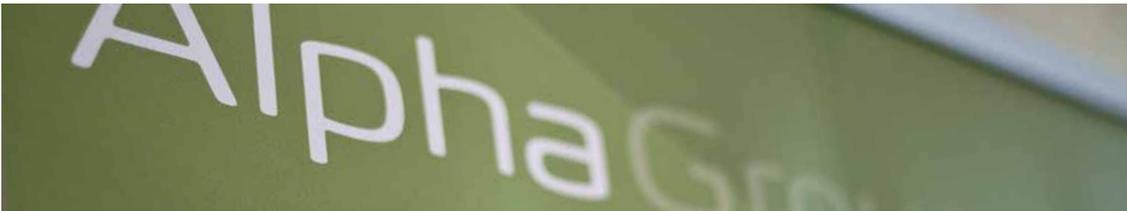


AlphaInsurance



Annual Report 2015

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## Chairman's Report

In 2015 Alpha Group celebrated its 10th anniversary. We can look back on ten good years with tremendous growth. Alpha Insurance A/S started in 2005 with a minimum capitalization of EUR 3 million and no premium on the books and in 2015, Alpha Insurance A/S had committed capital in excess of 65 million Euro, meeting solvency requirements almost twice over.

In 2015, Alpha Holding A/S successfully secured additional capital for Alpha Group of up to DKK 150 million from investors to further strengthen the capital base of the company.

The additional capital will allow Alpha Group to continue its growth long term, both in its main Danish based insurance carrier Alpha Insurance A/S and in its Norwegian subsidiary Nemi Forsikring AS.

The Group underwent a consolidation process during 2014 and 2015 and showed a small loss in 2014 and only a small profit in 2015. On a stand-alone basis, Alpha Insurance however still produced a solid profit of DKK 50 million. The focus is on building on the existing very profitable agent force and increasing the overall profitability of the portfolio and not concentrating on premium volume, which has been flat or even declining the last several years. Claims handling is also being stream-lined and will contribute to better results going forward.

In 2015, we began to outsource less to external consultants and to build more in-house expertise, thereby not only decreasing the overall expense ratio, but also making us less dependent on third party vendors. This process is continuing into 2016.

In first quarter of 2016 these trends, the increased profitability of the insurance portfolio and the decreasing expenses produced a very strong result. Most of the standard motor business was discontinued during 2014 and 2015 and the focus is now on more specialized motor products including the use of telematics. It is particularly advantageous, at the moment to write telematics motor business in the UK and therefore the UK will remain the biggest single territory in Alpha's portfolio for the time being. Alpha grew its portfolio of Italian bond business in 2015 and continues to enjoy very profitable results in this line of business. Germany is starting to become an interesting market for Alpha and going into 2016 Alpha has four active German agents.

Nemi Forsikring AS continued its premium growth in 2015 and into 2016, where it exceeds NOK 650 million. 2015 resulted in a loss for Nemi of DKK 63 million, which is not satisfactory, but also a reflection of Nemi's continued growth, which is expensive in the early years of a young insurance portfolio. Naturally Nemi's result also influenced the modest result in



Jens Erik Christensen

Alpha overall in 2015. Nemi entered 2016 focusing on producing bottom line profit and improving customer loyalty. The expectation is that Nemi will show profitable results in 2016, which strong first quarter results are already supporting.

Nemi continues to focus on personal lines insurance in Norway, which it writes at very satisfying loss ratios. The overall Alpha portfolio is gradually becoming more niche and less mainstream business oriented. The Alpha Group looks to 2016 and 2017 with great expectations.

The new solvency II rules, which are in force for 2016 are good news for Alpha Group, as our spread of business and use of highrated reinsurers is better acknowledged. Both Alpha Insurance A/S and Nemi Forsikring AS go into 2016 with stronger capitalization and strong solvency ratios.

Alpha has added many new staff members in the last 12 months. They join the existing loyal and hardworking Alpha staff, many of which has been with us from the first years. This year's financial report and the pictures in it is therefore a tribute to our dedicated staff to whom we owe our success during the past 10 years.



# Management's Report

## Main activity

Alpha Insurance A/S is licensed to write almost all classes of general insurance business in most Western European countries.

Alpha Insurance Group consists of Alpha Insurance A/S, Nemi Forsikring AS (Norway) and a branch office in Norway. Alpha Insurance A/S owns 100% of the companies in the group.

## Annual Report 2015

Alpha Insurance A/S is a 100% owned subsidiary of Alpha Holding A/S.

## The result of the year and development of the company

The financial year 2015 resulted in a profit before tax for the Alpha Insurance Group of DKK 0.9 million against a loss before tax of DKK 19.8 million in 2014. The technical result for the group is DKK -10.0 million in 2015 compared to DKK 3.9 million in 2014. The technical result for the parent (Alpha Insurance A/S and Norwegian Branch) was DKK 38.9 million in 2015 against DKK 38.8 million in 2014. The technical result for 2015 was lower than expected in last years section "Expectations to 2015".

Return on investments for the group was DKK 16.7 million in 2015 against DKK -10.0 million in 2014.

The net profit for the year 2015 of DKK -23.7 million is not satisfactory.

## Equity and solvency

Alpha Insurance A/S equity as at 31 December 2015 amounts to DKK 339.0 million. In 2015, the equity decreased by DKK 48.7 million compared to 31 December 2014.

The main reason for the decrease is currency adjustments on participating interests in the Norwegian subsidiary Nemi

Forsikring AS of DKK -13.9 million, retained earnings of DKK -23.7 million and adjustment of participating interests in Cosa Försäkrings AB, DKK -11.1 million.

The solvency requirement (Solvency I) of Alpha Insurance A/S calculated in accordance with the Financial Supervisory Authority rules amounts to DKK 144.9 million at 31 December 2015 against DKK 176.8 million at 31 December 2014. The base capital amounts to DKK 280.7 million. This means that the Financial Supervisory Authority's required solvency margin is covered 1.9 times (1.8 times in 2014).

Alpha Insurance A/S has a green light under the Financial Supervisory Authority traffic-light system. This means that all requirements are met.

## New Individual Solvency Assessment (ISB) and Solvency II

The future European regulation to enhance consumer protection in insurance, Solvency II, will become operational from January 1, 2016. Solvency II has been postponed several times and the Danish FSA (Finanstilsynet) has chosen to implement important elements in the new Individual Solvency Assessment regulation ("Bekendtgørelse om solvens og driftsplaner for forsikringselskaber") valid from January 1, 2014. The new regulation includes requirements of a market consistent calculation of the Individual Solvency Assessment, either based on a Danish standard model, with technical specifications provided by the Danish FSA or by an internal model.

The Company aims to use the Danish standard model in Individual Solvency Assessment calculations in 2015.

The new regulation for Individual Solvency Assessment, includes requirements to perform a Forward Looking assessment of own risks (based on the ORSA principles), known from the preparation of Solvency II. Alpha Insurance has in 2015 developed the Risk and Solvency Assessment Report to include these new requirements.

DKK million	2014	2015	Day 1 Solvency II
Solvency requirement	176.8	144.9	-
Individual solvency	179.4	208.0	220.2
Base Capital	312.5	280.7	462.4
Solvency ratio	1.8	1.9	2.1

## Dividend

The Board of Directors proposes no dividends for 2015.

## Insurance activities

In 2015, the gross premium income decreased by DKK -201.8 million (-10.2%) to DKK 1,782.0 million. Insurance premiums ceded increased in 2015 by 9.7%, which resulted in premium income for own account decreasing from DKK 1,065.8 million in 2014 to DKK 775.0 million in 2015, a decrease of DKK 290.8 million.

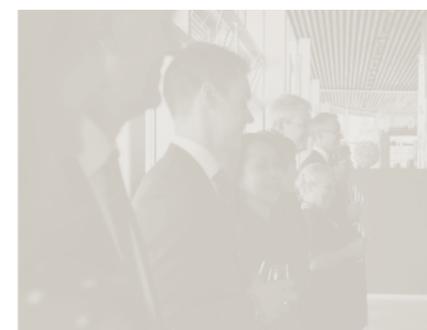
Gross claims incurred amounted to DKK 1,277.5 million in 2015 compared to DKK 1,350.8 million in 2014. Recoveries from reinsurers increased by DKK 179.6 million (27.3%) compared with 2014. Costs of claims net of reinsurance decreased by DKK 253.0 million to DKK 440.7 million.

