

Interim report - the first quarter

2016

Alm. Brand A/S



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Company information

BOARD OF DIRECTORS

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

MANAGEMENT BOARD

Søren Boe Mortensen, Chief Executive Officer

AUDITORS

Deloitte, Statsautoriseret Revisionspartnerselskab

INTERNAL AUDITOR

Poul-Erik Winther, Group Chief Auditor

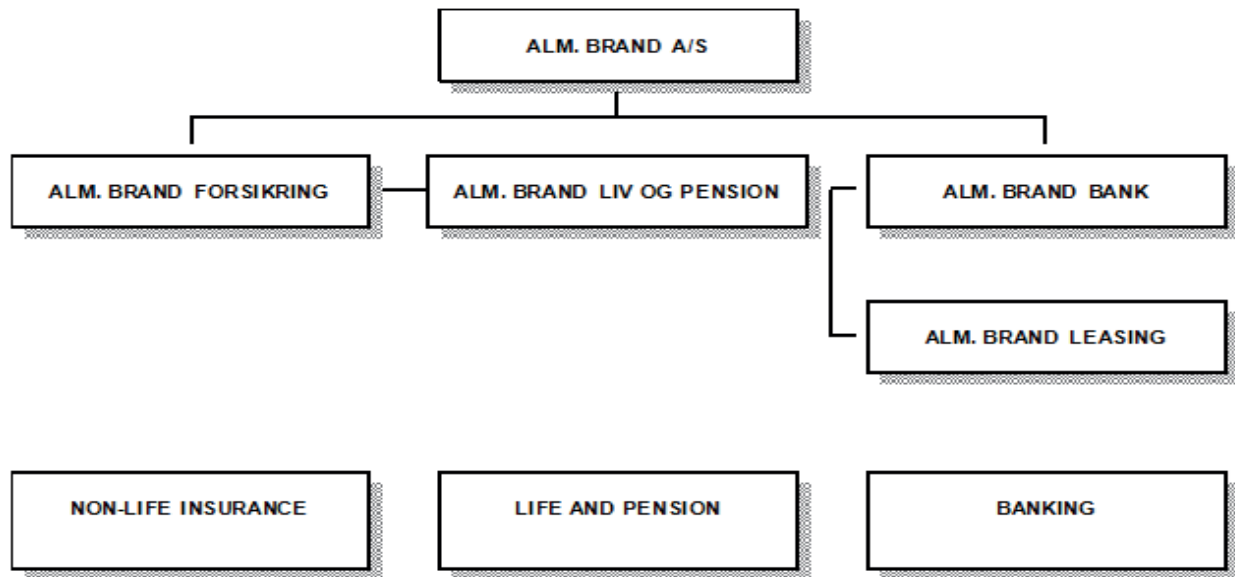
REGISTRATION

Alm. Brand A/S
Company reg. (CVR) no. 77 33 35 17

ADDRESS

Alm. Brand Huset
Midtermolen 7, DK-2100 Copenhagen
Phone: +45 35 47 47 47
Fax: +45 35 47 35 47
www.almbrand.dk
E-mail: almbrand@almbrand.dk

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. The consolidated annual revenue is DKK 7 billion.

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 pri-

vate lines, agriculture as well as small and medium-sized enterprises. 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.

Financial highlights and key ratios

| DKKm | Q1 2016 | Q1 2015 | Year 2015 |
|---|--------------|--------------|--------------|
| Income | | | |
| Non-life Insurance | 1,245 | 1,243 | 5,061 |
| Life and Pension | 338 | 424 | 1,311 |
| Banking | 168 | 175 | 662 |
| Investments | 137 | 157 | 562 |
| Total income | 1,888 | 1,999 | 7,596 |
| Profit | | | |
| Non-life Insurance | 205 | 232 | 952 |
| Life and Pension | 29 | 26 | 79 |
| Banking | 8 | 6 | 18 |
| Other activities | -14 | -13 | -55 |
| Profit/loss before tax, forward-looking activities | 228 | 251 | 994 |
| Banking, winding-up activities | 6 | -74 | -349 |
| Profit/loss before tax | 234 | 177 | 645 |
| Tax | -49 | -41 | -121 |
| Profit/loss after tax | 185 | 136 | 524 |
| Consolidated profit/loss before tax, Group | 234 | 177 | 645 |
| Tax | -49 | -41 | -121 |
| Consolidated profit/loss after tax | 185 | 136 | 524 |
| Provisions for insurance contracts | 20,464 | 20,944 | 19,427 |
| Shareholders' equity | 5,275 | 4,910 | 5,165 |
| Total assets | 35,913 | 38,177 | 35,103 |
| Return on equity before tax p.a. (%) | 17.9 | 14.6 | 12.9 |
| Return on equity after tax p.a. (%) | 14.2 | 11.2 | 10.4 |
| Earnings per share | 1.1 | 0.9 | 3.1 |
| Diluted Earnings per share | 1.1 | 0.9 | 3.1 |
| Net assets value per share | 31 | 29 | 30 |
| Share price end of period | 48.0 | 45.3 | 48.4 |
| Share price/Net asset value | 1.55 | 1.57 | 1.60 |
| Average number of shares ('000) | 167,507 | 169,484 | 169,236 |
| No. of shares, diluted ('000) | 170,884 | 173,022 | 172,509 |
| Average no. of shares, diluted ('000) | 171,566 | 173,002 | 173,007 |
| Dividend per share | 0.0 | 0.0 | 1.5 |
| Dividend per share, extraordinary | 0.0 | 0.0 | 1.5 |
| No. of shares bought back ('000) | 1,834 | 0 | 574 |
| Avr. price of shares bought back, DKK | 44.8 | 0.0 | 46.7 |
| Total payout ratio | 1.0 | 0.0 | 0.3 |

The Alm. Brand Group

Comparative figures for 2015 for Non-life Insurance and the group have been restated to reflect new financial reporting rules applicable to insurance companies. The comparative figures for Life and Pension have not been restated.

The transition to the amended rules effective from 1 January 2016 reduced Alm. Brand A/S's equity by DKK 63 million.

Going forward, the level of premium income in Non-life Insurance annually will be approximately DKK 20 million higher than before due to discounting given an unchanged level of interest rates.

Q1 PERFORMANCE

The group posted a pre-tax profit of DKK 234 million in Q1 2016, marking a DKK 57 million year-on-year improvement and corresponding to a return on equity of 18% before tax. The performance was better than expected and highly satisfactory.

The group's forward-looking activities produced a pre-tax profit of DKK 228 million (Q1 2015: DKK 251 million). All three business areas contributed to the Q1 profit. The profit was lifted by strong performances in both Non-life Insurance and Life and Pension. The bank continues to attract more customers and increase its lending, but financial market developments detracted from the bank's results as well as from the Non-life Insurance investment result.

The bank's winding-up activities posted a profit of DKK 6 million, marking a significant improvement over last year of DKK 80 million, which was better than expected.

Non-life Insurance

Our life and pension activities generated a pre-tax profit of DKK 205 million, which was better than expected.

The profit was lower than in Q1 2015, which was favourably affected by extraordinary run-off gains resulting from the implementation of a new provisioning model for workers' compensation insurance. Excluding run-off gains, the Q1 2016 performance was better than Q1 2015, primarily driven by fewer weather-related expenses. The underlying claims performance was also better than in Q1 2015 as a result of lower average claims expenses.

Premium income was on a par with last year and higher than expected. In spite of a persistently highly competitive market, both the private customer segment and

the commercial customer segment outperformed our expectations, and customer retention is developing favourably.

Due to a widening of the credit spread between mortgage bonds and swap rates in the first quarter, developments in the fixed-income market detracted from the investment result.

Life and Pension

Life and Pension generated a better-than-expected profit of DKK 29 million before tax. The Q1 performance was lifted in particular by an improved risk result.

Total pension contributions declined by 23.3% year on year, mainly due to lower single payments, which have long been at a high level. Life and Pension's aim is to generate growth in regular premium payments, and in Q1 2016 these were up by 3.6%.

The investment result remains satisfactory, which contributes to ensuring that Life and Pension can maintain a high and very competitive rate on policyholders' savings.

Banking

The bank's forward-looking activities reported a profit of DKK 8 million before tax. The profit was adversely affected by the historically low level of interest rates combined with extra excess liquidity as well as by the credit spread between mortgage bonds and swap rates again widening in the first quarter of 2016.

The favourable developments from 2015 continued in the first quarter of 2016: The number of full-service customers increased as did the bank's lending and the volume of mortgage credit loans for which it acted as intermediary. Financial Markets and Leasing also reported higher activity levels.

Winding-up activities

Winding-up activities posted a profit of DKK 6 million, marking a significant improvement on the same period of last year. The performance was supported by a stronger operating profit, driven in particular by lower funding costs. Reversals of impairment writedowns on commercial customers and mortgage deeds and a lower level of impairment on agricultural customers also lifted the performance.

Other activities

Other business activities, consisting primarily of corporate expenses, performed in line with expectations. The Q1 performance was a pre-tax expense of DKK 14 million.

Group

Consolidated revenue totalled DKK 1.9 billion in Q1 2015.

Earnings per share amounted to DKK 1.1, and the net asset value per share was DKK 31 at 31 March 2016 for a price/NAV ratio of 1.55.

Consolidated equity was DKK 5.3 billion at 31 March 2016, against DKK 5.2 billion at 31 December 2015.

In Q1 2016, the group had an average of 1,520 employees (Q1 2015: 1,544 employees).

CAPITALISATION

The group's total capital was DKK 4,607 million at 31 March 2016, corresponding to an excess of DKK 2,006 million relative to the group's statutory capital requirement. The total capital has been reduced by the dividend approved at the annual general meeting and the share buyback programme of DKK 400 million.

The group's internal capital target was DKK 4,281 million, and the excess relative to the target was DKK 326 million.

| DKKm | Q1 2016 |
|---|----------------|
| Total capital | 4,607 |
| Statutory capital requirement for the group | 2,601 |
| Excess relative to statutory capital requirement | 2,006 |
| Internal capital target of the group | 4,281 |
| Excess relative to internal capital target | 326 |

Solvency II

The Solvency II provisions took effect from 1 January 2016. The transition to Solvency II has reduced consoli-

dated equity by DKK 63 million, as the new risk margin has increased the provisioning level. The reduction is partly being offset by the effect of the new yield curve.

