of 2013.

### Run-off result

Net of reinsurance, the run-off result was a gain of DKK 57 million in Q2 2014, compared with DKK 86 million in Q2 2013.

All lines except for commercial building and house contents reported run-off gains.

### Costs

The expense ratio was 15.9 in Q2 2014, which was in line with expectations.

## Net reinsurance ratio

The net reinsurance ratio was 5,6 in the second quarter, compared with 5.4 in the same period of 2013. The increase was due to the storms in autumn/winter 2013, which led to higher reinsurance prices in 2014.

## Investment return

The return after interest on technical provisions was a loss of DKK 10 million in Q2 2014, against a gain of DKK 31 million in Q2 2013. The investment return before transfer to insurance activities was DKK 5 million, against DKK 46 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. The return on investment assets outperformed the benchmark.

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, because the assets generally had lower interest rate sensitivity than the liabilities. The falling level of interest rates in the second quarter of 2014 thus had an adverse impact on the Q2 results.

At 30 June 2014, the net interest rate risk in the event of a 1 percentage point decline in interest rates equalled a loss of DKK 80 million and a gain of DKK 18 million in the event of a similar interest rate increase.

Non-life Insurance holds a limited number of strategic equities supporting the business, but after the balance sheet date, Non-life Insurance has increased its share of equities by placing about 1.5% of its assets in global equities with a view to further diversifying its asset portfolio. This initiative is expected to strengthen the company's investment results longer term.

## Major events

### Expansion of travel insurance

The Danish public travel health insurance scheme was changed with effect from 1 August. In response, Alm. Brand has expanded the coverage on private travel insurances to ensure that customers get the same coverage as before the public travel health insurance scheme was changed. Customers who have travel insurance with Alm. Brand have been informed that their travel insurance has been expanded at no extra cost.

## Financial results, H1

The group's non-life insurance activities generated a pre-tax profit of DKK 344 million in H1 2014, as compared with a DKK 372 million profit in H1 2013.

The performance was highly satisfactory and equalled a return on equity of 33% p.a. before tax, against 33% p.a. in the year-earlier period.

The technical result was a profit of DKK 357 million, against DKK 331 million in 2013.

Premium income rose by 0.9% on the year-earlier period to DKK 2,505 million.

The combined ratio was 85.9, against 86.8 in 2013. The improvement was in particular due to fewer major claims and a lower frequency of small claims. On the other hand, a higher number of weather-related claims, lower run-off gains and payment of reinstatement premiums to reinsurers in Q1 detracted from the H1 performance.

The combined ratio of the underlying business was 78.9 in H1, against 82.7 in H1 2013. The improvement was due to the lower claims frequency, a better health/personal accident result and a lower expense ratio.

	H1 2014	H1 2013	Year 2013	Year 2012
Combined Ratio, underlying business	78.9	82.7	78.8	79.7
Major claims	4.7	8.1	7.2	6.2
Weather-related claims	3.9	1.5	3.7	2.1
Run-off result	-3.4	-5.5	-4.1	-4.9
Reinstatement premiums	1.8	0.0	1.8	0.2
Combined Ratio	85.9	86.8	87.4	83.3

Major claims totalled DKK 117 million in H1 2014, against DKK 201 million in H1 2013. Compared with last year, major claims improved the combined ratio by 3.4 percentage points.

Weather-related claims were DKK 98 million, against DKK 36 million in H1 2013. Compared with last year, weather-related claims impaired the combined ratio by 2.4 percentage points.

Run-off gains amounted to DKK 86 million in H1 2014, against DKK 137 million in H1 2013. Compared with last year, the run-off portfolio impaired the combined ratio by 2.1 percentage points.

The investment result after interest on technical provisions was a loss of DKK 13 million in H1 2014, against a gain of DKK 41 million in H1 2013. The investment return before transfer to insurance activities was DKK 18 million, against DKK 73 million in the same period of last year.

## Capitalisation

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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 1,222 million at 30 June 2014, against DKK 1,225 million at 31 December 2013. Calculated according to the Solvency II standardised approach, the solvency need was DKK 1,651 million, against DKK 1,628 million at 31 December 2013.

The total capital was DKK 2,520 million, which means that the company had an excess cover relative to the individual solvency need of DKK 1,298

million. The Solvency I requirement was DKK 825 million, representing a solvency ratio of 3.1.

At 30 June 2014, shareholders' equity allocated to Non-life Insurance was DKK 2.1 billion.

## Outlook

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The guidance for Non-life Insurance is lifted by DKK 50 million to a profit of DKK 575 million before tax.

Expectations for the combined ratio are lifted by 1 percentage point to about 89, while the guidance for the expense ratio is maintained at the level of 16%.

Premium income growth is expected to continue to be less than 1%. Premium growth is affected by customer defections resulting from premium increases on building insurances, cancellation by a couple of large commercial customers in the fourth quarter of 2013, lower average premiums on motor insurances and a generally more competitive market.

# Report – Life and Pension

DKKm	Q2	Q2	H1	H1	Year
	2014	2013	2014	2013	2013
Premiums	278	191	668	465	928
Claims incurred	-259	-434	-614	-1,348	-2,239
Investment return after allocation of interest	311	-169	612	-31	253
Total underwriting management expenses	-22	-18	-43	-39	-81
Profit on business ceded	-2	-4	-5	-3	-3
Change in life insurance provisions	-189	422	-374	1,164	1,650
Change in collective bonus potential	-87	77	-182	-29	-240
Government Tax on unallocated funds	-4	-43	-14	-131	-185
<b>Underwriting profit/loss</b>	<b>26</b>	<b>22</b>	<b>48</b>	<b>48</b>	<b>83</b>
Return on investments allocated to equity	1	0	2	1	3
<b>Profit before tax</b>	<b>27</b>	<b>22</b>	<b>50</b>	<b>49</b>	<b>86</b>
Tax	-7	-4	-13	-11	-21
<b>Profit after tax</b>	<b>20</b>	<b>18</b>	<b>37</b>	<b>38</b>	<b>65</b>
<b>Return requirement for shareholders' equity</b>					
Return on investments allocated to equity	1	0	2	1	3
Result of portfolios without bonus entitlement	0	0	-1	1	0
Interest result	4	3	8	6	11
Expense result	-1	1	0	2	3
Risk result	26	19	41	41	70
Transferred to/from the shadow account	-3	-1	0	-2	-1
<b>Profit before tax</b>	<b>27</b>	<b>22</b>	<b>50</b>	<b>49</b>	<b>86</b>
Tax	-7	-4	-13	-11	-21
<b>Profit after tax</b>	<b>20</b>	<b>18</b>	<b>37</b>	<b>38</b>	<b>65</b>
Total technical provisions	11,630	11,342	11,630	11,342	11,074
Shareholders' equity	798	983	798	983	1,011
Total assets	13,406	13,087	13,406	13,087	12,993
Return on equity before tax p.a.	14%	9%	11%	10%	9%
Return on equity after tax p.a.	10%	7%	8%	8%	7%
Bonus rate	11.0%	6.6%	11.0%	6.6%	9.2%

## Investment return on policyholders funds in Life and Pension H1 2014

	Return ratio
Interest-bearing assets	7.2%
Shares	6.3%
Property	2.1%
<b>Total</b>	<b>6.3%</b>

## Financial results

Life and Pension posted a pre-tax profit of DKK 27 million in Q2 2014, against DKK 22 million in Q2 2013.