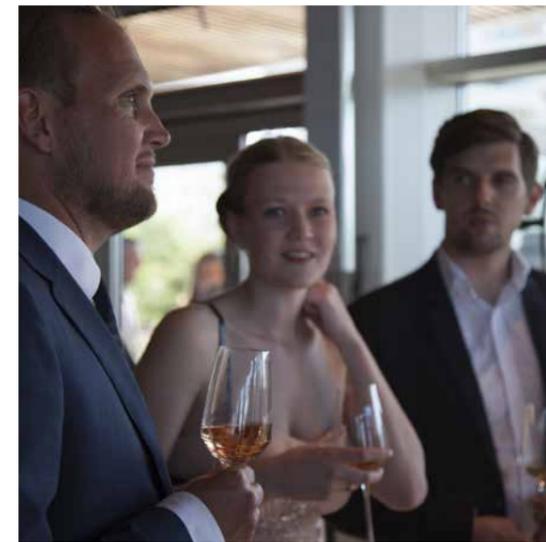
The insurance operating cost decreased by DKK 8.6 million compared to 2014. In 2015, the insurance operating costs amounted to DKK 371.1 million compared to DKK 379.7 million in 2014.

The combined ratio has increased to 100.6 in 2015 from 100.1 in 2014. The increased combined ratio stems from an increased gross claim ratio of 70.7 compared to 67.9 in 2014 and a increase in the expense ratio from 30.2 in 2014 to 32.6 in 2015 and a decrease in reinsurance ratio from 2.0 in 2014 to -2.7 in 2015.

## Alpha Group is currently active in:

- Denmark
- Sweden
- Norway
- Finland
- France
- United Kingdom
- The Netherlands
- Spain
- Greece
- Italy
- Germany
- Ireland
- Belgium
- Luxembourg
- Poland





### Development in subsidiary companies

#### Nemi Forsikring AS

Nemi Forsikring AS is a Norwegian general insurance company, which provides commercial and private insurance policies in Norway.

The result of Nemi Forsikring AS is a loss of DKK 63.4 million in 2015 compared to a loss of DKK 18.3 million in 2014.

The 2015 result is not satisfactory.

#### Branch office

The Norwegian branch office had a profit of DKK 8.8 million in 2015 compared to DKK 12.0 million in 2014.

### Investment business

The company's investment business consists of investment in subsidiary companies and associated companies as well as investment in other financial assets.

Alpha Insurance A/S operates with a careful investment strategy and investments are mainly made in state and corporate bonds. In 2015, the return on investments after insurance technical interest was a profit of DKK 10.3 million against a loss of DKK 18.0 million in 2014.

### Unusual circumstances

The annual report is not affected by unusual circumstances.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

### Expectation for 2016

Alpha Insurance A/S expects a positive development of the company's activity level with an increase in premium income, as well as maintaining a satisfactory insurance result for 2016.

### Risk Management

Management and minimizing of business risks is an important and fundamental part of how the company conducts its business and the company's Board of Directors sets the overall risk policy. The company's management and minimizing of business risks is divided into the following general categories:

- Financial Risk
- Insurance Risk
- Market Risk
- Credit Risk
- Operational Risk

#### Financial Risk

The company's target is to maintain adequate capital to absorb the risks that arise from the company's operations. The company has no interest in accumulating capital, in excess of what is required for operations and for natural growth, as this would be an inefficient way of hedging risk.

It is the company's policy to hedge against risks arising from the company's activities or to limit such risks to a level that allows the company to maintain normal operations and implement its planned measures even in the case of highly unfavourable developments.

The Board of Directors determines the overall risk policies and limits.

#### Insurance Risk

The insurance risks assumed include the acceptance and follow-up of policies, claims handling, reserving risk and reinsurance risk. The company assesses insurance risk based on statistical risk type analyses, which are incorporated in pricing. To limit the risk, the company has established necessary and relevant procedures for all major business processes and implements follow-ups and control hereof. The financial statement is influenced by estimates that affect assets, debt, and the result for the period and future periods. The esti-

mates are most important for premium and claims provisions, especially for the branches with long tail business such as Workmens Compensation Insurance.

The size of the claims reserves to cover future payment of losses that have occurred is determined both through individual assessment of each claim and actuarial calculations.

An important part of the company's risk management is the use of reinsurance. In order to have sufficient protection against natural disaster risks, this exposure is measured constantly. The company's retention is limited to a maximum of 10% of its capital.

#### Market Risk

Market risk represents the risk of losses due to changes in the market value of the company's assets and liabilities, as a result of changes in market conditions. Market risk includes among other elements, changes in interest rates, equities and currencies.

The limits for these financial risks are fixed by the Financial Supervisory Board. In practice, the Company handles the investment portfolio, both in relation to the liquidity as well as the long term investments. There are established policies and procedures for the maximum investment risk and there is monthly reporting to the Board of Directors and the Management.

#### Credit risk

Credit risk is the risk of losses caused by one or more counter-parties' breach of their payment obligations.

The company is exposed to credit risk in both its insurance and investment business. Within insurance, the reinsurance companies' ability to pay is the most important risk factor. This risk is minimized by the purchase of reinsurance cover from reinsurance companies with a minimum rating of A-(S&P), or by the retention of deposits equal to the premium provisions and claims provisions.

To limit the risk in the investment business, the investments are made in bonds and shares with high credit ratings, which is also the case for deposits with credit institutions.

#### Operational risk

Operational risk is the risk of incurring a loss due to insufficient or faulty procedures or human or systematic errors. Operational risk includes the risk of breakdowns in the IT systems.

In practice, this work is organized through a structure of policies, procedures and guidelines that cover the various aspects of the company's operations.

For all main areas, there are established policies and procedures, which are frequently controlled and changed if necessary.

The Company's business continuity plan and IT safety plan have been approved by the Financial Supervisory Authority and reviewed by the Company's auditors.

The Board of Directors has decided that the entire Board of Directors will be members of the Accounting Committee.

In compliance with Section 31 in the Accountants Act, it is decided that the Board of Directors will take care of the business in the Audit Committee.

In accordance with Section 5, in the Statutory for Audit Committees, the Board of Directors has appointed Mr. Jens Erik Christensen to ensure the fulfillment of the regulatory requirements regarding independence and accounting qualifications based on his work as director for many years in financial and listed companies.

#### Board of Directors organization

Every year the Board of Directors evaluates their work and qualifications to ensure that all members of the Board of

Directors are sufficiently competent and skilled. The Board of Directors is specially focused on qualifications for: management experience, economic experience, insurance experience, accounting experience, finance experience, experience of Mergers and Acquisitions and international experience. For diversity the Board of Directors has decided on the strategy that 10 % of the members of the Board of Directors should be women within a period of 4 years.

#### Wage policy

The Board of Directors decides the wage policy for Alpha Group. The Group only uses fixed salaries. Extraordinary efforts can be paid by one-off fees or bonuses. If a member of the Board, the CEO or another person receives a one-off fee, this fee will be settled according to Section 77a of the Financial Act. The Board of Directors decides the wage policy once a year.

#### Employees training and knowledge

Alpha Insurance A/S aims to ensure that the management of the organization is based on a framework which includes the deep rooting of common values, a common business understanding and the shared responsibility for creating value for customers by differentiating itself from competitors through the development of the employees. The company aims to be a dynamic company where each employee is committed, seeks influence and assumes independent responsibility for the organization and execution of his or her duties. In developing our business, it is essential that we are able to attract and retain qualified employees.

#### Supplementary information

Members of the Board of Directors and the Board of Executives also participate in the management of the following companies:

#### Bo Lundqvist:

Ahpla ApS, Alpha Holding A/S, Alpha Sales Group A/S, Beta Re GmbH, Bo Lundqvist Holding ApS, Delta Insurance Consultancy AG, Perfect Generation ApS and Tappaz ApS.

#### Leif Corinth-Hansen:

Ahpla ApS, Alpha Holding A/S, Beta Re GmbH, Delta Insurance Consultancy AG and Famco-Ha ApS.

#### Morten Helge:

Abh ApS, Alpha Holding A/S, Beta Re GmbH and Delta Insurance Consultancy AG

#### Thomas Dahl Fredslund:

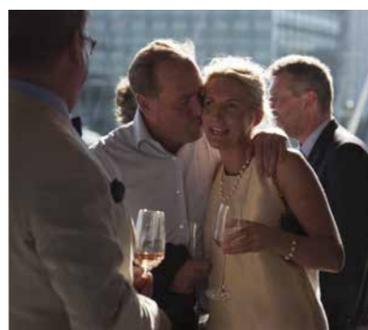
Alpha Holding A/S

#### Bjarke Sanbeck Nilsson:

Alpha Holding A/S, Slotsholm A/S and Loop Associates A/S.

#### Jens Erik Christensen:

Alpha Holding A/S, Alpha Insurance A/S, Nemi Forsikring AS, Andersen & Martini A/S, Andersen & Martini Biler A/S, Founders A/S, Hugin Experts A/S, Husejernes Forsikring Assurance Agentur A/S, Husejernes Arkitekter og Ingeniører ApS, Mediaxes A/S, Behandlingsvejviseren A/S, P/F Nordikliv Livstryggingarfelag, P/F Trygd Tryggingarfelag, Vördur Tryggingar hf, Vördur Líftryggingar hf, Skandia A/S, Skandia Link Livsforsikring A/S, Skandia Asset management Fondsmæglerselskab A/S, TIP ApS, Prime Office A/S, Dansk Merchant Capital A/S, Nordic Corporate Investment A/S, EcsAct A/S, Sapere Aude ApS.