The transition to Solvency II makes it possible to include the profit margin of insurance companies, which improves the total capital of Alm. Brand Forsikring and Alm. Brand Liv og Pension, respectively. In Alm. Brand Liv og Pension, the profit margin reflects several years' expected profit as a result of the long-tail nature of the agreements. In Alm. Brand Forsikring, on the other hand, the profit margin reflects that most of the agreements entered into have less than one year left of the term of agreement.

It should be emphasised that the total capital and the capital requirements may fluctuate more than they have done to date. Alm. Brand is therefore currently reviewing the group's capital target to ensure that it reflects these factors.

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

CUSTOMERS FIRST

At Alm. Brand, we are committed to improving 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. The group's NPS was 36 in Q1 2016, which was unchanged from 1 January 2016, reflecting a doubling of our customer satisfaction rate over the past four years.

New CRM system

In October 2015, management decided to introduce a new CRM system at Alm. Brand in order to optimise the service provided to the group's customers within and across the fields of insurance, banking and pension.

We are working full speed to prepare the group for the implementation of the new CRM system. The first part of the system is expected to be operational in autumn 2016.

Subject to customer consent, the CRM system will make it easier to ensure that each customer gets relevant and value-generating information and advice.

New motor insurance

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

ferent basic covers: Liability insurance combined with full comprehensive motor insurance; liability insurance combined with partial comprehensive motor insurance (intended for older cars); and liability insurance only.

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

The introduction of the new products has lifted online sales of motor insurances.

MAJOR EVENTS

Annual general meeting of Alm. Brand A/S

Alm. Brand held its annual general meeting on 29 April 2016. The shareholders approved the proposed ordinary dividend of DKK 1.50 per share and an extraordinary dividend in the same amount.

Approval of increased share buyback programme

On 26 April 2016, the Danish FSA approved Alm. Brand's increase of the existing share buyback programme by DKK 100 million to total up to DKK 400 million.

Concurrently with the increase, the share buyback programme was extended until end-February 2017.

OUTLOOK

The guidance for FY2016 consolidated pre-tax profit is lifted by DKK 100 million to DKK 600-700 million.

| DKKm | 2016 |
|----------------------------|----------------|
| Forecast | 600-700 |
| Forward-looking activities | 675-750 |
| Non-life | 600 |
| Life and Pension | 75 |
| Banking | 70 |
| Other activities | -50 |
| Winding-up activities | -50 til -75 |

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

Non-life Insurance

The guidance for Non-life Insurance is lifted by DKK 75 million to a profit of about DKK 600 million before tax. This profit corresponds to a combined ratio of about 88-89 and an expense ratio of around 16.5%. Premium income is expected to be 1% lower than in 2015.

Life and Pension

The guidance for Life and Pension is maintained at a profit of about DKK 75 million before tax.

Regular premiums are expected to continue to increase at a rate of about 5% in 2016.

Banking

The guidance for the bank's forward-looking activities is maintained at a profit of DKK 70 million before tax. After a turbulent first quarter of 2016 in the financial markets, normal returns are expected for the rest of the year.

Other activities

The guidance for other activities, comprising costs and interest related to the parent company, Alm. Brand A/S, is maintained at a loss of DKK 50 million before tax.

Winding-up activities

The guidance for the group's winding-up activities is maintained at a loss of DKK 50-75 million before tax.

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

Expectations for the reduction of the winding-up portfolio are raised by DKK 50 million to DKK 250 million.

Disclaimer

The forecast is based on the interest rate and price levels that prevailed at 30 April 2016.

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

Non-life Insurance

| DKKm | Q1 2016 | Q1 2015 | Year 2015 |
|---|-------------|-------------|--------------|
| Gross premiums | 1,245 | 1,243 | 5,061 |
| Claims incurred | -740 | -743 | -3,018 |
| Underwriting management expenses | -200 | -202 | -807 |
| Profit from business ceded | -79 | -69 | -245 |
| Underwriting profit | 226 | 229 | 991 |
| Interest and dividends etc. | 58 | 62 | 237 |
| Capital gains/losses | -54 | -38 | -189 |
| Management expenses relating to investment business | -10 | -8 | -30 |
| Interest on technical provisions | -15 | -13 | -57 |
| Profit/loss before tax | 205 | 232 | 952 |
| Tax | -42 | -55 | -214 |
| Profit/loss for the year | 163 | 177 | 738 |
| Run-off gains/losses | 68 | 121 | 485 |
| Technical provisions | 8,204 | 8,502 | 7,397 |
| Insurance assets | 256 | 313 | 227 |
| Shareholders' equity | 2,910 | 2,539 | 2,750 |
| Total assets | 12,062 | 11,808 | 11,114 |
| Gross claims ratio | 59.5 | 59.7 | 59.7 |
| Net reinsurance ratio | 6.4 | 5.6 | 4.8 |
| Claims trend | 65.9 | 65.3 | 64.5 |
| Gross expense ratio | 16.0 | 16.3 | 15.9 |
| Combined ratio | 81.9 | 81.6 | 80.4 |
| Return on equity before tax p.a. (%) | 28.9 | 37.9 | 38.2 |
| Return on equity after tax p.a. (%) | 23.0 | 29.0 | 29.6 |

Key figures and ratios have been prepared on the basis of the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds. A new executive order entered into force effective from 1 January 2016. Comparative figures for 2015 have been restated as a result of changes therein.

Q1 PERFORMANCE

Non-life Insurance generated a pre-tax profit of DKK 205 million in Q1 2016 (Q1 2015: DKK 232 million), which was highly satisfactory and better than expected. The performance equalled a return on equity of 29% p.a. before tax.

The technical result was DKK 226 million (DKK 229 million), equivalent to a combined ratio of 81.9, which was significantly better than expected.

The performance was lifted in particular by fewer expenses for weather-related claims and by run-off gains. Net of run-off gains, the combined ratio was 87.6 in Q1 2016, against an expected normal level of 91-92.

The underlying combined ratio was 78.4 in Q1 2016, which was better than the expected target of about 80. The underlying business developed better than in the same period of 2015.

| | Q1 2016 | Q1 2015 | Year 2015 |
|--|-------------|-------------|--------------|
| Combined Ratio, underlying business | 78.4 | 81.1 | 78.9 |
| Major claims | 7.0 | 5.1 | 5.3 |
| Weather-related claims | 0.8 | 3.6 | 4.4 |
| Reinstatement premiums | -0.4 | 0 | 0.3 |
| Run-off result, claims | -3.9 | -8.6 | -8.5 |
| Change in risk margin, run-off result and current year | 0.0 | 0.4 | 0.0 |
| Combined Ratio | 81.9 | 81.6 | 80.4 |

The investment return after transfer to insurance activities was a loss of DKK 21 million in Q1 2016, against a gain of DKK 3 million in Q1 2015.

Premiums

Gross premiums amounted to DKK 1,245 million in Q1 2016, which was on a par with Q1 2015 and better than expected. The retention rate remained high in both commercial and private lines. The trend in private lines

is seen to increase.

Claims experience

The claims experience for Q1 2016 was 65.9%, against 65.3% in Q1 2015. However, the 2015 performance was driven in particular by large run-off gains. Excluding run-off gains, the claims experience was 71.0%, marking a 4.0 percentage point improvement year on year. The claims experience was better than expected.

Weather-related claims

As a result of the very mild winter without any storms, expenses for weather-related claims were much lower than anticipated. Net of reinsurance, weather-related claims totalled DKK 10 million in Q1 2016 (Q1 2015: DKK 45 million). Weather-related claims affected the combined ratio adversely by 0.8 of a percentage point, which was much better than the normal level of 3-4%.

Major claims

Net of reinsurance, major claims totalled DKK 87 million, which was DKK 24 million more than in the same period of 2015. Major claims affected the combined ratio by 7.0 percentage points, which was within the expected normal range of 7-8%. The first quarter of 2016 saw fewer major claims than expected, but claims expenses were adversely affected by a single major fire claim.

Underlying business

The underlying claims ratio fell by 3.1 percentage points relative to the year-earlier period. The claims ratio was favourably affected by lower average claims. However, this was partly offset by a higher claims frequency.

Accordingly, the number of reported claims was slightly more than 2% higher in Q1 2016 than in Q1 2015. In particular, the claims frequency increased on travel insurance claims, motor liability claims and a few home content insurance covers, while the number of reported workers' compensation claims declined.

Run-off result

The run-off result net of reinsurance was a gain of DKK 68 million (Q1 2015: DKK 121 million) and was primarily attributable to personal accident and house insurance in private lines and a number of commercial lines that each contributed small run-off gains. The run-off result for the risk margin contributed a gain of DKK 19 million in Q1 2016, as compared with DKK 14 million in Q1 2015.

Costs

Total costs amounted to DKK 200 million in Q1 2016, equivalent to an expense ratio of 16.0, marking a slight drop from 16.3 in Q1 2015.

Net reinsurance ratio

The net reinsurance ratio was 6.4 in Q1 2016, against 5.6 in the same period of 2015. The higher expenses in 2016 were due to the downward readjustment of the estimated claims resulting from the windstorm Gorm, which hit Denmark in Q4 2015.

Discounting

The new financial reporting rules introduced under Solvency II entail an interest rate dependence in both gross premium income and expenses. Compared with the previous accounting principles, the discounting of premium provisions lifted premium income in Q1 2016 by DKK 5 million, which was deducted from financing income.

From Q1 2015 to Q1 2016, the yield curve, which is used for discounting, was stable at the short end of the yield curve, while the 10-year yield moved between 0.9% and 1.5%. Technical provisions are affected the most by the short-term yield due to the composition of expected cash flows.

Overall, interest rate developments in the first quarter had no significant effect on either premium income or expenses.

PRIVATE

The technical result was a profit of DKK 144 million in Q1 2016, which was an improvement of DKK 55 million relative to Q1 2015. The combined ratio was 77.6, which was highly satisfactory compared with expectations.

Relative to expectations, the result was favourably affected by fewer expenses for both major claims and weather-related claims as well as by run-off gains.

Gross premium income amounted to DKK 642 million in Q1 2016, which was in line with expectations and 0.1% higher than in Q1 2015.