The performance was composed of an expense and risk result of DKK 25 million, an interest rate result of DKK 4 million and a result on annuities without bonus entitlement of DKK 0 million and, lastly, an investment return on assets allocated to shareholders' equity of DKK 1 million.

In Q2, DKK 3 million was transferred to shadow accounts, bringing the total balance close to DKK 12 million. In H1, the shadow account balance was unchanged.

Life and Pension reported a profit of DKK 50 million in H1 2014, against DKK 49 million in the same period of 2013. The performance was satisfactory and equalled a return on equity of 11% p.a. before tax.

### Premiums

#### *Payments into guaranteed schemes*

Premiums totalled DKK 277 million in Q2 2014, against DKK 191 million in the year-earlier period. This improvement in premiums is the result of significant growth in single payments of 150% and growth in regular premiums of just under 2%.

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, incentivising customers to pool their pension savings with Alm. Brand.

For H1 2014 as a whole, premium payments rose by DKK 43.5% to DKK 668 million, compared with DKK 465 million in H1 2013. The increase was driven by the growth in single payments, as regular premiums declined marginally.

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 A/S, customers can make pension payments into market-based investment schemes in Alm. Brand Bank.

Payments into these schemes amounted to DKK 117 million in Q2 2014, against DKK 110 million in the same period of last year for a 6.8% increase.

For H1 2014 as a whole, premium payments rose by DKK 15.8% to DKK 192 million, compared with DKK 166 million in H1 2013.

#### *Total pension payments*

Total payments into pension schemes, including into investment schemes in the bank, amounted to DKK 860 million in H1 2014, an increase of more than 36% relative to H1 2013.

### Benefits paid

Benefits paid amounted to DKK 614 million in H1 2014, compared with DKK 1,348 million in the same period of 2013.

The explanation for the payment of such a substantial amount of benefits in 2013 is that the 2012 tax reform gave customers the option of settling the tax due on their schemes at a rate of 37.3% instead of the standard rate of 40%.

In H1, a total tax amount of DKK 77 million was paid on behalf of customers, against DKK 671 million in the same period of 2013. The taxes paid are recognised in the financial statements as benefits paid.

In addition, a DKK 14 million provision was made in the reporting period 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.

In addition to a decline in extraordinary taxes, the H1 period saw a decline in benefits paid to policyholders on retirement.

As the portfolio ages, a growing number of schemes will reach the date of retirement, triggering 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 half year 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 26 million in Q2 2014, against DKK 18 million in Q2 2013. Being mainly due to the reversal of a provision made for a single, large disability claim, the improvement was of a non-recurring nature.

The risk result totalled DKK 40 million in H1 2014, which was highly satisfactory.

**Costs**

Acquisition costs and administrative expenses totalled DKK 22 million in Q2 2014, against DKK 18 million in Q2 2013.

Total expenses for H1 2014 were slightly lower than expected.

*Expense result*

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was DKK 0 million in H1 2014, against DKK 2 million in the year-earlier period.

The expense result was satisfactory, as the company charges some of the market's lowest costs for private individuals and corporate schemes.

**Investment return on policyholders' funds**

The return on investment assets belonging to policyholders was DKK 380 million for Q2 2014, corresponding to a return of 3.3% (13.0% p.a.), against a negative return of DKK 199 million in Q2 2013. The Q2 return was favourably affected by declining interest rates, which led to capital gains on bonds and interest hedging arrangements.

As a result, the H1 return was DKK 756 million, corresponding to a return of 6.5% (13.0% p.a.)

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 11.9 billion at 30 June 2014. The investment assets are placed in bonds, equities and property.

*Bonds*

Bonds, including index-linked, credit and EM bonds, account for a total of 68% of the overall portfolio of policyholders' funds. The return on the portfolio was 3.6% in Q2 2014 (14.2% p.a.).

For H1 2014 as a whole, the return was 7.2% (14.4% p.a.).

*Equities*

Equities make up a total of 14% of the overall portfolio of policyholders' funds. The return was 3.7% in Q2 2014 (14.7% p.a.).

For H1 2014 as a whole, the equity portfolio generated a return of 6.3% (12.6% p.a.).

*Properties*

Property represents in total 14% of the portfolio of policyholders' funds. The return on the property portfolio was 2.1% in H1 2014 (4.2% p.a.), which was in line with the budget. The return is related to property operations. Accordingly, no significant value adjustments were made to the property portfolio in H1 2014.

*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 374 million to DKK 10.6 billion in the first half year. The increase was mainly due to the lower discount rate.

**Collective bonus potential**

In Q2 2014, the collective bonus potential increased by DKK 87 million excluding tax provisions to stand at DKK 1,009 million, corresponding to an average bonus rate of 11.0%.

The increase was primarily due to the decline in interest rates, which resulted in capital gains but also served to limit the future return potential.

New policyholders are placed in interest rate group 0, which had a bonus rate of 13.8% at 30 June 2014.

The bonus rate was highly satisfactory, ensuring that Alm. Brand Liv og Pension may continue to offer a very attractive rate on policyholders' savings.

In interest rate group 3, which comprises customers with a high guarantee rate, the bonus rate increased from 2.4% to 3.9% in H1 2014. The favourable bonus rate trend was highly satisfactory. This group continues to pursue a prudent 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				Total
		0	1	2	3	
Technical rate of interest (%)		0,5-1,5	1,5-2,5	2,5-3,5	3,5-4,5	
Investment assets (DKKbn)	0.1	4.5	1.8	1.2	4.3	11.9
Rate on policy holders' savings (% p.a.)		4.00	4.50	5.00	6.00	
Bonus rate (%)		13.8	19.1	9.3	3.9	11.0
Return (% ytd)		4.1	8.1	5.4	6.4	6.5
Bonds	100%	58%	55%	76%	80%	68%
Equities	0%	25%	21%	8%	3%	14%
Properties	0%	17%	15%	12%	10%	14%
Interest rate derivatives	0%	0%	9%	4%	7%	4%

\*Portfolios without bonus entitlement

## Capitalisation

The total capital of Alm. Brand Liv og Pension A/S amounted to DKK 958 million at 30 June 2014, of which DKK 114 million was tier 2 capital.