## Financial Highlights, Parent company

Amounts in DKK million	2015	2014	2013	2012	2011
Gross premium income	1,342	1,557	1,543	1,462	1,228
Gross claims incurred	-951	-1,024	-810	-840	-722
Bonus and premium discounts	25	7	-6	-19	-2
Total insurance operating costs, net of reinsurance	-311	-303	-387	-310	-99
Result of ceded business	55	-41	-95	-48	-102
Insurance technical result	39	39	54	67	52
Result on investments after insurance technical interest	-53	-51	43	-38	-32
Net profit for the year	-24	-11	84	21	20
Run-off result	-10	-59	26	-21	38
Total insurance technical provisions	1,628	1,663	1,474	1,613	1,442
Total insurance assets	1,002	931	789	742	625
Total equity	339	388	418	364	332
Total assets	2,335	2,609	2,427	2,443	2,945
<b>Key figures:</b>					
Gross claims ratio	69.6%	65.5%	52.7%	58.2%	58.9%
Expense ratio	31.7%	29.4%	37.6%	33.2%	29.6%
Combined ratio	97.2%	97.5%	96.5%	94.9%	96.8%
Operating ratio	97.2%	97.5%	96.5%	95.3%	96.0%
Relative run off results	-1.7%	-11.0%	3.2%	-3.3%	6.7%
Return on equity in percent	-6.6%	-2.7%	21.4%	5.9%	5.8%
Solvency coverage	1.9	1.8	2.0	1.8	2.2

### Definition

Gross claim ratio

$(\text{Gross claims paid} / \text{Gross premium income}) \times 100$

Expense ratio

$(\text{Total insurance operating costs} / \text{Gross premium income}) \times 100$

Reinsurance ratio

$(\text{Result of ceded business} / \text{Gross premium income}) \times 100$

Combined ratio

$(\text{Gross claims ratio} + \text{Expense ratio} + \text{Reinsurance ratio})$

Operation ratio

$(\text{Combined ratio where premium income is added to the allocated return on investments})$

Relative run-off results

$(\text{Run-off results compared to reserves as at the beginning of the run off})$

Return on equity

$(\text{Results for the year} / \text{the average equity}) \times 100$

Solvency coverage

$(\text{Base capital} / \text{solvency margin})$

## Financial Highlights, Group

Amounts in DKK million	2015	2014	2013	2012	2011
Gross premium income	1,782	1,984	1,988	1,907	1,577
Gross claims incurred	-1,277	-1,351	-1,178	-1,198	-1,051
Bonus and premium discounts	25	6	-6	-19	-3
Total insurance operating costs, net of reinsurance	-371	-380	-473	-401	-175
Result of ceded business	48	-39	-39	-42	-64
Insurance technical result	-10	4	67	33	-2
Result on investments after insurance technical interest	10	-18	9	-5	12
Net profit for the year	-24	-11	84	21	20
Run-off result	-13	-91	47	-40	-17
Total insurance technical provisions	2,054	2,028	2,128	2,323	2,145
Total insurance assets	1,251	1,174	973	903	831
Total equity	339	388	418	364	332
Total assets	2,834	3,127	3,094	3,179	2,945
<b>Key figures:</b>					
Gross claims ratio	70.7%	67.9%	59.4%	63.5%	66.6%
Expense ratio	32.6%	30.2%	35.8%	32.7%	30.9%
Combined ratio	100.6%	100.1%	97.2%	98.4%	101.6%
Operating ratio	100.5%	99.8%	96.6%	98.2%	100.2%
Relative run off results	-2.0%	-10.8%	4.5%	-4.1%	1.9%
Return on equity in percent	-6.6%	-2.7%	21.4%	5.9%	5.7%
Solvency coverage	1.9	1.8	2.0	1.8	2.2

### Definition

Gross claim ratio

$(\text{Gross claims paid} / \text{Gross premium income}) \times 100$

Expense ratio

$(\text{Total insurance operating costs} / \text{Gross premium income}) \times 100$

Reinsurance ratio

$(\text{Result of ceded business} / \text{Gross premium income}) \times 100$

Combined ratio

$(\text{Gross claims ratio} + \text{Expense ratio} + \text{Reinsurance ratio})$

Operation ratio

$(\text{Combined ratio where premium income is added to the allocated return on investments})$

Relative run-off results

$(\text{Run-off results compared to reserves as at the beginning of the run off})$

Return on equity

$(\text{Results for the year} / \text{the average equity}) \times 100$

Solvency coverage

$(\text{Base capital} / \text{solvency margin})$

## Statement by the management

### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Alpha Insurance A/S for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Business Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015.

In our opinion, the Management's review includes a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position."

We recommend that the annual report be approved at the annual general meeting.

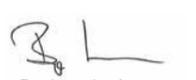
Copenhagen, 12 April 2016

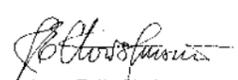
### Board of Executives

  
Leif Corinth-Hansen

### Board of Directors

  
Morten Helge  
(Chairman)

  
Bo Lundqvist  
(Deputy Chairman)

  
Jens Erik Christensen

  
Bjarke Sanbeck Nilsson

  
Thomas Dahl Fredslund



## Independent Auditors' Report to the shareholders of Alpha Insurance A/S

### Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Alpha Insurance A/S for the financial year 1 January – 31 December 2015. The consolidated financial statements and parent company financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Business Act.

### Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circum-

stances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of consolidated financial statements and parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit has not resulted in any qualification.

### Opinion

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Business Act.

### Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 12 April 2016

KPMG

Statsautoriseret Revisionspartnerselskab

Registration No.: 25 57 81 98

  
Jan Per Jensen  
State Authorised Public Accountant

  
Mark Palmberg  
State Authorised Public Accountant



## Income Statement

Note	For 1 January – 31 December. Amounts in DKK thousands	Parent Company		Group	
		2015	2014	2015	2014
1,4	Gross premiums	1,247,446	1,534,560	1,728,934	1,980,761
	Insurance premiums ceded	-579,603	-648,965	-938,530	-1,029,576
	Change in premium reserve	94,828	22,143	53,092	3,038
	Change in reinsurer's share of premium provisions	-71,246	-24,164	-68,512	111,528
	<b>Premium income, net of reinsurance</b>	<b>691,425</b>	<b>883,574</b>	<b>774,984</b>	<b>1,065,751</b>
2	<b>Insurance technical interest</b>	<b>-208</b>	<b>265</b>	<b>1,492</b>	<b>5,249</b>
	Gross claims paid	-1,017,942	-813,053	-1,286,805	-1,155,310
	Reinsurance cover received	441,195	300,777	670,207	481,512
	Change in gross claims provisions	67,202	-211,304	9,347	-195,529
	Change in reinsurers' share of claims provisions	142,940	174,226	166,518	175,627
	<b>Cost of claims, net of reinsurance</b>	<b>-366,605</b>	<b>-549,354</b>	<b>-440,733</b>	<b>-693,700</b>
	<b>Bonus and premium discounts</b>	<b>25,119</b>	<b>7,077</b>	<b>25,288</b>	<b>6,350</b>
	Acquisition costs	-351,803	-395,423	-406,788	-433,368
5	Administrative expenses	-80,878	-64,918	-182,415	-168,064
	Reinsurance commissions and profit participations with reinsurers	121,837	157,546	218,123	221,718
4	<b>Insurance operating costs, net of reinsurance</b>	<b>-310,844</b>	<b>-302,795</b>	<b>-371,080</b>	<b>-379,714</b>
	<b>Insurance technical result</b>	<b>38,887</b>	<b>38,767</b>	<b>-10,049</b>	<b>3,936</b>