We achieved this stable premium income performance in a highly competitive market, selling more insurances than expected during the Q1 period but at a lower average premium and higher deductible than previously. The lower average premium applies in particular to motor insurances and is the result of a new and more differentiated motor tariff in which the price has been lowered on the good risks.

The customer retention rate remains high and has been upward trending for a period, which is positive and should be seen in the context of the customer loyalty initiatives implemented.

Private

| | Q1 | Q1 | Year |
|----------------------------------|-------------|-------------|-------------|
| DKKm | 2016 | 2015 | 2015 |
| Gross premiums | 642 | 641 | 2,616 |
| Claims incurred | -370 | -423 | -1,708 |
| Underwriting management expenses | -108 | -110 | -462 |
| Profit/loss from business ceded | -20 | -19 | -61 |
| Underwriting profit | 144 | 89 | 385 |
| Run-off gains/losses | 44 | 45 | 174 |
| Gross claims ratio | 57.6 | 65.9 | 65.3 |
| Net reinsurance ratio | 3.1 | 2.9 | 2.3 |
| Claims trend | 60.7 | 68.8 | 67.6 |
| Gross expense ratio | 16.9 | 17.2 | 17.6 |
| Combined Ratio | 77.6 | 86.0 | 85.2 |

The claims experience excluding run-off gains was 67.7% (Q1 2015: 75.9%).

Weather-related claims totalled DKK 3 million net of reinsurance (Q1 2015: DKK 15 million) and affected the combined ratio by 0.5 of a percentage point, against 2.4 percentage points in 2015. Expenses for weather-related claims in private lines were thus unusually low in the first quarter of 2016.

Moreover, the number of major claims in the first three months of the year was significantly lower compared both with Q1 2015 and with the expected level. Claims expenses totalled DKK 13 million net of reinsurance (Q1 2015: DKK 29 million) and affected the combined ratio by 2.0 percentage points, against 4.5 percentage points in 2015.

Overall, weather-related and major claims affected the combined ratio by 2.5 percentage points in Q1 2016, against 6.9 percentage points in Q1 2015. In aggregate, weather-related and major claims were significantly better than expected for Private, supported in particular by the mild winter.

The underlying claims ratio was below the Q1 2015 level. However, travel insurance continued to see an increase in the claims frequency, which was related to the discontinuation of the Danish public travel health insurance scheme. Moreover, there was an increase in the claims frequency for a few home content insurance covers.

Run-off gains amounted to DKK 44 million in Q1 2016 (Q1 2015: DKK 45 million). The run-off result was attributable to personal accident and house insurance. The run-off result for the risk margin contributed a gain of DKK 10 million, as compared with DKK 7 million in Q1 2015.

The expense ratio declined by 0.3 of a percentage point to 16.9, while the net reinsurance ratio was 3.1, against 2.9 in Q1 2015.

COMMERCIAL

The technical result was a profit of DKK 82 million in Q1 2016, against a profit of DKK 140 million in Q1 2015. The lower result was mainly due to the 2015 result being lifted extraordinarily by significant run-off gains on building insurance and personal insurance lines.

The combined ratio was 86.4, which was highly satisfactory compared with expectations. The result was adversely affected by a single large major claim but favourably affected by fewer weather-related claims and by run-off gains.

The underlying business performed better than in Q1 2015.

Gross premium income amounted to DKK 603 million in Q1 2016, which was in line with premium income in Q1 2015. We achieved this stable premium income performance in a highly competitive commercial insurance market in which Alm. Brand sold more insurances than expected during the Q1 period but at a lower average premium than previously. This applies primarily to liability and motor insurances. The customer retention rate remains high.

Commercial

| | Q1 | Q1 | Year |
|----------------------------------|-------------|-------------|-------------|
| DKKm | 2016 | 2015 | 2015 |
| Gross premiums | 603 | 602 | 2,446 |
| Claims incurred | -370 | -320 | -1,310 |
| Underwriting management expenses | -92 | -92 | -345 |
| Profit/loss from business ceded | -59 | -50 | -185 |
| Underwriting profit | 82 | 140 | 606 |
| Run-off gains/losses | 24 | 76 | 311 |
| Gross claims ratio | 61.5 | 53.2 | 53.6 |
| Net reinsurance ratio | 9.7 | 8.3 | 7.5 |
| Claims trend | 71.2 | 61.5 | 61.1 |
| Gross expense ratio | 15.2 | 15.4 | 14.1 |
| Combined Ratio | 86.4 | 76.9 | 75.2 |

The claims experience excluding run-off gains was 74.9 (Q1 2015: 74.1).

Weather-related claims totalled DKK 7 million net of reinsurance (Q1 2015: DKK 30 million), which affected the combined ratio by 1.1 percentage point, against 5.0 percentage points in 2015. Expenses for weather-related claims in Commercial were thus unusually low in the

first quarter of 2016.

Major claims totalled DKK 74 million net of reinsurance (Q1 2015: DKK 34 million) and affected the combined ratio by 12.3 percentage points, against 5.6 percentage points in 2015. Overall, expenses for major claims were in line with expectations, which was due to the fact that the number of major claims was lower than expected, while claims expenses were affected by a single major fire claim.

Overall, weather-related and major claims affected the combined ratio by 13.4 percentage points in Q1 2016, against 10.6 percentage points in Q1 2015. Compared with the expected level for the year as a whole, weather-related and major claims were better than expected in the first quarter.

The run-off result net of reinsurance produced a gain of DKK 24 million (2015: DKK 76 million). The run-off gains were distributed on several lines. The run-off result for the risk margin contributed a gain of DKK 9 million, as compared with DKK 7 million in Q1 2015.

The expense ratio improved slightly to 15.2 from 15.4 in Q1 2015.

The net reinsurance ratio was 9.7 in Q1 2016 (Q1 2015: 8.3). The higher expenses in Q1 2016 were due to the downward readjustment of estimated claims resulting from the windstorm Gorm, which hit Denmark in Q4 2015.

INVESTMENT RESULT

The investment result was a loss of DKK 21 million in Q1 2016, against a gain of DKK 3 million in the year-earlier

period. Before transfer to insurance activities, the investment result was a loss of DKK 6 million, against a gain of DKK 16 million in Q1 2015. The investment result was not satisfactory.

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

In connection with the transition to EIOPA's new discounting curve, we have changed the composition of our bond portfolio, including by increasing the share of European credit bonds. However, the return on bonds etc. remains moderate due to the low level of interest rates. The portfolio of mortgage bonds underperformed the benchmark in Q1 2016 due to a widening of the credit spread between mortgage bonds and swap rates in the first three months of the year.

Early redemption of mortgage deeds remains at a high level relative to expectations, affecting the return adversely. Moreover, the return on equities was impacted by equity market developments.

Over the quarter, the hedging of the company's liabilities was roughly neutral.

The EIOPA discounting curve and the VA premium combine to produce a significantly higher return on technical provisions than the risk-free curve does. As a result, it will be difficult to achieve a positive investment return after transfer and costs. The discounting rate including the VA premium was on a par with Q1 2015.

| Investment return DKKm | Q1 2016 | | | Q1 2015 | | |
|---|----------------------|------------|------------|----------------------|------------|------------|
| | Investment assets | Return | Pct. | Investment assets | Return | Pct. |
| Bonds etc. | 9,039 | 102 | 1.0 | 8,587 | 85 | 1.0 |
| Mortgage deeds etc. | 1,548 | 0 | 0.0 | 1,842 | 10 | 0.5 |
| Equities | 203 | -6 | -3.2 | 117 | 8 | 6.8 |
| Property | 18 | 0 | -0.9 | 18 | 0 | 1.2 |
| Total return on investments | 10,808 | 96 | 0.8 | 10,564 | 103 | 1.0 |
| Administrative expenses | | -10 | | | -8 | |
| Discounting of technical provisions | | -92 | | | -79 | |
| Interest on technical provision | | -15 | | | -13 | |
| Investment return after interest on provisions | | -21 | | | 3 | |

Solvency II and new executive order on financial reports

A new executive order on financial reports entered into force on 1 January 2016, among other things comprising an amendment of the measurement of technical provisions with a view to implementing the Solvency II rules in financial statements. At the end of March 2016, the Danish FSA submitted a new executive order on financial reports containing various corrections and clarifications for consultation. Alm. Brand Forsikring has implemented the changes based on this new draft executive order on financial reports.

Apart from changes to the measurement of technical provisions, the executive order contains some presentational changes and implements new concepts such as risk margin and profit margin. Moreover, a new yield curve determined by EIOPA has been introduced. Alm. Brand Forsikring has obtained permission from the Danish FSA to use volatility adjustment, which is an add-on to the EIOPA yield curve. The add-on reduces liabilities and makes it easier to hedge yield curve fluctuations.

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

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

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

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

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

Life and Pension

| DKKm | Q1 2016 | Q1 2015 | Year 2015 |
|--|------------|------------|--------------|
| Premiums | 338 | 424 | 1,311 |
| Investment return after allocation of interest | 245 | 461 | 133 |
| Claims incurred | -289 | -276 | -1,103 |
| Total underwriting management expenses | -22 | -22 | -84 |
| Profit/loss from business ceded | -1 | -2 | -4 |
| Change in life insurance provisions | -245 | -391 | -121 |
| Change in collective bonus potential | - | -174 | -30 |
| Government Tax on unallocated funds | 0 | -1 | -22 |
| Underwriting profit/loss | 26 | 19 | 80 |
| Return on investments allocated to equity | 3 | 7 | -1 |
| Profit/loss before tax | 29 | 26 | 79 |
| Tax | -7 | -6 | -2 |
| Profit/loss after tax | 22 | 20 | 77 |
| Return requirement for shareholders' equity | | | |
| Return on investments allocated to equity | 3 | 7 | -1 |
| Result of portfolios without bonus entitlement | 0 | 1 | 6 |
| Group life | 1 | 4 | 17 |
| Interest result | 5 | 4 | 17 |
| Expense result | -1 | -2 | -9 |
| Risk result | 21 | 13 | 48 |
| Transferred to/from the shadow account | 0 | -1 | 0 |
| Profit/loss before tax *) | 29 | 26 | 78 |
| Total technical provisions | 12,260 | 12,442 | 12,030 |
| Shareholders' equity | 872 | 838 | 844 |
| Total assets | 14,121 | 14,222 | 13,930 |
| Return on equity before tax p.a. (%) | 13.8 | 12.8 | 9.6 |
| Return on equity after tax p.a. (%) | 10.7 | 9.8 | 9.3 |
| Bonus rate (%) | 16.3 | 11.5 | 9.7 |

*) Profit before tax of the parent company Alm. Brand Liv og Pension A/S, which includes post-tax return on investment in the EMD Local Currency investment fund.