The company's Solvency I requirement was DKK 454 million. Accordingly, the company had excess liquidity of DKK 504 million, corresponding to an excess of 211% over the solvency requirement. The individual solvency need was calculated at DKK 212 million, against DKK 192 million at 31 December 2013.

Equity allocated to life insurance was DKK 798 million at 30 June 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 strongly positions the company to implement future requirements in a cost-efficient manner.

The system will also be used for purposes of advanced risk management and optimising the investment composition.

### Interest rate level

Interest rates dropped to an all-time low in the first six months of 2014. However, Life and Pension maintained its overall investment strategy throughout the financial crisis, enabling it to improve the bonus rate for all interest rate groups. The individual solvency requirement consequently remained unchanged throughout the first half year.

## Outlook

The full-year guidance is upgraded to a profit of DKK 80 million before tax from previously DKK 75 million.

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				
	Q2 2014	Q2 2013	H1 2014	H1 2013	Year 2013
<b>FORWARD-LOOKING ACTIVITIES:</b>					
Net interest and fee income, Private	48	43	91	91	179
Trading income (excl. value adjustments)	59	66	113	103	240
Other income	31	18	60	36	89
<b>Total income</b>	<b>138</b>	<b>127</b>	<b>264</b>	<b>230</b>	<b>508</b>
Expenses	-86	-93	-172	-182	-368
Amortisation	-20	-11	-37	-21	-52
<b>Core earnings</b>	<b>32</b>	<b>23</b>	<b>55</b>	<b>27</b>	<b>88</b>
Value adjustments	-2	-14	8	-22	-33
Profit/loss from investments	0	0	0	-2	-2
Alm. Brand Formue (the bank's ownership interest)	-1	-12	-5	-13	-25
<b>Profit/loss before impairment writedowns</b>	<b>29</b>	<b>-3</b>	<b>58</b>	<b>-10</b>	<b>28</b>
Writedowns	-7	-26	-14	-56	-118
<b>Profit/loss before tax, forward-looking activities</b>	<b>22</b>	<b>-29</b>	<b>44</b>	<b>-66</b>	<b>-90</b>
<i>Of which discontinued activities</i>	<i>-1</i>	<i>-6</i>	<i>-1</i>	<i>-2</i>	<i>-6</i>
<b>WINDING-UP ACTIVITIES:</b>					
Loss before impairment writedowns	-15	-42	-37	-69	-123
Writedowns	-60	-64	-123	-127	-256
<b>Loss before tax, winding-up activities</b>	<b>-75</b>	<b>-106</b>	<b>-160</b>	<b>-196</b>	<b>-379</b>
<b>Total loss before tax and minority interests</b>	<b>-53</b>	<b>-135</b>	<b>-116</b>	<b>-262</b>	<b>-469</b>
Tax	13	-6	30	25	77
<b>Loss for the period before minority interests</b>	<b>-40</b>	<b>-141</b>	<b>-86</b>	<b>-237</b>	<b>-392</b>
Share attributable to minority interests	0	-17	11	-1	26
<b>Consolidated loss for the period</b>	<b>-40</b>	<b>-158</b>	<b>-75</b>	<b>-238</b>	<b>-366</b>
Loans and advances, forward-looking activities	2,436	2,583	2,436	2,583	2,568
Loans and advances, winding-up activities	4,414	5,255	4,414	5,255	4,772
Deposits	10,387	11,086	10,387	11,086	10,936
Shareholders' equity	2,021	1,624	2,021	1,624	1,696
Share attributable to minority interests	204	166	204	166	193
Balance	14,462	18,261	14,462	18,261	16,296
Average no. of employees (full-time equivalents)	252	263	252	261	263
Interest margin	1.6%	1.7%	1.6%	1.5%	1.6%
Income/cost ratio	0.66	0.14	0.64	0.24	0.38
Impairment ratio	0.3	0.4	0.7	0.8	2.1
Solvency ratio	21.5	18.5	21.5	18.5	18.4
Return on equity before tax	-10%	-32%	-13%	-38%	-34%
Return on equity after tax	-6%	-33%	-8%	-34%	-28%

## Financial results

The bank incurred a loss before tax and excluding minority interests of DKK 53 million in Q2 2014, against a loss of DKK 63 million in Q1 2014. The performance was better than expected, but not satisfactory.

The Q2 loss was composed of a profit of DKK 22 million from forward-looking activities and a loss of DKK 75 million from winding-up activities.

The bank's total impairment writedowns amounted to DKK 67 million in Q2 2014, of which DKK



60 million was attributable to the winding-up portfolio.

The interest margin for the banking group was 1.6% in Q2 2014, which was unchanged from Q1 2014.

In H1 2014, the bank incurred a loss before tax and excluding minority interests of DKK 116 million, of which impairment writedowns amounted to DKK 137 million. The bank's forward-looking activities generated a profit of DKK 44 million, for a year-on-year increase of DKK 110 million. The bank lost DKK 160 million on its winding-up activities, against a loss of DKK 196 million in H1 2013.

### **Forward-looking activities**

The bank's forward-looking activities generated a pre-tax profit of DKK 22 million in Q2 2014, which was in line with the Q1 level.

The performance was satisfactory and better than expected. The profit was driven by higher income in all business areas and lower expenses than expected.

Core earnings were a profit of DKK 32 million in Q2 2014, marking an improvement of DKK 9 million relative to Q1 2014. The improvement was attributable to higher income driven by higher fee income from private customers and higher trading income. Much of this income was attributable to activities of a non-recurring nature.

In H1 2014, core earnings amounted to a profit of DKK 55 million, marking a twofold increase year-on-year.

### **Income**

The bank's income from forward-looking activities was DKK 138 million in Q2 2014, an increase of DKK 12 million relative to Q1 2014.

Net interest and fee income from the bank's private customers was DKK 48 million in Q2 2014, up by DKK 5 million on Q1 2014. The improvement was driven by higher fee income.

Trading income excluding value adjustments was DKK 59 million in Q2 2014, against DKK 54 million in Q1 2014. Higher brokerage income in the Financial Markets division in particular served to lift trading income.

Total income amounted to DKK 264 million in H1 2014. This was an increase of DKK 34 million from DKK 230 million in H1 2013.

### **Costs**

Costs amounted to DKK 86 million in Q2 2014, which was unchanged from Q1 2014.

In H1 2014, costs amounted to DKK 172 million, against DKK 182 million in the same period of last year.