## Income Statement

Note	As at 31 December. Amounts in DKK thousands	Parent Company		Group	
		2015	2014	2015	2014
	Income from participating interests in affiliated companies	-63,398	-25,109	-	-
	Income from participating interests in associated companies	389	1,004	389	1,004
	Interest income and dividend etc.	17,166	7,961	20,191	13,788
6	Currency and marketable securities adjustments	13,461	-24,206	11,825	-17,908
	Interest expenses	-13,829	-4,620	-13,829	-4,620
	Administrative expenses related to investment activities	-1,586	-1,730	-1,901	-2,228
	<b>Return on investments</b>	<b>-47,797</b>	<b>-46,700</b>	<b>16,675</b>	<b>-9,964</b>
2	Transfer to insurance technical interest	-5,610	-4,357	-6,400	-8,069
	<b>Return on investments after insurance technical interest</b>	<b>-53,407</b>	<b>-51,057</b>	<b>10,275</b>	<b>-18,033</b>
	Other income/expenses	664	1,056	664	-5,734
	<b>Net profit before tax</b>	<b>-13,856</b>	<b>-11,234</b>	<b>890</b>	<b>-19,831</b>
7	Tax	-9,833	57	-24,579	8,654
	<b>Net profit for the year</b>	<b>-23,689</b>	<b>-11,177</b>	<b>-23,689</b>	<b>-11,177</b>
	<b>Proposed distribution of net results</b>				
	Reserve equity method	-63,398	-22,226		
	Equalisation reserve	13,283	6,983		
	Retained earnings	26,426	4,066		
	<b>Distributed, total</b>	<b>-23,689</b>	<b>-11,177</b>		
	<b>Total income for 1 January - 31 December</b>				
	Net profit for the year	-23,689	-11,177	-23,689	-11,177
	Currency adjustments in affiliated companies abroad	-13,835	-19,080	-13,835	-19,080
	Adjustment to the opening balance in affiliated company	-34	-	-34	-
	Other total income	-13,869	-19,080	-13,869	-19,080
	<b>Total income for the year</b>	<b>-37,558</b>	<b>-30,257</b>	<b>-37,558</b>	<b>-30,257</b>

## Balance Sheet – Assets

Note	As at 31 December. Amounts in DKK thousands	Parent Company		Group	
		2015	2014	2015	2014
	Software	17,702	7,355	36,635	22,752
8	<b>Immaterial assets, total</b>	<b>17,702</b>	<b>7,355</b>	<b>36,635</b>	<b>22,752</b>
	Office equipment etc.	481	267	4,193	3,175
9	<b>Tangible assets, total</b>	<b>481</b>	<b>267</b>	<b>4,193</b>	<b>3,175</b>
10	Interest in affiliated companies	187,798	225,294	-	-
11	Interest in associated companies	813	1,298	813	1,298
	<b>Interest in affiliated and associated companies, total</b>	<b>188,611</b>	<b>226,592</b>	<b>813</b>	<b>1,298</b>
	Units in investment associations	-	23,554	-	23,554
	Bonds	414,096	644,227	560,044	855,306
	Banks	51,497	80,177	86,069	105,006
	Shares	67,201	11,340	67,512	11,782
	<b>Other financial investments assets, total</b>	<b>532,794</b>	<b>759,298</b>	<b>713,625</b>	<b>995,648</b>
	<b>Investments assets, total</b>	<b>721,405</b>	<b>985,890</b>	<b>714,438</b>	<b>996,946</b>
	Reinsurers share of premium provisions	117,284	181,037	250,335	323,644
16	Reinsurers share of claims provisions	884,551	749,797	1,000,196	849,946
	<b>Reinsurers share of provisions for insurance contracts, total</b>	<b>1,001,835</b>	<b>930,834</b>	<b>1,250,531</b>	<b>1,173,590</b>
	Amounts receivable from policy holders	358,898	406,770	535,391	564,158
	Amounts receivable from intermediaries	17,383	13,908	17,383	13,908
	<b>Amounts receivable from direct insurance, total</b>	<b>376,281</b>	<b>420,678</b>	<b>552,774</b>	<b>578,066</b>
	Amounts receivable from insurance undertaking	113,992	131,555	128,497	152,292
	Amounts receivable from affiliated companies	34,623	36,107	32,155	36,107
	Other amounts receivable	46,899	71,653	48,784	83,166
	<b>Amounts receivable</b>	<b>195,514</b>	<b>239,315</b>	<b>209,436</b>	<b>271,565</b>
	<b>Amounts receivable, total</b>	<b>1,573,630</b>	<b>1,590,827</b>	<b>2,012,741</b>	<b>2,023,221</b>
	Current tax	-	122	-	122
7	Deferred tax asset	-	-	24,059	41,160
	Cash and bank deposits	12	9	12	9
	Other assets	-	-	4,587	4,866
	<b>Other assets, total</b>	<b>12</b>	<b>131</b>	<b>28,658</b>	<b>46,157</b>
	Accrued interest income	4,361	6,845	4,717	7,817
	Other prepayments	16,926	17,218	33,051	27,395
	<b>Prepayments and accrued income, total</b>	<b>21,287</b>	<b>24,063</b>	<b>37,768</b>	<b>35,212</b>
	<b>Total assets</b>	<b>2,334,517</b>	<b>2,608,533</b>	<b>2,834,433</b>	<b>3,127,463</b>

## Balance Sheet – Liabilities and equity

Note	As at 31 December. Amounts in DKK thousands	Parent Company		Group	
		2015	2014	2015	2014
	Share capital	75,000	75,000	75,000	75,000
	Premium reserve, issued shares	141,500	141,500	141,500	141,500
	Reserve equity method	-	31,161	-	-
	Equalisation reserve	20,266	6,983	20,266	6,983
	Retained earnings	102,275	133,067	102,275	164,228
12	<b>Equity</b>	<b>339,041</b>	<b>387,711</b>	<b>339,041</b>	<b>387,711</b>
13	<b>Subordinated loan capital</b>	<b>149,250</b>	<b>148,872</b>	<b>149,250</b>	<b>148,872</b>
	Premium provisions, gross	239,281	332,585	454,397	528,967
15	Claims provisions, gross	1,388,996	1,330,737	1,599,616	1,498,696
	<b>Technical provisions, total</b>	<b>1,628,277</b>	<b>1,663,322</b>	<b>2,054,013</b>	<b>2,027,663</b>
7	Deferred tax liability	4,428	4,004	4,428	4,004
	Pension obligations	-	-	2,208	1,243
	Other provisions	-	24,900	-	24,900
	<b>Provisions</b>	<b>4,428</b>	<b>28,904</b>	<b>6,636</b>	<b>30,147</b>
	<b>Reinsurance deposits</b>	<b>26,180</b>	<b>34,320</b>	<b>26,180</b>	<b>34,320</b>
	Amounts payable in connection with direct insurance	13,594	87,016	23,293	93,588
	Amounts payable in connection with reinsurance	96,777	141,437	120,370	258,407
	Amounts payable to credit institutions	23,302	24,636	23,302	24,636
	Amounts payable to affiliated companies	-	9,462	-	-
	Payable company tax	9,506	-	9,506	-
	Other payables	44,162	82,853	51,176	89,205
	<b>Liabilities other than provisions, total</b>	<b>187,341</b>	<b>345,404</b>	<b>227,647</b>	<b>465,835</b>
	<b>Accruals and deferred income</b>	<b>-</b>	<b>-</b>	<b>31,666</b>	<b>32,915</b>
	<b>Liabilities and equity, total</b>	<b>2,334,517</b>	<b>2,608,533</b>	<b>2,834,433</b>	<b>3,127,463</b>

14 Information on staff and remuneration

17 Contingent liabilities, guarantee commitments etc.

18 Related parties etc.

19 Risk and information in sensitivity

20 Other notes information

## Equity

	Parent Company					
	Share Capital	Reserve on issued shares	Reserve equity method	Equalisation reserve	Retained earnings	Total
Amounts in DKK thousands						
<b>Equity 1 January 2014</b>	<b>75,000</b>	<b>141,500</b>	<b>60,812</b>	-	<b>140,656</b>	<b>417,968</b>
Currency adjustments in affiliated companies	-	-	-17,302	-	-1,778	-19,080
Distribution of profit	-	-	-22,226	6,983	4,066	-11,177
<b>Total income for the year 2014</b>	-	-	<b>-39,528</b>	<b>6,983</b>	<b>2,288</b>	<b>-30,257</b>
Increase of capital/Group contribution	-	-	9,877	-	-9,877	-
<b>Equity 31 December 2014</b>	<b>75,000</b>	<b>141,500</b>	<b>31,161</b>	<b>6,983</b>	<b>133,067</b>	<b>387,711</b>
Adjustment to the opening balance in affiliated company	-	-	-5,849	-	5,815	-34
Currency adjustments in affiliated companies	-	-	-13,835	-	-	-13,835
Distribution of profit	-	-	-63,398	13,283	26,426	-23,689
<b>Total income for the period</b>	-	-	<b>-83,082</b>	<b>13,283</b>	<b>32,241</b>	<b>-37,558</b>
Increase of capital/Group contribution	-	-	11,642	-	-11,642	-
Adjustment of Cosa	-	-	-	-	-11,112	-11,112
Reserve equity method to retained earnings	-	-	40,279	-	-40,279	-
<b>Equity 31 December 2015</b>	<b>75,000</b>	<b>141,500</b>	-	<b>20,266</b>	<b>102,275</b>	<b>339,041</b>