Key figures and ratios have been prepared on the basis of the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds. A new executive order entered into force effective from 1 January 2016. Comparative figures for 2015 have not been restated as a result of changes therein.

Investment return on policyholders funds in Life and Pension Q1 2016

| | Return ratio in % |
|-------------------------|----------------------|
| Interest-bearing assets | 3.8 |
| Shares | -3.3 |
| Property | 0.9 |
| Total | 2.3 |

Q1 PERFORMANCE

Life and Pension posted a pre-tax profit of DKK 29 million in Q1 2016 (Q1 2015: DKK 26 million), equalling a return on equity of 14% before tax. The performance was highly satisfactory.

The profit was composed as follows:

- Expense and risk result of DKK 20 million
- Interest rate result of DKK 5 million
- Profit from the group life insurance business of DKK 1 million
- Profit from annuities without bonus entitlement of DKK 0 million
- Return on investment allocated to equity of

DKK 3 million.

The bonus rate was 16.3 at 31 March 2016, down from 19.8 at 1 January 2016. However, the bonus rate was highly satisfactory, ensuring that Life and Pension may continue to offer high and competitive rates on policyholders' savings.

Bonus rate

The implementation of a new executive order on financial reports entails a change in the calculation of the bonus rate. The bonus rate is now calculated as the sum of the collective and the individual bonus potential. In addition, the change will make the bonus rate more sensitive to interest rate changes and thus make it more volatile.

Return on equity principles

The return on equity principles have been adjusted in 2016 to the effect that the part of the risk allowance attributable to the interest rate groups is 0.20% against 0.15% in 2015.

Pension contributions

Payments into guaranteed schemes

In Q1 2016, premiums totalled DKK 338 million (Q1 2015: DKK 424 million), down 20.3% year on year.

This figure covers an increase in regular premiums of 3.6% and a decline in single payments of 38.1%.

The trend in contributions should be seen in light of the fact that Life and Pension primarily aims to raise regular premiums and that the conditions for making single payments have been tightened through the introduction of a fee on private 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 68 million in Q1 2016, against DKK 105 million in the same period of last year. This equalled a decline of 35.3%. Although payments into market-based schemes were expected to be adversely impacted by financial market declines, the development was not entirely satisfactory.

Total pension contributions

Total payments into pension schemes, including investment schemes through the bank, amounted to DKK

406 million in Q1 2016, which was a decline of 23.3% relative to Q1 2015.

Benefits paid

Total benefits paid amounted to DKK 289 million in Q1 2016, compared with DKK 276 million in the same period of 2015. Benefits paid in connection with customers surrendering their insurances declined, while bonuses paid in cash.

Risk result

Net of reinsurance, the risk result, which expresses the difference between risk premiums and actual claims expenses, was an income of DKK 21 million in Q1 2016, marking a DKK 8 million increase on Q1 2015. The performance was highly satisfactory.

The risk result for the year to date includes a share of the risk result of Forenede Gruppeliv.

Costs

Acquisition costs and administrative expenses were unchanged at DKK 22 million in Q1 2016.

Total costs for the first quarter of 2016 were slightly lower than expected, which was mainly due to a smaller-than-expected inflow of regular premiums.

Expense result

Net of reinsurance, the expense result, which expresses the difference between expense loading and expenses incurred, was negative at DKK 1 million. The expense result was largely in line with expectations and should be seen in light of the fact that Alm. Brand Liv og Pension's average rate products are among the cheapest on the market.

Investment return on policyholders' funds

The return on investment assets belonging to policyholders was DKK 300 million for Q1 2016, corresponding to a return of 2.3 % (9.2 % p.a.), against a return of DKK 556 million in Q1 2015. Total investment assets, which amounted to DKK 12.4 billion at 31 March 2016, are placed in bonds, equities and property.

The Q1 return, calculated before tax on pension returns but after investment costs, was lifted by lower yields which produced capital gains on both bonds and interest rate hedges, while equities detracted from performance.

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

Bonds

Bonds represent in aggregate 73% of the portfolio of policyholders' funds. The return was 3.8% in Q1 2016 (15.2% p.a.).

Equities

Equities represent in aggregate 15% of the portfolio of policyholders' funds. The equity portfolio yielded a negative return of 3.4% in Q1 2016 (negative return of 13.4% p.a.).

Property

Property represents in aggregate 12% of the portfolio of policyholders' funds. The return on the portfolio of properties was 0.9% in Q1 2016 (3.6% p.a.).

Financial instruments

Financial instruments used to partially hedge 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 245 million to an aggregate of DKK 12.3 billion in Q1 2016. The increase was due to accrued interest and a declining discount rate as well as to a fair net inflow of pension funds during the period.

Provisions have been calculated in accordance with the Solvency II rules, which entered into force on 1 January 2016. Among other things, this means that the collective bonus potential will form part of life insurance provisions going forward. As a result, the item will no

longer be presented as a separate line item in the financial statements.

Bonus rate

The total bonus rate was 16.3% at 31 March 2016. At 1 January 2016, the bonus rate calculated in accordance with the new rules was 19.8%. The bonus rate was highly satisfactory.

Under the new financial reporting rules, the bonus rate is calculated differently than before, but a high bonus rate still reflects the company's ability to offer a high rate on policyholders' savings.

New policyholders are placed in interest rate group 0, which had a bonus rate of 21.3% at 31 March 2016.

In interest rate group 3, which comprises customers with a high guarantee rate, the bonus rate was 7.8% in Q1 2016, which was highly satisfactory. This group continues to pursue a prudent investment policy based on a substantial share of bonds and financial instruments with a view to striking 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 (% p.a.) | 0.5-1.5 | 1.5-2.5 | 2.5-3.5 | 3.5-4.5 | | |
| Rate on policyholders' savings (% p.a.) | 4.00 | 5.00 | 5.00 | 6.00 | | |
| Investment assets (DKKbn) | 0.1 | 6.3 | 1.5 | 1.3 | 3.2 | 12.4 |
| Bonus rate (%) | 20.1 | 18.3 | 8.3 | 7.8 | | 16.3 |
| Return (% ytd) | | 1.0 | 3.4 | 2.4 | 3.4 | 2.3 |
| Bonds | 99% | 64% | 62% | 78% | 83% | 70% |
| Equities | 0% | 22% | 20% | 8% | 3% | 15% |
| Properties | 0% | 14% | 12% | 11% | 9% | 12% |
| Interest rate derivatives | 1% | 0% | 6% | 4% | 6% | 3% |

*Portfolios without bonus entitlement

Solvency II and new executive order on financial reports

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Apart from changes to the measurement of technical provisions, the executive order contains some presentational changes and implements new concepts such as risk margin and profit margin. Moreover, a new yield curve determined by EIOPA has been introduced. Alm. Brand Liv og Pension has obtained permission from the Danish FSA to use volatility adjustment, which is an add-on to EIOPA yield curve. The add-on reduces liabilities and makes it easier to hedge yield curve fluctuations.

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

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

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

Banking

| DKKm | GROUP | | |
|--|------------|------------|--------------|
| | Q1 2016 | Q1 2015 | Year 2015 |
| FORWARD-LOOKING ACTIVITIES: | | | |
| Net interest and fee income, Private | 57 | 57 | 218 |
| Trading income (excl. value adjustments) | 36 | 40 | 181 |
| Other income | 51 | 41 | 172 |
| Total income | 144 | 138 | 571 |
| Expenses | -88 | -92 | -352 |
| Amortisation | -35 | -28 | -121 |
| Core earnings | 21 | 18 | 98 |
| Value adjustments | -14 | -6 | -59 |
| Profit/loss from investments | 0 | 0 | 0 |
| Profit/loss before impairment writedowns | 7 | 12 | 39 |
| Writedowns | 1 | -6 | -21 |
| Profit/loss before tax, forward-looking activities | 8 | 6 | 18 |
| WINDING-UP ACTIVITIES: | | | |
| Loss before impairment writedowns | 5 | -11 | -43 |
| Writedowns | 1 | -63 | -306 |
| Loss before tax, winding-up activities | 6 | -74 | -349 |
| Total profit/loss before tax and minority interests | 14 | -68 | -331 |
| Tax | -3 | 16 | 82 |
| Consolidated profit/loss after tax | 11 | -52 | -249 |
| Loans and advances, forward-looking activities | 2,923 | 2,588 | 2,981 |
| Loans and advances, winding-up activities | 1,184 | 1,888 | 1,317 |
| Deposits | 7,364 | 9,274 | 8,099 |
| Shareholders' | 1,506 | 1,692 | 1,495 |
| Balance | 9,808 | 12,289 | 10,416 |
| Interest margin (%) | 2.4 | 1.8 | 1.9 |
| Income/cost ratio | 1.10 | 0.64 | 0.59 |
| Impairment ratio | -0.1 | 0.8 | 3.9 |
| Solvency ratio (%) | 17.9 | 18.3 | 17.2 |
| Return on equity | 3.7 | -15.9 | -20.4 |
| Return on equity after tax (%) | 3.0 | -12.1 | -15.4 |

Q1 PERFORMANCE

For the first time since the onset of the financial crisis, the bank reported an overall profit for a quarter, posting a pre-tax profit of DKK 14 million in Q1 2016. This was a DKK 82 million improvement from the DKK 68 million loss in Q1 2015. The performance was better than expected and satisfactory.

The profit was composed of a profit of DKK 8 million on forward-looking activities and a profit of DKK 6 million on winding-up activities.

The bank's total impairment writedowns amounted to

a reversal of DKK 2 million in Q1 2016.

The interest margin for the banking group was 2.4 % in Q1 2016, against 1.8 % in Q1 2015, being favourably affected by the bank's lower funding costs.

FORWARD-LOOKING ACTIVITIES

The forward-looking activities posted a pre-tax profit of DKK 8 million in Q1 2016 (Q1 2015: DKK 6 million profit).