### **Value adjustments**

Value adjustments amounted to a loss of DKK 2 million in Q2 2014, against a gain of DKK 10 million in Q1 2014.

Interest-related value adjustments amounted to a loss of DKK 8 million in Q2 2014, against DKK 0 million in Q1 2014. The bank's bond portfolio produced a return of 1.9% p.a. in Q2 2014, compared with 2.1% p.a. in Q1 2014. The bond return was highly satisfactory in light of the general market performance.

Equity-related value adjustments produced a gain of DKK 2 million in Q2 2014, against a gain of DKK 6 million in Q1 2014. The decline was due to a first quarter value adjustment of sector equities of DKK 4 million.

Currency-related value adjustments produced a gain of DKK 4 million in Q2 2014, which was on a par with Q1 2014.

In H1 2014, value adjustments amounted to a gain of DKK 8 million, against a loss of DKK 22 million in the year-earlier period.

### **Impairment writedowns**

Impairment writedowns on the bank's forward-looking activities amounted to an expense of DKK 7 million in Q2 2014, which was unchanged from Q1 2014.

In H1 2014, impairment writedowns amounted to DKK 14 million. The level of impairment writedowns was in line with expectations.

### **Business activities**

#### *Private*

The bank incurred a pre-tax loss of DKK 10 million in Q2 2014, marking an improvement of DKK 6 million relative to Q1 2014. The improvement was driven by a combination of higher fee income and lower costs.

PRIVATE DKKm	Q2 2014	Q1 2014
Income	48	44
Expenses	-51	-53
<b>Profit/loss before impairment writedowns</b>	<b>-3</b>	<b>-9</b>
Impairment writedowns	-7	-7
<b>Profit/loss before tax</b>	<b>-10</b>	<b>-16</b>

The number of full-service customers continues to grow, sustaining the positive trend from 2013 and the first quarter of 2014. Earnings per household also continued the positive trend from recent quarters, increasing by more than 3% from the first to the second quarter.

The portfolio of Totalkredit loans facilitated through the bank increased by 5%, or more than DKK 200 million, in Q2 2014 alone. At 30 June 2014, the portfolio totalled DKK 4.5 billion.

The bank continues to see weak demand for loans among private customers. Total loans and advances provided to private customers amounted to DKK 2.3 billion at 30 June 2014. In spite of an inflow of new customers and a gross increase in loans and advances of DKK 100 million, lending only grew by DKK 19 million excluding impairment writedowns in Q2 2014. The explanation for this is the continuing trend of existing customers repaying their loans and home loans being converted into mortgage loans with the bank's business partner Totalkredit.

Impairment writedowns amounted to DKK 7 million in Q2, equivalent to 0.3% of the average portfolio.

#### *Leasing*

The bank posted a pre-tax profit of DKK 2 million in Q2 2014, which was in line with Q1 2014.

LEASING DKKkm	Q2 2014	Q1 2014
Income	31	28
Expenses	-9	-9
Depreciation and amortisation	-20	-17
<b>Profit/loss before tax</b>	<b>2</b>	<b>2</b>

The leasing portfolio continued to develop favourably, with total assets amounting to DKK 363 million, against DKK 186 million in the same period of 2013.

#### *Financial Markets*

The Financial Markets division generated a pre-tax profit of DKK 18 million in Q2 2014, against DKK 17 million in Q1 2014. Core earnings increased by DKK 3 million in the reporting period due to healthy trading activity.

The increase in core earnings was partly offset by declining value adjustments.

FINANCIAL MARKETS DKKkm	Q2 2014	Q1 2014
Income	41	37
Expenses	-24	-23
<b>Core earnings</b>	<b>17</b>	<b>14</b>
Value adjustments	1	3
Profit/loss from investments	0	0
<b>Profit/loss before impairment writedowns</b>	<b>18</b>	<b>17</b>
Impairment writedowns	0	0
<b>Profit/loss before tax</b>	<b>18</b>	<b>17</b>

As in the first quarter, the second quarter 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 12 million in Q2 2014, compared with a profit of DKK 19 million in Q1 2014. The performance was in line with expectations. The decline relative to the first quarter was mainly due to a lower yet still satisfactory bond return.

OTHER DKKkm	Q2 2014	Q1 2014
Income	18	17
Expenses	-2	-1
<b>Core earnings</b>	<b>16</b>	<b>16</b>
Value adjustments	-3	7
Profit/loss from investments	0	0
Alm. Brand Formue (the bank's ownership interest)	-1	-4
<b>Profit/loss before tax</b>	<b>12</b>	<b>19</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 75 million in Q2 2014, against a loss of DKK 85 million in Q1 2014.

The performance was better than expected, among other things driven by value adjustments of assets taken over.

Impairment writedowns amounted to DKK 60 million in Q2 2014, compared with DKK 63 million in Q1 2014.

In H1 2014, the winding-up activities reported a loss of DKK 160 million, against DKK 196 million in the same period of last year. Of the DKK 160 million, impairment writedowns accounted for DKK 123 million, compared with DKK 127 million in H1 2013.

Total loans and advances in the winding-up portfolio declined by DKK 159 million to DKK 4,414 million in Q2 2014, representing 64% of the bank's overall lending portfolio. Adjusted for losses and writedowns, lending declined by DKK 99 million. In H1 2014, loans and advances excluding losses and writedowns fell by DKK 235 million, which was in line with the expected level.

### Agriculture

The agricultural portfolio amounted to DKK 786 million at 30 June 2014, corresponding to 12% of the bank's total loans and advances. Excluding impairment writedowns, the portfolio increased by DKK 4 million and the performance was in line with expectations.

The bank's impairment writedowns amounted to DKK 18 million in Q2 2014. The high level of impairment writedowns was mainly due to the difficult conditions faced by pig farmers. Impairment writedowns increased by DKK 7 million relative to Q1 2014 due to the adverse development of a single exposure.

### Commercial

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

The overall portfolio totalled DKK 1,262 million at 30 June 2014, marking a decline of DKK 67 million since 31 March 2014. The portfolio represents 18% of the bank's total loans and advances.

No losses or writedowns were recognised on this segment in the second quarter of 2014.

### Mortgage deeds

This segment comprises the bank's portfolio of private and commercial mortgage deeds. The mortgage deed portfolio amounted to DKK 2,366 million at 30 June 2014, a decline of DKK 78 million relative to 31 March 2014.

Mortgage deeds run off naturally as a result of regular payments and redemptions. In Q2 2014, the natural run-off on the mortgage deed portfolio represented approximately 9% p.a., being favourably affected by an increase in redemptions compared with Q1 2014.

Credit-related writedowns amounted to DKK 42 million in Q2 2014, which was on a par with the 2013 quarters.