Amount of one share 1.000. Total shares 75.000

	Group					
	Share Capital	Reserve on issued shares	Reserve equity method	Equalisation reserve	Retained earnings	Total
Amounts in DKK thousands						
<b>Equity 1 January 2014</b>	<b>75,000</b>	<b>141,500</b>	-	-	<b>201,468</b>	<b>417,968</b>
Currency adjustments in affiliated companies	-	-	-	-	-19,080	-19,080
Distribution of profit	-	-	-	6,983	-18,160	-11,177
<b>Total income for the year 2014</b>	-	-	-	<b>6,983</b>	<b>-37,240</b>	<b>-30,257</b>
<b>Equity 31 December 2014</b>	<b>75,000</b>	<b>141,500</b>	-	<b>6,983</b>	<b>164,228</b>	<b>387,711</b>
Adjustment to the opening balance in affiliated company	-	-	-	-	-34	-34
Currency adjustments in affiliated companies	-	-	-	-	-13,835	-13,835
Distribution of profit	-	-	-	13,283	-36,972	-23,689
<b>Total income for the period</b>	-	-	-	<b>13,283</b>	<b>-50,841</b>	<b>-37,558</b>
Adjustment of Cosa	-	-	-	-	-11,112	-11,112
<b>Equity 31 December 2015</b>	<b>75,000</b>	<b>141,500</b>	-	<b>20,266</b>	<b>102,275</b>	<b>339,041</b>

Amount of one share 1.000. Total shares 75.000

## Notes

1. Gross premiums	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
<b>Geographical division of gross premiums:</b>				
Denmark	276,576	342,760	276,576	342,761
Other EU countries	857,603	1,020,853	857,603	1,020,853
Other countries	113,267	170,947	594,755	617,147
	<b>1,247,446</b>	<b>1,534,560</b>	<b>1,728,934</b>	<b>1,980,761</b>

2. Insurance technical interest	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
Discounting of claims provisions	-5,818	-4,092	-4,908	-2,820
Transferred from investment income	5,610	4,357	6,400	8,069
	<b>-208</b>	<b>265</b>	<b>1,492</b>	<b>5,249</b>

3. Claims	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
<b>Gross run-off results</b>	<b>-28,301</b>	<b>-152,082</b>	<b>-12,699</b>	<b>-167,410</b>
<b>Run-off results at own account</b>	<b>-10,154</b>	<b>-58,597</b>	<b>-13,293</b>	<b>-90,613</b>

	Number of claims	Average claims	Claims rate
<b>The development in claims can be specified as follows (Parent Company):</b>			
Sickness and accident insurance	185	108,882	0.4%
Workers compensation insurance	2,286	80,842	21.8%
Motor liability insurance	5,021	38,000	10.7%
Motor own damage insurance	7,645	37,457	16.8%
Marine, aviation and goods insurance	41	N/A	N/A
Fire and contents insurance (domestic)	107	134,963	1.0%
Fire and contents insurance (commercial)	2,015	34,802	4.6%
Liability insurance	1,069	107,673	10.2%
Credit and surety insurance	10	215,088	0.3%
Legal expenses insurance	595	33,627	0.4%
Other direct insurance and proportional reinsurance	611	79,006	0.4%

## Notes

3. Claims (continued)	Number of claims	Average claims	Claims rate
<b>The development in claims can be specified as follows (Group):</b>			
Sickness and accident insurance	215	98,832	0.4%
Workers compensation insurance	2,286	80,842	21.8%
Motor liability insurance	6,267	45,182	6.2%
Motor own damage insurance	21,047	18,105	22.8%
Marine, aviation and goods insurance	53	N/A	N/A
Fire and contents insurance (domestic)	2,948	36,813	4.3%
Fire and contents insurance (commercial)	2,428	43,724	4.9%
Liability insurance	1,179	96,259	10.8%
Credit and surety insurance	10	213,069	0.3%
Legal expenses insurance	595	34,041	0.4%
Other direct insurance and proportional reinsurance	1,939	30,485	1.2%

4. Specifications on Insurance classes	Sickness and accident insurance		Workers compensation insurance		Motor liability insurance		Motor own damage insurance		Marine, aviation and goods insurance		Fire and contents insurance (domestic)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Amounts in DKK millions												
<b>Parent</b>												
Gross premiums	23.2	23.8	264.0	213.5	116.1	203.8	183.3	322.2	15.7	0.0	22.9	89.5
Gross premiums income	23.3	24.0	241.0	222.4	157.0	198.1	244.1	313.1	5.2	2.4	22.5	89.6
Gross claims incurred	-20.1	-7.7	-184.8	-165.0	-190.8	-196.5	-286.3	-307.9	1.5	3.7	-14.4	-56.5
Insurance operation costs	-2.6	-11.9	-110.0	-14.4	-2.4	-14.9	-5.2	-26.3	1.1	3.8	-6.0	6.9
Profit of ceded business	-1.1	-4.3	11.7	-33.6	60.6	20.2	88.0	33.4	-3.8	-6.2	-2.0	-1.9
Technical interest f.o.a.	0.0	0.0	-0.1	0.0	0.0	0.1	-0.1	0.1	0.0	0.0	0.0	0.0
Insurance technical result	-0.1	-3.8	-51.5	-15.9	4.4	-34.1	10.1	-50.0	-1.0	4.6	0.6	38.1

4. Specifications on Insurance classes	Fire and contents insurance (commercial)		Liability insurance		Credit and surety insurance		Legal expenses insurance		Others direct insurance and proportional reinsurance		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Amounts in DKK millions												
<b>Parent</b>												
Gross premiums	140.8	205.8	136.3	186.3	44.0	32.2	188.5	179.9	112.7	77.7	1,247.4	1,534.6
Gross premiums income	140.9	208.5	187.4	215.0	43.2	33.7	189.9	178.8	87.8	71.0	1,342.3	1,556.3
Gross claims incurred	-70.1	-80.2	-115.1	-148.4	-2.2	-14.7	-20.0	-5.3	-48.3	-45.8	-950.7	-1,024.4
Insurance operation costs	-21.1	-39.8	-22.1	-18.4	-4.1	-4.1	-125.0	-167.2	-13.4	-16.5	-310.8	-302.8
Profit of ceded business	-21.2	-13.2	-49.3	-17.6	-13.8	-8.6	-9.2	-4.9	-4.9	-3.7	55.1	-40.6
Technical interest f.o.a.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3
Insurance technical result	5.8	71.9	15.7	2.6	14.8	6.6	34.6	9.4	5.6	9.4	38.9	38.8

## Notes

4. Specifications on Insurance classes (continued)	Sickness and accident insurance		Workers compensation insurance		Motor liability insurance		Motor own damage insurance		Marine, aviation and goods insurance		Fire and contents insurance (domestic)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Amounts in DKK millions												
<b>Group</b>												
Gross premiums	31.7	36.4	263.6	213.5	256.2	335.9	328.4	461.3	16.8	1.7	133.4	230.8
Gross premiums income	31.3	37.7	240.5	222.4	286.5	323.1	377.5	441.0	6.6	4.4	121.6	230.7
Gross claims incurred	-21.2	-20.4	-183.1	-165.0	-283.2	-292.2	-381.1	-406.1	0.8	5.0	-108.5	-169.2
Insurance operation costs	-3.4	-9.3	-108.3	-14.4	8.4	-12.0	5.0	-23.6	1.3	4.1	6.1	27.2
Profit of ceded business	-0.8	-0.9	10.3	-33.6	50.6	20.3	72.8	33.4	-3.0	-7.7	-3.1	6.0
Technical interest f.o.a.	0.0	0.0	-0.1	0.0	0.0	0.1	-0.1	0.1	0.0	0.0	0.0	0.0
Insurance technical result	4.8	-3.4	-50.0	-15.9	13.0	-22.3	18.7	-38.4	-1.0	6.1	0.5	50.1

4. Specifications on Insurance classes (continued)	Fire and contents insurance (commercial)		Liability insurance		Credit and surety insurance		Legal expenses insurance		Others direct insurance and proportional reinsurance		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Amounts in DKK millions												
<b>Group</b>												
Gross premiums	186.4	205.8	149.1	206.1	43.9	32.2	188.2	179.9	131.2	77.2	1,728.9	1,980.7
Gross premiums income	185.5	208.5	199.3	232.9	43.1	33.7	189.6	178.8	100.3	70.5	1,782.0	1,983.8
Gross claims incurred	-106.2	-80.2	-113.5	-158.1	-2.2	-14.7	-20.3	-5.4	-59.1	-44.6	-1,277.5	-1,350.8
Insurance operation costs	-15.9	-39.8	-22.4	-19.1	-8.0	-4.1	-125.0	-167.1	-108.9	-121.6	-371.1	-379.7
Profit of ceded business	-17.2	-13.2	-39.6	-19.6	-11.1	-8.6	-7.5	-4.8	-3.6	-10.5	47.8	-39.2
Technical interest f.o.a.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	5.0	1.5	5.2
Insurance technical result	8.6	64.4	24.6	5.6	11.5	6.6	34.4	9.4	-75.2	-58.4	-10.0	3.9