The profit fell slightly short of expectations, primarily as a result of capital losses in the first quarter due to a

widening of the credit spread between mortgage bonds and swap rates, which impacted adversely on the return on the bank's own portfolio.

Core earnings amounted to a profit of DKK 21 million in Q1 2016 (Q1 2015: DKK 18 million). The improvement was driven by greater business volume and fewer costs.

The bank's forward-looking activities generally experienced an increase in the level of activity. Over the past 12 months, the number of full-service customers has increased by 8%, and lending to the bank's private customers has grown by 7%. The portfolio of Totalkredit loans for which the bank acted as intermediary continues to develop favourably, the portfolio totalling DKK 6.6 billion at 31 March 2016, against DKK 5.6 billion a year earlier. In addition, Financial Markets and Leasing both reported customer inflows in Q1 2016.

Income

Income from the bank's forward-looking activities amounted to DKK 144 million in Q1 2016, which was a slight improvement from Q1 2015.

The increase was driven by higher income from the bank's leasing portfolio, while trading income excluding value adjustments fell. The decline in trading income was related to, among other things, lower interest income due to the reduction of the bank's own portfolio and lower coupons.

Costs

Costs were in line with expectations and amounted to DKK 88 million in Q1 2016, which was DKK 4 million less than in Q1 2015. The decline was due to, among other things, lower IT costs and to the fact that no expenses were incurred for the deposit guarantee scheme.

Value adjustments

Value adjustments produced a capital loss of DKK 14 million in Q1 2016 (Q1 2015: DKK 6 million loss).

Interest-related value adjustments were a loss of DKK 19 million (Q1 2015: DKK 5 million loss) attributable to the bank's bond portfolio, which is predominantly composed of Danish mortgage bonds. In the first months of 2016, the credit spread between mortgage bonds and swap rates widened considerably, which impacted adversely on the return. The bank's bond portfolio thus yielded a return of 0.0 % p.a. in Q1 2016 (Q1 2015: 1.9% p.a.). The bond return was not satisfactory relative to the benchmark performance.

Equity-related value adjustments produced a capital gain of DKK 2 million in Q1 2016 (Q1 2015: 3 million),

while currency-related value adjustments produced a capital gain of DKK 3 million in Q1 2016 (Q1 2015: DKK 4 million loss).

Impairment writedowns

Impairment writedowns in the bank's forward-looking activities were favourably affected by reversals and amounted to an income of DKK 1 million in Q1 2016 (Q1 2015: DKK 6 million expense).

Business activities

Private

Private posted a pre-tax profit of DKK 7 million in Q1 2016, up DKK 9 million year on year. The improvement was mainly driven by a DKK 1 million reversal of writedowns and by fewer costs.

The higher income was a result of increased lending, mortgage credit for which the bank acted as intermediary and investment activities. However, these improvements were offset by the fact that, as a result of the successful reduction of the winding-up portfolio, Private is no longer receiving the same income as before for procuring deposits for the bank's overall funding.

Private

| DKKm | Q1 2016 | Q1 2015 |
|---|------------|------------|
| Income | 57 | 57 |
| Expenses | -51 | -53 |
| Profit/loss before impairment writedowns | 6 | 4 |
| Impairment writedowns | 1 | -6 |
| Profit/loss before tax | 7 | -2 |

Impairment writedowns amounted to DKK 1 million in Q1 2016, reflecting that the bank has successfully secured payment of debt collection cases etc. previously written down for impairment. Equivalent to an impairment ratio of 0.7% p.a., the underlying impairment was at a normal level.

In the first quarter of 2016, the bank experienced an inflow of new customers and an increase in the number of full-service customers, continuing the positive trend from 2015. Lending to private customers increased by DKK 18 million in Q1 2016 and by DKK 186 million year on year.

The positive trend also continued in the portfolio of Totalkredit loans for which the bank acted as intermediary. In Q1 2016, the portfolio grew by DKK 0.3 billion, or 6%, to DKK 6.6 billion. Overall, the portfolio increased by DKK 1.1 billion year on year.

Financial Markets

Financial Markets generated a pre-tax profit of DKK 19 million. This was DKK 1 million higher than in the same period of 2015, driven by lower costs and the introduction of Alm. Brand Invest corporate bonds. Moreover, the Q1 2015 performance was adversely affected by a capital loss due to the Swiss franc turmoil.

Financial markets

| DKKm | Q1 2016 | Q1 2015 |
|-------------------------------|------------|------------|
| Income | 38 | 40 |
| Expenses | -24 | -26 |
| Core earnings | 14 | 14 |
| Value adjustments | 5 | 4 |
| Profit/loss before tax | 19 | 18 |

In the first quarter of 2016, Financial Markets saw an increase in the number of customers and in assets under management.

Leasing

Leasing generated a pre-tax profit of DKK 6 million in Q1 2016, marking a year-on-year improvement of DKK 3 million. The improvement was driven by growth in the leasing portfolio, which was partly offset by slightly higher costs.

Leasing

| DKKm | Q1 2016 | Q1 2015 |
|-------------------------------|------------|------------|
| Income | 51 | 40 |
| Expenses | -10 | -9 |
| Depreciation and amortisation | -35 | -28 |
| Profit/loss before tax | 6 | 3 |

Due to mounting competition within both commercial and private leasing and longer delivery times for vehicles, growth in the leasing portfolio tailed off. The portfolio increased by DKK 25 million in Q1 2016, compared with an increase of DKK 50 million in Q1 2015.

The leasing portfolio amounted to DKK 680 million at 31 March 2016, which was DKK 121 million higher than at the year-earlier date.

Other

Other activities, consisting primarily of Treasury, reported a pre-tax loss of DKK 24 million in Q1 2016.

Other activities

| DKKm | Q1 2016 | Q1 2015 |
|-------------------------------|------------|------------|
| Income | -2 | 1 |
| Expenses | -3 | -4 |
| Core earnings | -5 | -3 |
| Value adjustments | -19 | -10 |
| Profit/loss before tax | -24 | -13 |

The Q1 results were adversely affected by the combination of the continued low level of interest rates and continued significant excess liquidity. Moreover, the widening of the credit spread between mortgage bonds and swap rates impacted adversely on investment activities.

WINDING-UP ACTIVITIES

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

The performance was a profit of DKK 6 million in Q1 2016, against a loss of DKK 74 million in Q1 2015. Impairment writedowns in a total amount of DKK 1 million were reversed in Q1 2016, marking a significant improvement from Q1 2015 when impairment writedowns amounted to DKK 63 million.

The profit before impairment writedowns was DKK 5 million in Q1 2016, up DKK 16 million year on year. The improvement was mainly driven by the bank's improved funding situation.

| DKKm | Credit exposure after writedowns | | | Losses and writedowns | | |
|---|----------------------------------|------------------|-------------------------------|-----------------------|------------|----------------------------------|
| | Year 2015 | 31 March 2016 | Share of portfolio in % | Year 2015 | Q1 2016 | Impairment in % ^{a)} |
| Agriculture | 308 | 279 | 24 | 274 | 9 | 3 |
| Commercial | 781 | 681 | 57 | -41 | -13 | -2 |
| Mortgage deeds | 228 | 224 | 19 | 29 | -8 | -4 |
| Total loans and advances | 1,317 | 1,184 | 100 | 262 | -12 | -1 |
| Mortgage deeds option agreement ^{b)} | 1,588 | 1,548 | | 44 | 11 | 1 |
| Winding-up activities | 2,905 | 2,732 | | 306 | -1 | 0 |

a) Losses and write-downs as a percentage of the average portfolio in Q1 2016. The percentage is not comparable with the impairment ratio in the overview of financial ratios

b) Impairment writedowns include credit-related value adjustments of mortgage deeds

The total credit exposure of the winding-up portfolio declined by DKK 173 million to DKK 2,732 million in Q1 2016. Adjusted for losses and writedowns, loans and advances were reduced by DKK 145 million.

The bank's winding-up activities were adversely affected by continued unfavourable conditions for agriculture, while the commercial portfolio continued to benefit from strong demand for prime location rental properties. Overall, the winding-up activities developed better than expected.

Agriculture

The agricultural portfolio amounted to DKK 279 million at 31 March 2016. Excluding impairment writedowns, the portfolio was reduced by DKK 21 million, primarily related to the payout of proceeds from the sale of farms last year which have now been completed.

Impairment writedowns amounted to DKK 9 million in Q1 2016, which was better than expected. However, the level reflects the continuing difficult conditions in the agricultural sector.

Milk settlement prices have dropped even further from the level prevailing in Q4 2015, and no significant increases are anticipated for the upcoming period. The price of pork was unchanged from 31 December 2015 to 31 March 2016, but concerns for a further drop remain, even though current forecasts are predicting the opposite.

Commercial

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

Impairment writedowns of DKK 13 million were reversed in Q1 2016. The reversals were primarily related to loans and advances written down which were repaid.

The total portfolio amounted to DKK 681 million at 31 March 2016. Excluding impairment writedowns, the portfolio was reduced by DKK 113 million in Q1 2016. The reduction was primarily related to a few large exposures.

Mortgage deeds

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

The own portfolio amounted to DKK 224 million and

was reduced in Q1 2016 by DKK 12 million adjusted for losses and writedowns. Reversals on impairment writedowns on the own portfolio amounted to DKK 8 million in Q1 2016. Reversals were mainly due to the bank successfully getting mortgage deed debtors to resume payments on previously delinquent mortgage deeds.

The credit exposure through the option agreement on mortgage deeds amounted to DKK 1,548 million at 31 March 2016. Credit-related capital losses on the option agreement amounted to DKK 11 million in Q1, which was in line with expectations.

BALANCE SHEET

Loans and advances

Loans and advances in the bank fell by DKK 0.2 billion to DKK 4.1 billion.

Excluding intra-group lending, loans and advances in Q1 2016 increased by DKK 23 million for the forward-looking activities, while loans and advances in the winding-up portfolio declined by DKK 133 million.

Deposits

The bank had deposits of DKK 7.4 billion at 31 March 2016, marking a DKK 0.7 billion decline relative to 31 December 2015. The decline was mainly due to the expiry of fixed-rate deposits.

At 31 March 2016, floating-rate deposits represented 84% of total deposits, against 78% at 31 December 2015. The bank's strategy is to reduce fixed-rate deposits further in 2016.