#### Private mortgage deeds

Private mortgage deeds amounted to DKK 1,760 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 30 million in Q2 2014.

#### Commercial mortgage deeds

Commercial mortgage deeds amounted to DKK 606 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 on commercial mortgage deeds amounted to DKK 12 million in Q2 2014, which was on a par with the first quarter.

DKKm	Loans			Total losses and writedowns				Loss ratio % <sup>a)</sup>
	31.12.2013	30.06.2014	Share of portfolio (%)	Year 2013	Q1 2014	Q2 2014	H1 2014	
Agriculture	820	786	11.5%	101	11	18	29	3.6%
Commercial	1,455	1,262	18.4%	-23	25	0	25	1.8%
Mortgage deeds	2,497	2,366	34.5%	177	27	42	69	2.8%
Shares <sup>b)</sup>	-	-	-	1	-	-	-	-
<b>Winding-up activities</b>	<b>4,772</b>	<b>4,414</b>	<b>64.4%</b>	<b>256</b>	<b>63</b>	<b>60</b>	<b>123</b>	<b>2.7%</b>

a) Losses and writedowns as a percentage of the average portfolio in H1 2014. The percentage is not comparable with the impairment 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.

## Balance sheet

### Loans and advances

The bank's loans and advances totalled DKK 6,850 million at 30 June 2014, against DKK 7,340 million at 31 December 2013, corresponding to a decline of DKK 490 million.

Excluding intra-group lending and writedowns, loans and advances in H1 2014 declined by DKK 13 million for the forward-looking activities and by DKK 235 million for the winding-up activities.

### Deposits

The bank had deposits of DKK 10.4 billion at 30 June 2014, against DKK 10.9 billion at 31 December 2013. Deposits increased slightly in the second quarter due to an inflow of floating-rate deposits.

There is still a positive shift in the relationship between high-interest fixed-rate deposits and lower-interest floating-rate deposits. A further reduction of the volume of fixed-rate deposits is part of the bank's strategy.

### Liquidity

At 30 June 2014, the bank had cash funds of DKK 4.0 billion and excess liquidity of DKK 2.7 billion, equivalent to an excess cover of 180% relative to the statutory requirement.

The liquidity excess declined by DKK 0.5 billion in the second quarter, among other things due to repayment of tier 2 capital and cessation of the credit facility made available by Danmarks Nationalbank under which funds could be borrowed against security in loans and advances. The bank's liquidity is developing according to plan, and the bank expects to further reduce its excess liquidity coverage in 2014.

### Capitalisation

The bank's equity stood at DKK 1.8 billion at 30 June 2014. The total capital amounted to DKK 1.8 billion, and the total risk exposure was DKK 8.9 billion at 30 June 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 14.2%, which means that the solvency ratio exceeded the adequate total capital by 6.0 percentage points.

The banking group's equity stood at DKK 2.0 billion at 30 June 2014. The total capital was DKK 1.9 billion, and the total risk exposure was DKK 8.6 billion at 30 June 2014.

Accordingly, the banking group had a solvency ratio of 21.5, and a tier 1 capital ratio of 21.5. The banking group's adequate total capital was calculated at 14.3%, which means that the solvency ratio exceeded the adequate total capital by 7.2 percentage points.

### Capital reservation for credit risk

The banking group's total capital reservation for credit risk amounted to DKK 3,125 million at 30 June 2014, against DKK 3,149 million at 31 December 2013.

The capital reservation equalled 35% of gross loans and advances and residual debt on mortgage deeds at 30 June 2014, which was an increase of 2 percentage points relative to 31 December 2013.

The capital reservation on the forward-looking portfolio accounted for 19% of gross loans and advances, and the capital reservation on the winding-up portfolio represented 42% of gross loans and advances and residual debt on mortgage deeds.

Of the banking group's total capital reservation at 30 June 2014, accumulated writedowns amounted to DKK 1,486 million, against DKK 1,454 million at 31 December 2013. Accumulated writedowns broke down as follows at 30 June 2014: DKK 259 million on the forward-looking portfolio and DKK 1,227 million on the winding-up portfolio. To this should be added a value adjustment of mortgage deeds of DKK 646 million.

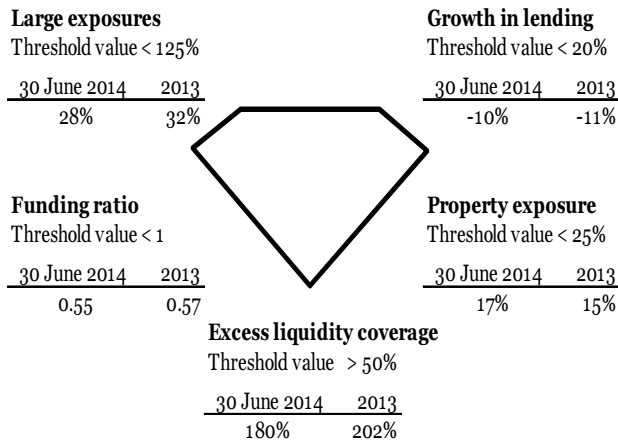
CAPITAL RESERVATION FOR CREDIT RISK	30.06.2014						31.12.2013	
	Gross lending/ outstanding debt	Balance	Difference <sup>a)</sup>	Required capital	Total Reservation/ reservation	Total Reservation/ gross lending	Total Reservation/ reservation	Total Reservation/ gross lending
DKKm								
Forward-looking portfolio	2,663	2,404	259	241	500	19%	500	18%
Winding-up portfolio	6,287	4,414	1,873	744	2,617	42%	2,625	39%
<b>Total - excl. reverse transactions</b>	<b>8,950</b>	<b>6,818</b>	<b>2,132</b>	<b>985</b>	<b>3,117</b>	<b>35%</b>	<b>3,125</b>	<b>33%</b>
Reverse transactions including intercompany transactions	32	32	-	8	8	25%	24	18%
<b>Total group</b>	<b>8,982</b>	<b>6,850</b>	<b>2,132</b>	<b>993</b>	<b>3,125</b>	<b>35%</b>	<b>3,149</b>	<b>33%</b>

a) Accumulated writedowns and value adjustments of mortgage deeds

## Supervisory diamond

At 30 June 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

### Repayment of tier 2 capital

On 9 May 2014 and 3 June 2014, the bank repaid DKK 100 million and DKK 200 million, respectively, of tier 2 capital. The repayments will not affect the bank's capitalisation, as the loans were no longer eligible for inclusion in the bank's total capital under CRD IV.

### Alm. Brand Formue

The subsidiary Alm. Brand Formue will hold its final general meeting on 4 September 2014. The

liquidation process is expected to be completed by the end of the third quarter of 2014.