## 5. Administrative expenses

	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
<b>Audit fee:</b>				
KPMG P/S	969	1,229	969	1,229
Others	103	-	501	560
<b>Total</b>	<b>1,072</b>	<b>1,229</b>	<b>1,470</b>	<b>1,789</b>
<b>Fee for other assurance services:</b>				
KPMG P/S	117	281	117	281
<b>Total</b>	<b>117</b>	<b>281</b>	<b>117</b>	<b>281</b>

## Notes

6. Currency and marketable securities adjustments	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
Gains and losses as a result of changes in the interest rate used for discounting of claims provision	-3,292	-17,405	-3,747	-10,735
Shares	18,054	354	18,054	354
Units in investment associations	-2,148	-940	-2,148	-940
Bonds	-9,027	-10,584	-10,042	-10,858
Currency adjustments	9,874	4,369	9,708	4,271
	<b>13,461</b>	<b>-24,206</b>	<b>11,825</b>	<b>-17,908</b>

7. Tax on net results	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
Current tax	9,506	-	9,506	-
Adjustment concerning previous years	-	-3,998	-	-3,998
Adjustment of deferred tax, previous years	-27	-46	14,719	-8,643
Change in deferred tax	354	3,987	354	3,987
	<b>9,833</b>	<b>-57</b>	<b>24,579</b>	<b>-8,654</b>
Total tax on total income for the year can be explained as follows:				
Profit before tax	-13,856	-11,234	890	-19,831
Reversal of income from Group entities and branch	54,610	28,617	54,610	28,617
<b>Total income</b>	<b>40,754</b>	<b>17,383</b>	<b>55,500</b>	<b>8,786</b>
Applicable tax rate	23.5%	24.5%	23.5%	24.5%
<b>Tax calculated on total income</b>	<b>9,577</b>	<b>4,259</b>	<b>13,042</b>	<b>2,153</b>
Tax on permanent differences:				
Income not subject to tax	-91	-333	-91	-333
Expenses disallowed for tax purposes	374	514	384	513
Change in tax rate	-	-453	-	-543
<b>Tax on total income for the year</b>	<b>9,860</b>	<b>3,987</b>	<b>13,335</b>	<b>1,790</b>
Adjustment of tax relating to previous years	-	-3,998	-	-1,801
Adjustment of deferred tax, previous years	-27	-46	14,719	-8,643
Adjustment of expenses non deferred tax	-	-	-3,475	-
<b>Tax expense</b>	<b>9,833</b>	<b>-57</b>	<b>24,579</b>	<b>-8,654</b>

## Notes

7. Tax on net results (continued)	1/1 2015	Adjustment for the year	31/12 2015
<b>Parent company</b>			
<b>Deferred tax</b>			
Deferred tax can be specified as follows:			
Equipment etc.	-151	35	-116
Software	468	0	468
Amounts receivable from policy holders	4,076	0	4,076
Tax loss carried forward	-389	389	0
	<b>4,004</b>	<b>424</b>	<b>4,428</b>
<b>Recognized as:</b>			
Deferred tax asset			-
Deferred tax liability			4,428
			<b>4,428</b>
<b>Group</b>			
<b>Deferred tax</b>			
Equipment etc.	-151	35	-116
Software	468	0	468
Amounts receivable from policy holders	4,076	0	4,076
Tax loss carried forward	-41,549	17,490	-24,059
	<b>-37,156</b>	<b>17,525</b>	<b>-19,631</b>
<b>Recognized as:</b>			
Deferred tax asset			-24,059
Deferred tax liability			4,428
			<b>-19,631</b>

## Notes

8. Immaterial assets	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
<b>Software</b>				
Cost at 1 January 2015	7,559	2,329	59,860	48,077
Currency adjustment on opening balance sheet	-	-	-2,993	-3,214
Additions	10,347	7,704	19,453	17,471
Disposals	-	-2,474	-	-2,474
<b>Cost at 31 December 2015</b>	<b>17,906</b>	<b>7,559</b>	<b>76,320</b>	<b>59,860</b>
Depreciation at 1 January 2015	204	204	37,108	34,417
Currency adjustment on opening balance sheet	-	-	-2,113	-2,401
Depreciation for the year	-	-	4,690	5,092
<b>Depreciation at 31 December 2015</b>	<b>204</b>	<b>204</b>	<b>39,685</b>	<b>37,108</b>
<b>Net asset value at 31 December 2015</b>	<b>17,702</b>	<b>7,355</b>	<b>36,635</b>	<b>22,752</b>

9. Tangible assets	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
<b>Office equipment</b>				
Cost at 1 January 2015	2,804	3,992	19,194	20,029
Currency adjustment on opening balance sheet	-	-	-937	-1,127
Additions	327	254	2,808	2,001
Disposals	-	-1,442	-	-1,709
<b>Cost at 31 December 2015</b>	<b>3,131</b>	<b>2,804</b>	<b>21,065</b>	<b>19,194</b>
Depreciation at 1 January 2015	2,537	3,554	16,019	16,788
Currency adjustment on opening balance sheet	-	-	-772	-930
Depreciation for the year	113	262	1,625	1,283
Depreciation on disposed assets	-	-1,279	-	-1,122
<b>Depreciation at 31 December 2015</b>	<b>2,650</b>	<b>2,537</b>	<b>16,872</b>	<b>16,019</b>
<b>Net asset value at 31 December 2015</b>	<b>481</b>	<b>267</b>	<b>4,193</b>	<b>3,175</b>

## Notes

10. Interest in affiliated companies	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
Cost at 1 January 2014	186,366	186,366	-	-
Additions	36,072	-	-	-
Disposals	-28,305	-	-	-
<b>Cost at 31 December 2014</b>	<b>194,133</b>	<b>186,366</b>	<b>-</b>	<b>-</b>
Adjustments at 1 January 2014	60,812	41,986	-	-
Currency adjustment of the opening equity in affiliated company	-19,080	-26,417	-	-
Contribution to subsidiary	9,877	17,707	-	-
Writedown of group goodwill	-3,839	-	-	-
Other adjustment of the opening equity in affiliated company	-	-2,964	-	-
Net profit for the year	-18,319	30,500	-	-
Disposals	-68	-	-	-
Disposals, currency adjustment	1,778	-	-	-
<b>Adjustments at 31 December 2014</b>	<b>31,161</b>	<b>60,812</b>	<b>-</b>	<b>-</b>
<b>Net asset value at 31 December 2014</b>	<b>225,294</b>	<b>247,178</b>	<b>-</b>	<b>-</b>

Amounts in DKK thousands

	NEMI Forsikring AS
Registered Office	Oslo
Equity interest	100%
Share of net profit for the year	-63,398
<b>Share of equity</b>	<b>187,798</b>

11. Interest in associated companies	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
Cost at 1 January 2015	281	281	281	281
<b>Cost at 31 December 2015</b>	<b>281</b>	<b>281</b>	<b>281</b>	<b>281</b>
Adjustments at 1 January 2015	1,017	1,413	1,017	1,413
Net profit for the year	389	1,004	389	1,004
Distributed dividend	-874	-1,400	-874	-1,400
<b>Adjustments at 31 December 2015</b>	<b>532</b>	<b>1,017</b>	<b>532</b>	<b>1,017</b>
<b>Net asset value at 31 December 2015</b>	<b>813</b>	<b>1,298</b>	<b>813</b>	<b>1,298</b>

## Notes

Amounts in DKK thousands	Alpha Sales Group A/S
Registered Office	Copenhagen
Equity interest	25%
Share of net profit for the year	389
<b>Share of equity</b>	<b>813</b>

### 12. Equity

Amounts in DKK thousands	Parent Company		Group	
	2015	2014	2015	2014
<b>The calculation of base capital can be specified as follows:</b>				
Equity at 31 December	339,041	387,711	339,041	387,711
Subordinated loan capital	51,994	44,856	51,994	44,856
Deferred tax asset	-19,631	-37,156	-19,631	-37,156
Current tax	-	-122	-	-122
Immaterial assets	-36,635	-22,752	-36,635	-22,752
Tax of immaterial assets	9,272	6,114	9,272	6,114
Capital adequacy requirements in subsidiary insurance companies	-54,014	-54,014	-54,014	-54,014
Changes in the valuation of technical provisions	-9,338	-12,108	-9,338	-12,108
<b>Base capital at 31 December</b>	<b>280,689</b>	<b>312,529</b>	<b>280,689</b>	<b>312,529</b>

### 13. Subordinated loan capital

The company has subordinated loan capital at DKK 149 million. The interest rate for the loan is 9% pro anno plus the Euribor 3 months rate. The subordinated loan is free of amortization until 31 December 2024. At this time the terms for repayment will be settled. In the base capital of the subordinated loan capital is included, which corresponds to 25 % of the SCR in Alpha Insurance A/S DKK 52,0 million.