Liquidity

At 31 March 2016, the bank had cash funds of DKK 3.7 billion and excess liquidity of DKK 2.7 billion, equivalent to an excess cover of 260% relative to the statutory requirement.

The excess cover was reduced by approximately DKK 0.4 billion in Q1 2016, and the bank expects to reduce it further in 2016.

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

such as government bonds. At 31 March 2016, Alm. Brand Bank A/S had an LCR of 287%.

Capital reservation for credit risk

The banking group's total capital reservation for credit risk amounted to DKK 2,728 million at 31 March 2016, against DKK 2,953 million at 31 December 2015. The capital reservation equalled 36% of the credit exposure, which was on a par with the level at 31 December 2015.

The capital reservation for the forward-looking portfolio represented 22% of gross loans and advances, and

the capital reservation for the winding-up portfolio represented 46% of the credit exposure.

At 31 March 2016, accumulated writedowns amounted to DKK 1,324 million, against DKK 1,440 million at 31 December 2015. Accumulated writedowns broke down as follows at 31 March 2016: DKK 307 million on the forward-looking portfolio and DKK 1,017 million on the winding-up portfolio. To this should be added credit-related value adjustments of mortgage deeds of DKK 689 million.

Capital reservation for credit risk

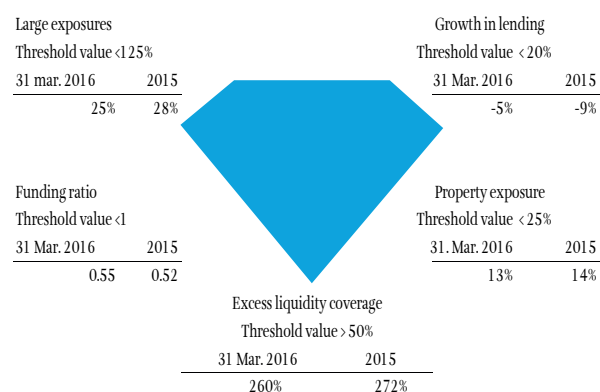
| | 31.03.2016 | | | | | 31.12.2015 | | |
|--|--------------|-------------------------------|--|------------------|-------------------|------------------------------|-------------------|------------------------------|
| DKKm | Total assets | Credit exposure ^{a)} | Acc. impairment writedowns ^{b)} | Required capital | Total reservation | Reservation/ credit exposure | Total reservation | Reservation/ credit exposure |
| Forward-looking portfolio | 2,707 | 3,014 | 307 | 361 | 668 | 22% | 663 | 22% |
| Winding-up portfolio | 1,184 | 4,438 | 1,706 | 342 | 2,048 | 46% | 2,271 | 48% |
| Total - excl. reverse transactions | 3,891 | 7,452 | 2,013 | 703 | 2,716 | 36% | 2,934 | 38% |
| Reverse transactions including intercompany transactions | 216 | 216 | - | 12 | 12 | 5% | 19 | 6% |
| Total group | 4,107 | 7,668 | 2,013 | 715 | 2,728 | 36% | 2,953 | 37% |

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

b) Including value adjustments of mortgage deeds.

SUPERVISORY DIAMOND

At 31 March 2016, the bank was in compliance with all five threshold values of the Danish FSA's Supervisory Diamond. The performance was in line with expectations.



MAJOR EVENTS

Increase of the current account limit

In early 2016, the current account limit with Danmarks Nationalbank was reduced by 50% to DKK 125 million. The current account limit is thus lower than it was before the currency crisis at the beginning of 2015, even though the currency reserves of Danmarks Nationalbank have been restored to a level of just over DKK 400 billion, which was also the level at end-2014. As a result, the bank will now be placing an even greater share of its cash funds in certificates of deposits with Danmarks Nationalbank at a substantial negative rate of interest of minus 0.65% or in the money market at a negative rate of interest. The negative interest rate setting is significantly impacting the bank's earnings.

Statement by the Board of Directors and the Management Board

The Board of Directors and the Management Board have today considered and approved the interim report of Alm. Brand A/S for the three months ended 31 March 2016.

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

The management’s review has been prepared in accordance with the Danish Financial Business Act.

In our opinion, 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 2016 and of the group’s cash flows for the three months ended 31 March 2016.

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

MANAGEMENT BOARD

Copenhagen, 11 May 2016

Søren Boe Mortensen

Chief Executive Officer

BOARD OF DIRECTORS

Copenhagen, 11 May 2016

Jørgen H. Mikkelsen

Chairman

Jan Skytte Pedersen

Deputy Chairman

Ebbe Castella

Henrik Christensen

Anette Eberhard

Per V. H. Frandsen

Karen Sofie Hansen-Hoeck

Boris N. Kjeldsen

Lars Christiansen

Brian Egested

Helle L. Frederiksen

Susanne Larsen

Balance sheet

| DKKm | Group | | |
|--|--------------------------|--------------------------|----------------------|
| | 31 March 2016 | 31 March 2015 | Year 2015 |
| Assets | | | |
| Owner-occupied properties | 675 | 1,000 | 695 |
| Deferred tax assets | 380 | 469 | 405 |
| Participating interests in joint ventures | 12 | 43 | 12 |
| Reinsurers' share of insurance contracts | 270 | 329 | 242 |
| Current tax assets | 5 | 0 | 10 |
| Other assets | 2,458 | 2,277 | 1,466 |
| Loans | 5,655 | 6,319 | 5,643 |
| Investment properties | 951 | 637 | 939 |
| Investment assets | 25,085 | 25,954 | 25,055 |
| Amounts due from credit institutions and central banks | 377 | 655 | 323 |
| Cash in hand and demand deposits | 45 | 494 | 313 |
| Total assets | 35,913 | 38,177 | 35,103 |
| Liabilities and equity | | | |
| Share capital | 1,735 | 1,735 | 1,735 |
| Reserves, retained profit etc. | 3,019 | 3,088 | 2,909 |
| Proposed dividend | 521 | 87 | 521 |
| Consolidated shareholders' equity | 5,275 | 4,910 | 5,165 |
| Subordinated debt | 574 | 574 | 574 |
| Provisions for insurance contracts | 20,464 | 20,944 | 19,427 |
| Other provisions | 34 | 37 | 34 |
| Issued bonds | 0 | 5 | 5 |
| Current tax liabilities | 0 | 18 | 0 |
| Other liabilities | 1,423 | 1,211 | 1,189 |
| Deposits | 7,187 | 8,995 | 7,999 |
| Payables to credit institutions and central banks | 956 | 1,483 | 710 |
| Total liabilities and equity | 35,913 | 38,177 | 35,103 |

Note 1 Own shares

Note 2 Contingent liabilities, guaranties and leasing

Note 3 Accounting policies - Group

Note 4 Financial highlights and key ratios

Income and comprehensive income statement

| DKKm | Group | | |
|--|---------------|---------------|---------------|
| | Q1 2016 | Q1 2015 | Year 2015 |
| Income | | | |
| Premium income | 1,583 | 1,667 | 6,372 |
| Interest income etc. | 214 | 258 | 915 |
| Fee income etc. | 39 | 33 | 128 |
| Other income from investment activities | -2 | -3 | 1 |
| Income associates | 0 | 0 | 1 |
| Other income | 54 | 44 | 179 |
| Total income | 1,888 | 1,999 | 7,596 |
| Costs | | | |
| Claims incurred | -1,029 | -1,019 | -4,121 |
| Interest expenses | -39 | -61 | -206 |
| Other cost from investment activities | -21 | -16 | -58 |
| Impairment of loans, advances and receivables, etc. | 5 | -51 | -253 |
| Acquisition and administrative costs | -346 | -349 | -1,377 |
| Total costs | -1,430 | -1,496 | -6,015 |
| Profit from business ceded | -80 | -71 | -249 |
| Change in life insurance provisions | -245 | -391 | -121 |
| Change in collective bonus potential | 0 | -174 | -45 |
| Exchange rate adjustments | 141 | 400 | -499 |
| Tax on pension investment returns | -40 | -90 | -22 |
| Profit/loss before tax | 234 | 177 | 645 |
| Tax | -49 | -41 | -121 |
| Profit/loss after tax | 185 | 136 | 524 |
| Earnings per share, DKK | 1.1 | 0.9 | 3.1 |
| Diluted earnings per share, DKK | 1.1 | 0.9 | 3.1 |
| Comprehensive income | | | |
| Profit for the period | 185 | 136 | 524 |
| <i>Items that may be recycled to profit or loss</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| <i>Items that may not be recycled to profit or loss:</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| Revaluation of owner-occupied properties | 0 | 0 | 7 |
| Transferred to collective bonus potential | 0 | 0 | -7 |
| Tax on other comprehensive income | 0 | 0 | 0 |
| Total other comprehensive income | 0 | 0 | 0 |
| Comprehensive income | 185 | 136 | 524 |
| Proposed allocation of profit/loss: | | | |
| Share attributable to Alm. Brand | 185 | 136 | 524 |
| Comprehensive income | 185 | 136 | 524 |