### Inspection by the Danish FSA

In May 2014, the Danish FSA initiated an inspection of Alm. Brand Bank. The bank expects the inspection to result in a smaller number of orders from the Danish FSA, which have already been complied with or will be complied with shortly.

The FSA report is not expected to affect the bank's full-year profit guidance or the calculated solvency need.

## Outlook

The full-year guidance for the bank's forward-looking activities is upgraded by DKK 10 million to a pre-tax profit of about DKK 50 million after impairment writedowns, which are still expected to be at the level of DKK 35 million.

The guidance for the bank's winding-up activities is improved by DKK 50 million to a pre-tax loss of DKK 325-375 million.

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

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 six months ended 30 June 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 30 June 2014 and of the results of the group's and the parent company's operations and the group's cash flows for the six months ended 30 June 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 August 2014

*Søren Boe Mortensen*  
Chief Executive Officer

## BOARD OF DIRECTORS

Copenhagen, 21 August 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		
	30 June 2014	30 June 2013	31 December 2013
<b>Assets</b>			
Owner-occupied properties	1,061	1,059	1,058
Deferred tax assets	526	573	556
Participating interests in joint ventures	43	42	42
Reinsurers' share of insurance contracts	439	133	631
Current tax assets	0	5	0
Other assets	1,350	1,521	1,397
Loans	6,850	7,838	7,340
Investment properties	554	394	428
Investment assets	26,398	28,151	27,094
Amounts due from credit institutions and central banks	1,035	1,183	671
Cash in hand and demand deposits	248	794	363
Discontinued activities	204	0	0
<b>Total assets</b>	<b>38,708</b>	<b>41,693</b>	<b>39,580</b>

## Liabilities and equity

Share capital	1,735	1,735	1,735
Reserves, retained profit etc.	2,972	2,650	2,797
Minority interests	162	132	153
<b>Consolidated shareholders' equity</b>	<b>4,869</b>	<b>4,517</b>	<b>4,685</b>
Subordinated debt	574	1,300	1,100
Provisions for insurance contracts	19,804	19,103	18,627
Other provisions	35	27	32
Deferred tax liabilities	40	46	40
Current tax liabilities	71	0	40
Issued bonds	21	982	31
Other liabilities	1,198	1,395	1,463
Deposits	10,191	11,089	10,853
Payables to credit institutions and central banks	1,905	3,234	2,709
<b>Total liabilities and equity</b>	<b>38,708</b>	<b>41,693</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				
	Q2 2014	Q2 2013	H1 2014	H1 2013	Year 2013
<b>Income</b>					
Premium income	1,544	1,449	3,173	2,948	5,959
Interest income etc.	297	307	561	617	1,172
Fee income etc.	35	32	60	55	114
Other income from investment activities	12	1	8	2	-4
Income associates	1	2	3	2	2
Other income	31	15	66	31	77
<b>Total income</b>	<b>1,920</b>	<b>1,806</b>	<b>3,871</b>	<b>3,655</b>	<b>7,320</b>
<b>Costs</b>					
Claims incurred	-1,033	-1,223	-2,482	-2,968	-6,008
Interest expenses	-69	-96	-150	-211	-387
Other cost from investment activities	-13	-9	-32	-25	-29
Impairment of loans, advances and receivables, etc.	-25	-43	-67	-85	-196
Acquisition and administrative costs	-350	-340	-689	-673	-1,336
<b>Total costs</b>	<b>-1,490</b>	<b>-1,711</b>	<b>-3,420</b>	<b>-3,962</b>	<b>-7,956</b>
Profit from business ceded	-73	-70	122	-127	171
Change in life insurance provisions	-189	422	-374	1,164	1,650
Change in collective bonus potential	-91	34	-196	-160	-429
Exchange rate adjustments	151	-387	357	-426	-352
Tax on pension investment returns	-53	22	-112	-6	-49
<b>Profit before tax, continuing activities</b>	<b>175</b>	<b>116</b>	<b>248</b>	<b>138</b>	<b>355</b>
Tax, continuing activities	-44	-82	-62	-91	-158
<b>Profit after tax, continuing activities</b>	<b>131</b>	<b>34</b>	<b>186</b>	<b>47</b>	<b>197</b>
Profit on discontinued activities	-2	-24	10	-4	19
<b>Profit after tax</b>	<b>129</b>	<b>10</b>	<b>196</b>	<b>43</b>	<b>216</b>
<b>The profit before tax is allocated as follows:</b>					
Share attributable to Alm. Brand	173	107	249	136	355
Share attributable to minority shareholders	-2	-14	7	-1	20
<b>Profit before tax</b>	<b>171</b>	<b>93</b>	<b>256</b>	<b>135</b>	<b>375</b>
<b>The profit after tax is allocated as follows:</b>					
Share attributable to Alm. Brand	130	24	188	44	196
Share attributable to minority shareholders	-1	-14	8	-1	20
<b>Profit after tax</b>	<b>129</b>	<b>10</b>	<b>196</b>	<b>43</b>	<b>216</b>
Earnings per share, DKK	0.8	0.1	1.1	0.3	1.1
Diluted earnings per share, DKK	0.8	0.1	1.1	0.3	1.1
<b>Comprehensive income</b>					
Profit for the period	129	10	196	43	216
<i>Items that may be recycled to profit or loss</i>	0	0	0	0	0
<i>Items that may not be recycled to profit or loss:</i>					
Revaluation of owner-occupied properties	0	0	0	0	-4
Transferred to collective bonus potential	0	0	0	0	4
Tax on other comprehensive income	0	0	0	0	0
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income</b>	<b>129</b>	<b>10</b>	<b>196</b>	<b>43</b>	<b>216</b>
<b>Proposed allocation of profit/loss:</b>					
Share attributable to Alm. Brand	130	24	188	44	196
Share attributable to minority shareholders	-1	-14	8	-1	20
<b>Comprehensive income</b>	<b>129</b>	<b>10</b>	<b>196</b>	<b>43</b>	<b>216</b>