The loan respects payment to all other creditors in Alpha Insurance A/S before the loan will be settled.

## Notes

14. Information on staff and remuneration	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
<b>Total staff costs compose:</b>				
Wages and salaries	32,073	30,523	71,883	70,079
Pension plans	2,389	2,326	6,433	4,530
Expenses to social security and other staff costs	4,382	3,974	13,994	12,920
	<b>38,844</b>	<b>36,823</b>	<b>92,310</b>	<b>87,529</b>
Board of Executives and Risk taker	6,217	6,271	6,217	6,271
Board of Directors	1,588	1,583	3,393	3,262
	<b>7,805</b>	<b>7,854</b>	<b>9,610</b>	<b>9,533</b>
Members of the Executive Board	1	1	1	1
Members of the Board	5	5	5	5
Average number of employees	24	23	124	96

The Group primarily uses fixed salaries and has not paid one-off fees, pensions or bonuses in 2015. The Chief Executive Officer has been identified as the Risk taker. The Chief Executive Officer signs on all risks.

Amounts in DKK thousands	Board of Directors	
	2015	2014
<b>Total remuneration</b>		
Morten Helge	750	755
Bo Lundqvist	375	378
Jens Erik Christensen	150	150
Thomas Dahl Fredslund	169	150
Bjarke Sanbeck Nilsson	169	150
Leif Corinth-Hansen	150	150

The Board of Directors does not have any bonus or options and does not have any redundancy scheme.

Amounts in DKK thousands	Board of Executives				
	Year	Remuneration	Pension	Benefits	Total
Leif Corinth-Hansen	2015	6,021	118	78	6,217
Leif Corinth-Hansen	2014	6,051	118	102	6,271

## Notes

15. Claims provisions, gross	Parent Company		Group	
	Insurance year 2015	Insurance year through 2014	Insurance year 2015	Insurance year through 2014
Amounts in DKK thousands				
1 January	-	1,330,737	-	1,498,696
Gross claims incurred	694,626	256,113	1,027,187	250,271
Claims paid	-375,512	-642,430	-584,972	-701,832
Currency adjustments	101,108	24,354	101,108	9,158
<b>31 December</b>	<b>420,222</b>	<b>968,774</b>	<b>543,323</b>	<b>1,056,293</b>

16. Reinsurers share of claims provisions	Parent Company		Group	
	Insurance year 2015	Insurance year through 2014	Insurance year 2014	Insurance year through 2014
Amounts in DKK thousands				
1 January	-	749,797	-	849,946
Change in claims provisions	369,165	214,970	616,743	219,982
Claims paid	-164,404	-276,792	-325,206	-345,001
Currency adjustments	-15,307	7,122	-15,307	-961
<b>31 December</b>	<b>189,454</b>	<b>695,097</b>	<b>276,230</b>	<b>723,966</b>

17. Contingent liabilities, guarantee commitments etc.	Parent Company		Group	
	2015	2014	2015	2014
Amounts in DKK thousands				
Rent commitments	20,187	2,651	27,673	15,665
	<b>20,187</b>	<b>2,651</b>	<b>27,673</b>	<b>15,665</b>

The following assets are registered as provision of security for the technical provisions:

Shares	66,972	-	67,283	246
Units in investment associations	-	23,554	-	23,554
Bonds and accrued interests	418,742	651,072	565,046	834,459
Banks and deposits	51,507	80,185	79,690	101,752
Receivables	961,333	887,266	1,142,416	1,057,680
	<b>1,498,554</b>	<b>1,642,077</b>	<b>1,854,435</b>	<b>2,017,691</b>

Alpha Insurance A/S has made a letter of intent to Nemi Forsikring AS to give further capital if needed for Nemi Forsikring AS to fulfill the requirements for solvency.

## Notes

## 18. Related parties, etc.

Related parties to Alpha Insurance A/S comprise the following:

## Controlling interest

Alpha Holding A/S Principal shareholder

## Subsidiary companies

NEMI Forsikring AS Affiliated Company

2015 2014

Claims handling agreement (TDKK) 2,411 -

Transactions between Alpha Insurance and affiliated companies are conducted on an arm's length basis.

## Intra-group transactions:

Administration fee, etc. is fixed on a cost-recovery basis.

Intra-group accounts are offset and carry interests on market terms.

Transactions with group companies have been eliminated in the consolidated financial statements in accordance with the accounting policies.

## Other related parties

Alpha Insurance has entered a broker agreement on market terms with Beta Re GmbH on certain agency contracts.

Brokerage for this service amounts to TDKK 2,488 (-).

Alpha Insurance has entered into binding authority agreements with Beta Aviation ApS and Lima Agency Ltd. on market terms. Commission paid in relation to these agreements amounts to TDKK 2,013 (-) and TDKK 3,002 (-) respectively.

## Ownership

The following shareholders are registered in the register of shareholders as owners of least 5 % of the voting rights or at least 5 % of the share capital.

Alpha Holding A/S  
c/o Harbour House  
Sundkrogsgade 21  
DK-2100 Copenhagen Ø

The Annual Report for Alpha Insurance A/S is a part of the consolidated accounts of Alpha Holding A/S and Ahpla ApS.

Remuneration of the Executive Board and the Board are presented in note 14.

Administration fees, etc. are settled on a cost recovery basis.

The consolidated accounts are offset and earn interest on market terms. The companies in the Alpha Group have entered into reinsurance contracts based on market terms.

Transactions with subsidiary companies have been eliminated in the consolidated accounts, in accordance with the accounting policies applied.

## 19. Risk and information on sensitivity

Event Effect in Equity in '000

Increase in interest rate of 0,7 % -6,931

Decrease in interest rate of 0,7 % 6,931

Reduction in share prices of 12 % 8,064

Reduction in value of property of 8 % -

Foreign currency risk (VaR 99,5) 10,637

Loss on 3rd parties of 8 % 1,196

## 20. Other note information

In accordance with § 91a in the regulations for financial report for insurance companies and no occupational pension funds a five-year plan is describe on the last page in the management statement.

## Notes

### Accounting policies

The Annual Report of Alpha Insurance A/S for 1 January - 31 December 2015 has been presented in accordance with the provisions of the Danish Financial Business Act and the Danish Financial Supervisory Authority's Executive Order no. 112 of 7 February 2013 on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds.

The financial statements have been presented applying the accounting policies in consistence with last year.

### Recognition and measurement

Income is recognised in the Income Statement as earned, including value adjustments of financial assets and liabilities. All expenses including depreciation/amortisation and impairment claims are recognised in the Income Statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and when the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that the future economic benefits will flow out of the Company and when the measurement of the value of the liability is reliable.

On initial recognition, assets and liabilities are recognised at cost. Subsequently, assets and liabilities are measured as described below for each item.

Certain financial assets and liabilities are measured at amortised cost where a constant effective interest is recognised over the maturity. Amortised cost is stated as original cost less any principal repayments and with the addition/deduction of the cumulative amortisation of any difference between cost and nominal amount.

Allowances are made for predictable claims and risks that arise before the presentation of the Interim Report and that confirm or invalidate circumstances that existed at the balance sheet date.

### Consolidated financial statements

The consolidated financial statements comprise the parent company Alpha Insurance A/S and subsidiaries controlled by the parent company. Control is achieved where the parent company directly or indirectly holds more than 50 per cent of the voting rights or is otherwise able to exercise or actually exercise control. If the parent company holds more than 50

per cent without the ability to exercise control of the entity the interests are recognized as "Shares" under "Other financial investment assets".

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and the subsidiaries, which are all prepared in accordance with the Group's accounting policies.

The consolidated financial statements are prepared by adding together uniform items and eliminating intra-group income and expenses, investments, balances and dividends as well as realised and unrealised gains and losses on transactions between the consolidated companies.

Newly acquired or newly formed companies are recognised in the consolidated financial statements from the date of acquisition. Companies sold or discontinued are recognised in the consolidated income statement up to the time of sale or discontinuance.

Newly acquired subsidiaries are accounted for using the purchase method of accounting, according to which the identifiable assets, liabilities and contingent liabilities of the newly acquired companies are measured at fair value at the time of acquisition.

Negative differences between the cost of the acquisition and the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised in the income statement at the time of acquisition.

Minority interests are recognised at the time of acquisition at the proportionate share of the fair value of the acquired identifiable assets, liabilities and contingent liabilities.

Gains or losses on the disposal or discontinuance of subsidiaries are calculated as the difference between the selling price and the book value of net assets at the time of sale as well as anticipated expenses relating to sale.

### Foreign currency

Transactions denominated in foreign currencies are converted at the exchange rates at the dates of transaction. Exchange differences arising between the rate on the date of transaction and the rate on the payment day are recognised in the Income Statement as financial income or financial expenses.