Statement of changes in equity

| DKK M | Share capital | Contingency funds | Other provisions | Retained profit | Proposed dividend | Consolidated equity |
|--|---------------|-------------------|------------------|-----------------|-------------------|---------------------|
| Shareholders equity, 1 January 2015 | 1,735 | 182 | 1,215 | 1,628 | 87 | 4,847 |
| Change in accounting policies | | | | -62 | | -62 |
| Adjusted shareholders' equity at 1 January 2015 | 1,735 | 182 | 1,215 | 1,566 | 87 | 4,785 |
| Changes in equity Q1 2015: | | | | | | |
| Profit/loss for the period | | | | 136 | | 136 |
| Total income | 0 | 0 | 0 | 136 | 0 | 136 |
| Purchase and sale of treasury shares | | | | -12 | | -12 |
| Share option scheme, issuance | | | | 1 | | 1 |
| Changes in equity | 0 | 0 | 0 | 125 | 0 | 125 |
| Shareholders equity, 31 March 2015 | 1,735 | 182 | 1,215 | 1,691 | 87 | 4,910 |
| Adjusted shareholders' equity at 1 January 2015 | 1,735 | 182 | 1,215 | 1,566 | 87 | 4,785 |
| Changes in equity 2015: | | | | | | |
| Profit/loss for the year | | | | 524 | 0 | 524 |
| Revaluation of owner-occupied properties | | | | 7 | | 7 |
| Transferred to collective bonus potential | | | | -7 | | -7 |
| Total income | 0 | 0 | 0 | 524 | 0 | 524 |
| Proposed dividend | | | | -521 | 521 | 0 |
| Paid dividend | | | | 2 | -87 | -85 |
| Share option scheme, issuance | | | | 5 | | 5 |
| Share option scheme, exercise | | | | 4 | | 4 |
| Purchase and sale of treasury shares | | | | -68 | | -68 |
| Changes in equity | 0 | 0 | 0 | -54 | 434 | 380 |
| Shareholders equity, 31 December 2015 | 1,735 | 182 | 1,215 | 1,512 | 521 | 5,165 |
| Shareholders equity, 1 January 2016 | 1,735 | 182 | 1,215 | 1,512 | 521 | 5,165 |
| Change in accounting policies | | | | 4 | | 4 |
| Adjusted shareholders' equity at 1 January 2016 | 1,735 | 182 | 1,215 | 1,516 | 521 | 5,169 |
| Changes in equity Q1 2016: | | | | | | |
| Profit/loss for the period | | | | 185 | | 185 |
| Total income | 0 | 0 | 0 | 185 | 0 | 185 |
| Share option scheme, issuance | | | | 1 | | 1 |
| Share option scheme, exercise | | | | 13 | | 13 |
| Purchase and sale of treasury shares | | | | -93 | | -93 |
| Changes in equity | 0 | 0 | 0 | 106 | 0 | 106 |
| Shareholders equity, 31 March 2016 | 1,735 | 182 | 1,215 | 1,622 | 521 | 5,275 |

Capital target

| DKKm | Total capital 31 March 2016 |
|---|---|
| Equity *) | 4,775 |
| Tax asset | -377 |
| Share buyback programme | -291 |
| Tier 2 capital | 500 |
| Total Capital for the Group | 4,607 |
| *) Reduced by dividend approved at the annual general meeting held on 29 April 2016 | |
| DKKm | Capital target 31 March 2016 |
| Non-life insurance (40% of gross premium income) | 2,013 |
| Life and Pension (8% of life insurance provisions) | 898 |
| Banking (17.4% of risk weighted assets) * | 1,315 |
| Alm. Brand A/S buffer, winding-up portfolio (13% of net lending) | 355 |
| Diversification effects | -300 |
| Consolidated capital target | 4,281 |
| *) Calculated as the individual solvency need at 31 March plus 3 percentage point but not less than 16% | |
| Statutory capital requirement for the group at 31 March 2016 | 2,601 |
| Excess relative to statutory capital requirement | 2,006 |
| Excess relative to internal capital target | 326 |

Cash flow statement

| DKKm | Group | | |
|--|--------------|---------------|---------------|
| | Q1 | Q1 | Year |
| | 2016 | 2015 | 2015 |
| Cash flows from operating activities | | | |
| Premiums received | 2,143 | 2,614 | 6,257 |
| Claims paid | -1,212 | -1,139 | -4,280 |
| Interest receivable, dividends, etc. | 189 | 249 | 880 |
| Interest payable | -12 | -36 | -95 |
| Payments concerning reinsurance | 89 | -101 | -157 |
| Fee income received | 46 | 37 | 155 |
| Fee income paid | -7 | -5 | -27 |
| Expences paid | -333 | -474 | -1,855 |
| Tax on pension investment returns paid | -66 | -167 | -168 |
| Other ordinary income received | 54 | 44 | 179 |
| Taxes paid/received | -20 | -3 | 2 |
| Cash flows from operating activities | 871 | 1,019 | 891 |
| Change in investment placement | | | |
| Acquisition of intangible assets, furniture, equipment, etc. | -29 | -50 | -147 |
| Properties acquired or converted | -12 | -18 | -5 |
| Sale/aquisition of equity investments | -25 | 150 | 359 |
| Sale/repayment of mortgage deeds and loans | -55 | 178 | 598 |
| Sale/aquisition of bonds | -314 | 1,096 | 1,733 |
| Change in investment placement (net) | -435 | 1,356 | 2,538 |
| Change in financing | | | |
| Sale/purchase of treasury shares | -80 | -12 | -64 |
| Dividend distributed | 0 | 0 | -85 |
| Subordinated debt | 0 | 0 | 0 |
| Share issue | 1 | 1 | 5 |
| Change in issued bonds | -5 | -16 | -16 |
| Change in deposits | -812 | -1,909 | -2,569 |
| Change in payables to credit institutions | 245 | -490 | -1,262 |
| Change in other liabilities | 1 | 0 | -3 |
| Change in financing | -650 | -2,426 | -3,994 |
| Net change in cash and cash equivalents | -214 | -51 | -565 |
| Cash and cash equivalents, beginning of period | 636 | 1,201 | 1,201 |
| Cash and cash equivalents, end of period | 422 | 1,150 | 636 |

Segment reporting

| DKKm | | | | | | Q1 2016 | |
|---|--------------|-------------|-------------|------------|------------------|---------------|--|
| | Non-life | Life | Bank | Other | Elimi- nation | Group | |
| Premium income | 1,245 | 338 | 0 | 0 | | 1,583 | |
| Interest income etc. | 66 | 84 | 64 | 1 | -1 | 214 | |
| Fee income etc. | 0 | 0 | 50 | 0 | -11 | 39 | |
| Other investment income | 0 | 13 | 0 | 0 | -15 | -2 | |
| Income associates | 0 | 0 | 0 | 0 | 0 | 0 | |
| Other income | 0 | 0 | 54 | 0 | | 54 | |
| Total income | 1,311 | 435 | 168 | 1 | -27 | 1,888 | |
| Claims incurred | -740 | -289 | 0 | 0 | | -1,029 | |
| Interest expenses | -24 | -1 | -12 | -3 | 1 | -39 | |
| Other investment expenses | -9 | -11 | 0 | -12 | 11 | -21 | |
| Impairment of loans, advances and receivables, etc. | 0 | 0 | 5 | 0 | | 5 | |
| Acquisition and administrative expenses | -200 | -22 | -139 | 0 | 15 | -346 | |
| Total expenses | -973 | -323 | -146 | -15 | 27 | -1,430 | |
| Result of business ceded | -79 | -1 | 0 | 0 | | -80 | |
| Change in life insurance provisions | 0 | -245 | 0 | 0 | | -245 | |
| Exchange rate adjustments | -54 | 203 | -8 | 0 | | 141 | |
| Tax on pension investment returns | 0 | -40 | 0 | 0 | | -40 | |
| Profit/loss before tax | 205 | 29 | 14 | -14 | 0 | 234 | |
| Tax | -42 | -7 | -3 | 3 | | -49 | |
| Profit/loss after tax | 163 | 22 | 11 | -11 | 0 | 185 | |

| DKKm | | | | | | Q1 2015 | |
|---|--------------|-------------|-------------|------------|------------------|---------------|--|
| | Non-life | Life | Bank | Other | Elimi- nation | Group | |
| Premium income | 1,243 | 424 | 0 | 0 | | 1,667 | |
| Interest income etc. | 71 | 101 | 87 | 0 | -1 | 258 | |
| Fee income etc. | 0 | 0 | 44 | 0 | -11 | 33 | |
| Other investment income | 0 | 13 | 0 | 0 | -16 | -3 | |
| Income associates | 0 | 0 | 0 | 0 | 0 | 0 | |
| Other income | 0 | 0 | 44 | 0 | | 44 | |
| Total income | 1,314 | 538 | 175 | 0 | -28 | 1,999 | |
| Claims incurred | -743 | -276 | 0 | 0 | | -1,019 | |
| Interest expenses | -22 | -1 | -36 | -3 | 1 | -61 | |
| Other investment expenses | -8 | -9 | 0 | -10 | 11 | -16 | |
| Impairment of loans, advances and receivables, etc. | 0 | 0 | -51 | 0 | | -51 | |
| Acquisition and administrative expenses | -202 | -22 | -141 | 0 | 16 | -349 | |
| Total expenses | -975 | -308 | -228 | -13 | 28 | -1,496 | |
| Result of business ceded | -69 | -2 | 0 | 0 | | -71 | |
| Change in life insurance provisions | 0 | -391 | 0 | 0 | | -391 | |
| Change in collective bonus potential | 0 | -174 | 0 | 0 | | -174 | |
| Exchange rate adjustments | -38 | 453 | -15 | 0 | | 400 | |
| Tax on pension investment returns | 0 | -90 | 0 | 0 | | -90 | |
| Profit/loss before tax | 232 | 26 | -68 | -13 | 0 | 177 | |
| Tax | -55 | -6 | 17 | 3 | | -41 | |
| Profit/loss after tax | 177 | 20 | -51 | -10 | 0 | 136 | |

Notes

| DKK m | Group | | |
|--|--------------|--------------|--------------|
| | Q1 2016 | Q1 2015 | Year 2015 |
| Note 1 Own Shares | | | |
| Carrying amount, beginning of year | 0 | 0 | 0 |
| Value adjustments | -80 | -12 | -65 |
| Acquired during the period | 93 | 12 | 69 |
| Sold during the period | -13 | 0 | -4 |
| Carrying amount, end of period | 0 | 0 | 0 |
| Nominal value, beginning of year | 50 | 38 | 38 |
| Acquired during the period | 22 | 3 | 16 |
| Sold during the period | -6 | 0 | -4 |
| Nominal value, end of period | 65 | 41 | 50 |
| Holding number of shares (1,000), beginning of year | 5,090 | 3,838 | 3,838 |
| Additions, number of shares | 2,073 | 307 | 1,611 |
| Disposals, number of shares | -657 | 0 | -359 |
| Holding number of shares (1,000), end of period | 6,506 | 4,145 | 5,090 |
| Percentage of share capital, end of period | 3.7% | 2.4% | 2.9% |

Note 2 Contingent liabilities, guaranties and leasing

| | | | |
|------------------------------|--------------|--------------|--------------|
| Guarantee commitments | 1,396 | 1,236 | 1,404 |
|------------------------------|--------------|--------------|--------------|

Note 3 Accounting policies, group

The consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and with the requirements of the Danish Financial Business Act and NASDAQ OMX Copenhagen A/S of interim reports of 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 interim report has been prepared in accordance with the provisions of the Danish Financial Business Act, including the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

New financial reporting rules as per 1 January 2016

The Danish FSA has issued a new Executive Order on financial reports of insurance companies and multi-employer occupational pension funds applicable as from 1 January 2016. Apart from presentation changes, the new provisions also imply an amendment to the measurement of technical provisions and introduce new concepts such as risk margin and profit margin. We believe that the changed presentation and measurement methods are within the scope of the IFRS provisions. Moreover, Alm. Brand has implemented the

amendments of a new draft executive order on financial reports, which is expected to be approved by the end of June 2016. In addition, a new yield curve for the discounting of insurance liabilities will be introduced. Alm. Brand Liv og Pension A/S and Alm. Brand Forsikring A/S have obtained permission from the Danish FSA to use volatility adjustment, which is an additional allowance in relation to the yield curve from EIOPA that partly reduces liabilities and partly makes it easier to hedge yield curve fluctuations.