# Statement of changes in equity

DKKmn	Share capital	Contingency funds	Other provisions	Retained profit	Shareholders' equity	Minority interests	Consolidated equity
<b>Shareholders equity, 1 January 2013</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 H1 2013:</b>							
Profit/loss for the period				44	44	-1	43
Total income	0	0	0	44	44	-1	43
Repurchased shares				-27	-27		-27
Purchase and sale of treasury shares in subsidiaries				-3	-3		-3
Tax on changes recognised in equity				2	2		2
Change in share attributable to minority interest				0	0	-4	-4
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>16</b>	<b>-5</b>	<b>11</b>
<b>Shareholders equity, 30 June 2013</b>	<b>1,735</b>	<b>182</b>	<b>1,215</b>	<b>1,253</b>	<b>4,385</b>	<b>132</b>	<b>4,517</b>
<b>Shareholders equity, 1 January 2013</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
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 H1 2014:</b>							
Profit/loss for the period				188	188	8	196
Total income	0	0	0	188	188	8	196
Purchase and sale of treasury shares				-15	-15		-15
Purchase and sale of treasury shares in subsidiaries				0	0		0
Share option scheme				2	2		2
Change in share attributable to minority interest				0	0	1	1
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175</b>	<b>175</b>	<b>9</b>	<b>184</b>
<b>Shareholders equity, 30 June 2014</b>	<b>1,735</b>	<b>182</b>	<b>1,215</b>	<b>1,575</b>	<b>4,707</b>	<b>162</b>	<b>4,869</b>
						<b>30 June 2014</b>	<b>31 December 2013</b>
Shareholders' equity exclusive minority interests						4,707	4,532
Consolidation of Pensionskassen under Alm. Brand A/S						-6	-9
<b>Shareholders' equity under the rules of the Danish Financial Supervisory Authority exclusive minority interests</b>						<b>4,701</b>	<b>4,523</b>
Share of profit attributable to Alm. Brand A/S						188	196
Consolidation of Pensionskassen under Alm. Brand A/S						3	-3
<b>Share of profit attributable to Alm. Brand A/S under the rules of the Danish Financial Supervisory Authority</b>						<b>191</b>	<b>193</b>

# Capital target

DKKm	Capital base at 30 June 2014
Equity	4,701
Tax asset	-526
Supplementary capital	530
<b>Consolidated capital base</b>	<b>4,705</b>

DKKm	Capital target 30 June 2014
Non-life insurance (40% of gross premium income)	2,027
Life and Pension (8.50% of life insurance provisions)	899
Alm. Brand Bank (17.2% of risk weighted assets) *	1,521
Alm. Brand A/S buffer, winding-up portfolio	574
Diversification effects	-300
<b>Consolidated capital target</b>	<b>4,721</b>

\* Calculated as the individual solvency need at 30 June 2014 plus 3 percentage points

<b>Statutory capital requirement for the group at 30 June 2014</b>	<b>2,910</b>
<b>Excess relative to statutory capital requirement</b>	<b>1,795</b>
<b>Excess relative to internal capital target</b>	<b>-16</b>

# Cash flow statement

DKKm	H1 2014	H1 2013	Group Year 2013
<b>Cash flows from operating activities</b>			
Premiums received	3,501	3,555	5,901
Claims paid	-2,697	-3,077	-5,671
Interest receivable, dividends, etc.	957	694	1,207
Interest payable	-114	-179	-321
Payments concerning reinsurance	280	-101	-204
Fee income received	73	79	138
Fee income paid	-12	-15	-27
Expences paid	-1,123	-527	-1,339
Tax on pension investment returns paid	-48	-152	-153
Acquisition of intangible assets, furniture, equipments etc.	-61	-50	-135
Other ordinary income received	66	31	77
Taxes paid/received	-1	0	-10
<b>Cash flows from operating activities</b>	<b>821</b>	<b>258</b>	<b>-537</b>
<b>Change in investment placement (net)</b>			
Properties acquired or converted	-129	-2	-35
Sale/aquisition of equity investments	216	10	233
Sale/repayment of mortgage deeds and loans	490	441	1,175
Sale/aquisition of bonds	867	788	1,637
<b>Change in investment placement (net)</b>	<b>1,444</b>	<b>1,237</b>	<b>3,010</b>
<b>Change in financing (net)</b>			
Other provisions	3	-1	4
Sale/purchase of treasury shares	-15	-27	-42
Sale/acquisition of subsidiaries (change in minority interests)	1	4	-1
Subordinated debt	-531	-530	-730
Share issue	2	0	4
Change in issued bonds	-10	-1,050	-2,000
Change in deposits	-662	-151	-387
Change in payables to credit institutions	-804	1,052	528
<b>Change in financing (net)</b>	<b>-2,016</b>	<b>-703</b>	<b>-2,624</b>
<b>Net change in cash and cash equivalents</b>	<b>249</b>	<b>792</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>1,283</b>	<b>1,977</b>	<b>1,034</b>

# Segment reporting

DKKm	H1 2014					
	Non-life	Life	Bank	Other	Elimi- nation	Group
Premium income	2,505	668	0	0		3,173
Interest income etc.	106	224	232	0	-1	561
Fee income etc.	0	0	81	0	-21	60
Other investment income	0	27	0	0	-19	8
Income associates	0	2	3	0	-2	3
Other income	0	0	66	0		66
<b>Total income</b>	<b>2,611</b>	<b>921</b>	<b>382</b>	<b>0</b>	<b>-43</b>	<b>3,871</b>
Claims incurred	-1,868	-614	0	0		-2,482
Interest expenses	-30	-1	-114	-6	1	-150
Other investment expenses	-11	-19	0	-23	21	-32
Provisions for bad and doubtful debts	0	0	-67	0		-67
Acquisition and administrative expenses	-410	-43	-255	0	19	-689
<b>Total expenses</b>	<b>-2,319</b>	<b>-677</b>	<b>-436</b>	<b>-29</b>	<b>41</b>	<b>-3,420</b>
Result of business ceded	127	-5	0	0		122
Change in life insurance provisions	0	-374	0	0		-374
Change in collective bonus potential	0	-196	0	0		-196
Exchange rate adjustments	-75	493	-61	0		357
Tax on pension investment returns	0	-112	0	0		-112
<b>Profit before tax, continuing activities</b>	<b>344</b>	<b>50</b>	<b>-115</b>	<b>-29</b>	<b>-2</b>	<b>248</b>
Tax, continuing activities	-85	-13	30	6		-62
<b>Profit after tax, continuing activities</b>	<b>259</b>	<b>37</b>	<b>-85</b>	<b>-23</b>	<b>-2</b>	<b>186</b>
Profit on discontinued activities			10			10
<b>Profit after tax</b>	<b>259</b>	<b>37</b>	<b>-75</b>	<b>-23</b>	<b>-2</b>	<b>196</b>