## Notes

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are converted by applying the exchange rates at the balance sheet date. Differences arising between the rate at the balance sheet date and the rate at the date of the arising of the receivable or payable are recognised in the Income Statement under financial income and expenses.

Fixed assets purchased in foreign currencies are measured at the rate of the date of transaction.

### The Income Statement

#### Premium income

Gross premiums are listed as the year's payable premiums stemming from insurance agreements which pertain to the financial year.

#### Reinsurance contracts

Reinsurance contracts are defined as insurance contracts entered into with reinsurers under which the company is fully or partially compensated for losses on one or more insurance contracts issued by the company. Alpha Insurance uses reinsurance as a normal part of its business for the purpose of limiting possible losses through the spreading of risk. Reinsurance does not change the company's liabilities towards the policyholders. Conclusion of reinsurance contracts therefore means that the company is exposed to credit risk as far as receivables from reinsurers are concerned.

#### Claims

Paid gross claims are listed as the year's paid claims including internal and external expenses of inspection and evaluation of damages and various direct and indirect expenses related to the treatment of occurred damages.

#### Bonus and rebates

The premium amounts repaid or to be repaid to policyholders are recognized as bonus and rebates when the repayment amount is determined on the basis of the claims experience during the financial year for the individual insurance contract or a portfolio of insurance contracts, based on criteria laid down prior to beginning of the accounting period or when the insurance contracts are taken out. The provision for bonuses and rebates includes expected amounts payable to policyholders based on their claims experience during the accounting period.

#### Acquisition costs

Acquisition costs are listed as costs related to purchase and renew of the portfolio.

The majority of the business written is distributed by intermediaries and is based on, so-called account solutions. The account solution business model means that the result of the insurance business is shared with the respective intermediaries.

An insurance technical profit under these agreements represents a duty for the Company to pay additional commissions to the intermediary and a technical loss will give the Company a right to claim an amount from said intermediaries mainly in the form of the right to assume future profitable business from the intermediary. The duty to pay commission is accrued as payables to brokers and the income will be accrued to the extent this is earned on business in force. The account solution does not in any way limit the amount of risk transfer towards the original insured within the compulsory insurance classes.

#### Administrative expenses

Administrative expenses are listed as the costs related to the administration of the company's portfolio. The administrative expenses are allocated so they cover the period.

#### Insurance technical interest

Part of the profit or loss from investment operations relates to the insurance operations and is therefore transferred to this part of the income statement.

The transferral amounts to a calculated return of the period's average insurance provisions at own account. The interest applied is a fixed interest provided by the Danish Financial Supervisory Authority, which for 2015 amounts to -0,18 % per year. Also technical interest includes interest on funds withheld in connection with the reinsurance of the Company's insurance portfolio as well as the impact on the discounting of the reserve deriving from the change in the duration of the claims provisions.

#### Interest income and dividend

Profit or loss from investment operations include the interest earned in the financial year on bonds, bank, deposits and receivables as well as dividends received on investments.

#### Currency and marketable securities adjustments

Currency and marketable securities adjustments include both realised and unrealised gains and losses on the sale and value adjustment of securities and other financial contracts as well as realised and unrealised foreign exchange gains and losses.

## Notes

### Tax

Tax for the period includes current tax and changes in deferred tax and is listed in the income statement with the ratio referring to the net profit/loss for the period and recognised in the equity with the ratio referring to entries with direct reference to the equity.

Current tax liabilities and current tax receivables are respectively listed in the Balance Sheet as calculated tax on the period's taxable income, adjusted for prepaid tax.

Deferred tax is assessed in respect of all temporary differences between the carrying amount and the tax value of the assets and liabilities. Deferred tax assets including the tax value of tax losses to be carried forward are recognised in the Balance Sheet at the value on which the assets are expected to be realised, either by setting off in the deferred tax liabilities or as net assets.

The company is jointly taxed with its Parent Company. The jointly taxed companies participate in the Tax Prepayment Scheme.

### The Balance Sheet

#### Immaterial assets

Software is measured at cost less accumulated depreciation. Depreciation is made under the straight-line method over the expected useful life of the asset which is estimated to be 5 years.

#### Equipment

Equipment is measured at cost less accumulated depreciation. Depreciation is made under the straight-line method over the expected useful lives of the assets:  
Office equipment etc. 3-5 years

#### Leases

Leases related to tangible assets of which the Company assumes all material risks and rewards of ownership (finance leases) are measured in the Balance Sheet as assets. On initial recognition, the assets are valued at computed cost equal to fair value or (if lower) at the (net) present value of future lease payments. In the computation of the (net) present value, either the interest rate implicit in the lease is applied as the discount rate or an approximated value. Assets held under finance leases are depreciated as other similar tangible assets.

The capitalised residual lease obligation is recognised in the Balance Sheet as a liability other than provisions and the

interest element in the lease payment is recognised in the Income Statement over the lease term.

All other lease agreements are considered as operating leases. Lease payments under operating leases and other rental agreements are recognised in the Income Statement over the term of the agreements.

The Company's total obligation related to operating leases and rental agreements is stated under contingent assets and liabilities etc.

#### Investment assets

##### Participating interests in affiliated companies

The proportionate share of the individual subsidiaries' results before tax is recognised in the parent's income statement. The parent's share of the subsidiaries' tax is recognised under tax on profit/loss on ordinary activities.

Holdings in group undertakings are recognised in the balance sheet at the proportionate share of the companies' financial equity value calculated in accordance with the parent's accounting policies.

Net revaluation of investments in subsidiaries and associates is transferred under equity to reserves for net revaluation by the equity method, to the extent the financial value exceeds the acquisition price.

Acquisition or establishment of new companies are recognised in the annual report from the date of acquisition.

Positive differences (goodwill) between acquisition price and the value of acquired assets and liabilities are recognised under participating interests in affiliated companies and amortised over their estimated economic lives. The financial value of goodwill is assessed currently and written down in the income statement, where the financial value exceeds the expected future net income from the company or activities to which the goodwill relates.

#### Securities

Securities are initially measured at initial fair value on the transaction date and subsequently measured at fair value (market price) at the balance sheet date or at cost less write-downs if the market price is unavailable. Purchases and sales of securities are recognised at the trade date.

## Notes

### Insurance assets

Reinsurers share of premium provisions and claims provisions are computed according to the coverage provided by the underlying reinsurance contracts in force. The measurement is based on the same assumptions as applied in calculating provisions for unearned premiums and claims provisions.

### Receivables and prepayments

Receivables are measured at amortised cost which usually equals nominal value. Provisions made for bad debts reduce the value.

Prepayments comprise incurred expenses related to the following financial year.

### Intercompany

Business transactions between group companies are conducted on market-based conditions or on a cost-covering basis.

### Dividends

Dividends expected to be distributed for the year are shown as a separate item under equity. A proposed dividend is recognised as a liability on approval by the Annual General Meeting.

### Provisions for unearned premiums and claims provisions

Provisions for unearned premiums are set aside in accordance with the risk profile of the portfolios. They are measured after a pro rata temporis principle.

Claims provisions are computed so that they - taking into account all information available - are adequate to cover all claims incurred for damage which occurred before the balance sheet date whether or not such claims have been filed. Claims provisions also include an accrual for future expenses for the administration, mitigation, inspection and assessment of claims related to the end of year claims provisions.

Case provisions are estimated from the information which is known at the time of preparing the financial statements.

IBNR is calculated from the assessments of ultimate claims costs and actuarial reviews of the gross claims provisions have been performed on reserving analysis groups. The reviews are based on available data, which for most groups are triangle data or other claim development data and, for some, statements or market data and information from the underwriting department in Alpha Insurance A/S.

The claims provisions are determined taking the interest rate (discounting) into account. External data is used for estimates for the future cash flow. Discounting is based on the Danish and the Norwegian interest rate curves. The Danish interest rate curve is also used on other currencies, resulting in lower discount effects than using the currency specific interest rate curves.

Gains and losses on the run-off of claims provisions from previous years are included in the claims incurred.

### Liabilities other than provisions

Financial debt, debt to reinsurers and other debts are measured at amortised cost corresponding to nominal value.

## Company Information

### The Company

Alpha Insurance A/S  
c/o Harbour House  
Sundkrogsgade 21  
DK-2100 København Ø

Telephone: +45 70 25 25 95

Fax: +45 70 26 25 95

Registration No.: 21 06 44 40

Established: 1 July 1998

Financial year: 1 January - 31 December

### Board of Directors

Morten Helge (Chairman)  
Bo Lundqvist (Deputy Chairman)  
Jens Erik Christensen  
Thomas Dahl Fredslund  
Bjarke Sanbeck Nilsson

### Board of Executives

Leif Corinth-Hansen

### Auditor

KPMG Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø



# AlphaInsurance

[www.alphagroup.dk](http://www.alphagroup.dk)