For Alm. Brand Liv og Pension A/S, the amended rules imply that technical provisions relating to the life insurance business overall are presented as life insurance provisions and profit margin on life insurances, respectively. The transition to the new provisions, including the implementation of the new yield curve, is expected to reduce the level of provisions for portfolios without bonus entitlement by DKK 6 million. Other than that, no changes in total technical provisions relating to the life insurance business are expected.

Moreover, technical provisions relating to health and personal accident insurance are presented as premium provisions, profit margin on non-life insurance con-

tracts, claims provisions and risk margin on non-life insurance contracts. As a result of the fact that premium provisions are only to be calculated for the period until the next possible premium adjustment date, and not as previously until the date of expiry, the transition to the new rules imply a reduction of provisions relating to health and personal accident insurance. The reduction amounts to DKK 59 million.

For Alm. Brand Forsikring A/S, the amended rules imply that the technical provisions are presented as premium provisions, profit margin on non-life insurance contracts, claims provisions and risk margin on non-life insurance contracts. The transition to a new yield curve, the implementation of profit and risk margins on premium provisions and changes to the calculation of these as well as the implementation of a risk margin in-

creases the provisioning level by DKK 146 million.

For the Alm. Brand Group as a whole, the implementation of the new Executive Order will cause Alm. Brand A/S's shareholders' equity to decline by DKK 63 million.

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

The interim report is unaudited.

Note 4 Financial highlights and key ratios

See the management's review.

Balance sheet

| DKK m | Note | Parent company | | |
|--|------|------------------|------------------|--------------|
| | | 31 March 2016 | 31 March 2015 | Year 2015 |
| Assets | | | | |
| Investment in group enterprises | 1 | 5,290 | 5,068 | 5,089 |
| Total investments in group enterprises and associates | | 5,290 | 5,068 | 5,089 |
| Equity investments | | 1 | 0 | 1 |
| Bonds | | 206 | 0 | 297 |
| Other loans and advances | | 2 | 2 | 2 |
| Deposits with credit institutions | | 0 | 25 | 22 |
| Cash in hand and balances at call | | 0 | 9 | 0 |
| Total other financial investment assets | | 209 | 36 | 322 |
| Total investment assets | | 5,499 | 5,104 | 5,411 |
| Receivables from group enterprises | | 15 | 13 | 10 |
| Other receivables | | 33 | 35 | 45 |
| Total receivables | | 48 | 48 | 55 |
| Current tax assets | | 18 | 49 | 15 |
| Deferred tax assets | | 13 | 15 | 0 |
| Total other assets | | 31 | 64 | 15 |
| Total assets | | 5,578 | 5,216 | 5,481 |
| Liabilities and equity | | | | |
| Share capital | | 1,735 | 1,735 | 1,735 |
| Other provisions | | 1,215 | 1,215 | 1,215 |
| Proposed dividend | | 1042 | 87 | 521 |
| Retained earnings | | 1,283 | 1,873 | 1,694 |
| Total shareholders' equity | | 5,275 | 4,910 | 5,165 |
| Subordinated debt | | 250 | 250 | 250 |
| Subordinated debt | | 250 | 250 | 250 |
| Deferred tax liabilities | | 40 | 40 | 27 |
| Total provisions | | 40 | 40 | 27 |
| Payables to group enterprises | | 4 | 1 | 24 |
| Issued bonds | | 0 | 5 | 5 |
| Other payables | | 9 | 10 | 10 |
| Total payables | | 13 | 16 | 39 |
| Total liabilities and equity | | 5,578 | 5,216 | 5,481 |

Income and comprehensive income statement

| DKKm | Note | Parent company | | | | |
|--|------|----------------|------------|------------|------------|--------------|
| | | Q1 2016 | Q1 2015 | Q1 2016 | Q1 2015 | Year 2015 |
| Income statement | | | | | | |
| Income from group enterprises | 2 | | | 197 | 146 | 566 |
| Value adjustments, bonds | | | | 0 | 0 | -5 |
| Interest income and dividends etc. | | | | 1 | 0 | 2 |
| Interest expenses | | | | -4 | -3 | -13 |
| Administrative expenses related to investment activities | | | | -12 | -10 | -39 |
| Profit/loss before tax | | | | 182 | 133 | 511 |
| Tax | | | | 3 | 3 | 13 |
| Profit/loss after tax | | | | 185 | 136 | 524 |
| Comprehensive income | | | | | | |
| Profit/loss for the year | | | | 185 | 136 | 524 |
| Comprehensive income | | | | 185 | 136 | 524 |
| Proposed allocation of loss: | | | | | | |
| Proposed dividend | | | | 0 | 0 | 521 |
| Retained earnings | | | | 185 | 136 | 3 |
| Comprehensive income | | | | 185 | 136 | 524 |

Accounting policies 3

Statement of changes in equity

| DKK M | Share capital | Other provisions | Retained earnings | Proposed dividend | Shareholders' equity |
|--|---------------|------------------|-------------------|-------------------|----------------------|
| Shareholders' equity at 1 January 2015 | 1,735 | 1,215 | 1,810 | 87 | 4,847 |
| Change in accounting policies | | | -62 | | -62 |
| Adjusted shareholders' equity at 1 January 2015 | 1,735 | 1,215 | 1,748 | 87 | 4,785 |
| Changes in equity Q1 2015: | | | | | |
| Profit/loss for the period | | | 136 | 0 | 136 |
| Comprehensive income | | | 136 | 0 | 136 |
| Purchase and sale of treasury shares | | | -12 | | -12 |
| Share option scheme | | | 1 | | 1 |
| Changes in equity | 0 | 0 | 125 | 0 | 125 |
| Shareholders' equity at 31 March 2015 | 1,735 | 1,215 | 1,873 | 87 | 4,910 |
| Adjusted shareholders' equity at 1 January 2015 | 1,735 | 1,215 | 1,748 | 87 | 4,785 |
| Changes in equity 2015: | | | | | |
| Profit/loss for the year | | | 524 | 0 | 524 |
| Comprehensive income | | | 524 | 0 | 524 |
| Proposed dividend | | | -521 | 521 | 0 |
| Dividende distributed | | | 2 | -87 | -85 |
| Purchase and sale of treasury shares | | | -68 | | -68 |
| Share option scheme, issuance | | | 5 | | 5 |
| Share option scheme, exercise | | | 4 | | 4 |
| Changes in equity | 0 | 0 | -54 | 434 | 380 |
| Shareholders' equity at 31 December 2015 | 1,735 | 1,215 | 1,694 | 521 | 5,165 |
| Shareholders' equity at 1 January 2016 | 1,735 | 1,215 | 1,694 | 521 | 5,165 |
| Change in accounting policies | | | 4 | | 4 |
| Adjusted shareholders' equity at 1 January 2016 | 1,735 | 1,215 | 1,698 | 521 | 5,169 |
| Changes in equity Q1 2016: | | | | | |
| Profit/loss for the period | | | 185 | 0 | 185 |
| Comprehensive income | | | 185 | | 185 |
| Purchase and sale of treasury shares | | | -93 | | -93 |
| Share option scheme, issuance | | | 1 | | 1 |
| Share option scheme, exercise | | | 13 | | 13 |
| Changes in equity | 0 | 0 | 106 | 0 | 106 |
| Shareholders' equity at 31 March 2016 | 1,735 | 1,215 | 1,804 | 521 | 5,275 |

Notes

| DKKm | 31 March 2016 | 31 March 2015 | Year 2015 |
|--|------------------|------------------|--------------|
| Note 1 Investment in group enterprises | | | |
| Cost beginning of year | 8,790 | 8,790 | 8,790 |
| Cost, year-end | 8,790 | 8,790 | 8,790 |
| Revaluation and impairment beginning of year | -3,701 | -3,806 | -3,806 |
| Change in accounting policies | 4 | -62 | -62 |
| Dividend received | 0 | 0 | -400 |
| Profit/loss for the period | 197 | 146 | 566 |
| Revaluation and impairment of treasury shares in subsidiaries | 0 | 0 | 1 |
| Revaluation and impairment, year-end | -3,500 | -3,722 | -3,701 |
| Investment in group enterprises, year-end | 5,290 | 5,068 | 5,089 |
| Specification of carrying amount: | | | |
| Alm. Brand Bank A/S (DKK 1,021 million nominal value wholly owned) | 1,506 | 1,691 | 1,495 |
| Alm. Brand Forsikring A/S (DKK 1,032 million nominal value wholly owned) | 3,784 | 3,377 | 3,594 |
| Investment in group enterprises, year-end | 5,290 | 5,068 | 5,089 |

Note 2 Income from group enterprises

| DKKm | Q1 2016 | Q1 2015 | Year 2015 |
|---|------------|------------|--------------|
| Alm. Brand Bank A/S | 11 | -52 | -249 |
| Alm. Brand Forsikring A/S | 186 | 198 | 815 |
| Total income from group enterprises | 197 | 146 | 566 |
| <i>The results are recognised in the following items:</i> | | | |
| Income from group enterprises | 197 | 146 | 566 |
| Total income from group enterprises | 197 | 146 | 566 |

Note 3 Accounting policies, parent company

The interim report has been prepared in accordance with the Danish Financial Business Act, including the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds.

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

With respect to recognition and measurement, the accounting policies of the parent company are identical to those described for the group, with the exception that:

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

Apart from the description in the group's accounting policies on pages 29 and 30, the accounting policies are consistent with those applied in the 2015 Annual Report.

The interim report is unaudited.