DKKm	H1 2013					
	Non-life	Life	Bank	Other	Elimi- nation	Group
Premium income	2,483	465	0	0		2,948
Interest income etc.	124	211	284	0	-2	617
Fee income etc.	0	0	76	0	-21	55
Other investment income	0	43	-5	0	-36	2
Income associates	0	0	2	0	0	2
Other income	0	0	31	0		31
<b>Total income</b>	<b>2,607</b>	<b>719</b>	<b>388</b>	<b>0</b>	<b>-59</b>	<b>3,655</b>
Claims incurred	-1,620	-1,348	0	0		-2,968
Interest expenses	-29	-2	-176	-6	2	-211
Other investment expenses	-11	-18	0	-17	21	-25
Provisions for bad and doubtful debts	0	0	-85	0		-85
Acquisition and administrative expenses	-413	-39	-257	0	36	-673
<b>Total expenses</b>	<b>-2,073</b>	<b>-1,407</b>	<b>-518</b>	<b>-23</b>	<b>59</b>	<b>-3,962</b>
Result of business ceded	-124	-3	0	0		-127
Change in life insurance provisions	0	1,164	0	0		1,164
Change in collective bonus potential	0	-160	0	0		-160
Exchange rate adjustments	-38	-258	-130	0		-426
Tax on pension investment returns	0	-6	0	0		-6
<b>Profit before tax, continuing activities</b>	<b>372</b>	<b>49</b>	<b>-260</b>	<b>-23</b>	<b>0</b>	<b>138</b>
Tax, continuing activities	-110	-11	26	4		-91
<b>Profit after tax, continuing activities</b>	<b>262</b>	<b>38</b>	<b>-234</b>	<b>-19</b>	<b>0</b>	<b>47</b>
Profit on discontinued activities			-4			-4
<b>Profit after tax</b>	<b>262</b>	<b>38</b>	<b>-238</b>	<b>-19</b>	<b>0</b>	<b>43</b>

# Notes

DKK m	Group		
	H1 2014	H1 2013	Year 2013
<b>Note 1 Own Shares</b>			
Carrying amount, beginning of year	0	0	0
Value adjustments	-14	-27	-42
Acquired during the period	14	27	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	14	21
Sold during the period	0	0	0
<b>Nominal value, end of period</b>	<b>30</b>	<b>21</b>	<b>28</b>
Holding number of shares (1,000), beginning of year	2,845	710	710
Additions, number of shares	120	1,436	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>2,146</b>	<b>2,845</b>
<b>Percentage of share capital, end of period</b>	<b>1.7%</b>	<b>1.2%</b>	<b>1.6%</b>

## Note 2 Contingent liabilities, guaranties and leasing

<b>Guarantee commitments</b>	<b>1,118</b>	<b>1,565</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 six months ended 30 June 2014 is unaudited.

## Note 4 Financial highlights and key ratios

Referring to management's report.

# Balance sheet

DKK M	Note	Parent company		
		30 June 2014	30 June 2013	31 December 2013
<b>Assets</b>				
Investment in group enterprises	1	4,808	4,644	4,698
<b>Total investments in group enterprises and associates</b>		<b>4,808</b>	<b>4,644</b>	<b>4,698</b>
Equity investments		0	1	1
Other loans and advances		2	2	2
Deposits with credit institutions		165	0	60
Cash in hand and balances at call		-10	-12	11
<b>Total other financial investment assets</b>		<b>157</b>	<b>-9</b>	<b>74</b>
<b>Total investment assets</b>		<b>4,965</b>	<b>4,635</b>	<b>4,772</b>
Receivables from group enterprises		0	11	14
Other receivables		54	36	57
<b>Total receivables</b>		<b>54</b>	<b>47</b>	<b>71</b>
Current tax assets		14	23	9
Deferred tax assets		14	14	13
<b>Total other assets</b>		<b>28</b>	<b>37</b>	<b>22</b>
<b>Total assets</b>		<b>5,047</b>	<b>4,719</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		1,751	1,430	1,573
<b>Total shareholders' equity</b>		<b>4,701</b>	<b>4,380</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		18	0	3
Issued bonds		21	32	31
Other payables		17	11	18
<b>Total payables</b>		<b>56</b>	<b>43</b>	<b>52</b>
Deferred income		0	0	0
<b>Total liabilities and equity</b>		<b>5,047</b>	<b>4,719</b>	<b>4,865</b>

# Income statement

DKKm	Note	Parent company				
		Q2 2014	Q2 2013	H1 2014	H1 2013	Year 2013
Income from group enterprises	2	140	32	210	63	216
Interest income and dividends, etc.		0	0	0	0	0
Interest expenses		-3	-3	-6	-6	-12
Administrative expenses related to investment activities		-8	-7	-19	-16	-16
<b>Profit before tax</b>		<b>129</b>	<b>22</b>	<b>185</b>	<b>41</b>	<b>188</b>
Tax		2	1	6	4	5
<b>Profit after tax</b>		<b>131</b>	<b>23</b>	<b>191</b>	<b>45</b>	<b>193</b>

## Comprehensive income

Profit for the period		131	23	191	45	193
<b>Comprehensive income</b>		<b>131</b>	<b>23</b>	<b>191</b>	<b>45</b>	<b>193</b>
Proposed allocation of profit/loss:						
Retained earnings		131	23	191	45	193

### Note 3 Accounting policies parent company

# Statement of changes in equity

DKKkM	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 H1 2013:</b>				
Profit/loss for the period			45	45
Total income			45	45
Purchase and sale of treasury shares			-27	-27
Repurchased shares			-3	-3
Tax on changes recognised in equity			2	2
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>17</b>
<b>Shareholders equity, 30 June 2013</b>	<b>1,735</b>	<b>1,215</b>	<b>1,430</b>	<b>4,380</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 H1 2014:</b>				
Profit/loss for the period			191	191
Total income			191	191
Purchase and sale of treasury shares			-15	-15
Purchase and sale of treasury shares in subsidiaries			0	0
Share option scheme			2	2
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>178</b>	<b>178</b>
<b>Shareholders equity, 30 June 2014</b>	<b>1,735</b>	<b>1,215</b>	<b>1,751</b>	<b>4,701</b>



# Notes

## Note 1 Investment in group enterprises

DKKm	Parent company		
	30 June 2014	30 June 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	210	63	216
Revaluation and impairment of treasury shares in subsidiaries	-1	-9	-1
Revaluation and impairment, end of period	-4,083	-3,647	-3,793
<b>Carrying amount, end of period</b>	<b>4,808</b>	<b>4,644</b>	<b>4,698</b>
Specification of carrying amount:			
Alm. Brand Bank A/S	1,817	1,458	1,502
Alm. Brand Forsikring A/S	2,990	3,185	3,195
Asgaard Finans A/S	1	1	1
Carrying amount, end of period	4,808	4,644	4,698

## Note 2 Income from group enterprises

DKKm	Parent company		
	H1 2014	H1 2013	Year 2013
Alm. Brand Bank A/S	-86	-236	-392
Alm. Brand Forsikring A/S	296	299	608
Asgaard Finans A/S	0	0	0
<b>Total income from group enterprises</b>	<b>210</b>	<b>63</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 six months ended 30 June 2014 is unaudited.