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To the Copenhagen Stock Exchange
Nikolaj Plads 6
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Announcement No. 2/2006

Date 23 February 2006
Page 1 of 1

Alm. Brand A/S – Annual Report 2005

Alm. Brand A/S' Annual Report 2005 has been published today. Please see the enclosed annual report in which "Overview" on page 2 briefly describes the company's results for 2005 and the expectations from 2006.

From the "Overview" please note that:

- The Alm. Brand A/S Group posted a pre-tax profit excluding minority interests of DKK 747 million as compared with DKK 492 million in 2004.
- Thus a significant improvement of the result has taken place compared to 2004 and the result is highly satisfactory.
- Because of Alm. Brand's good results in recent years, the group has achieved its capital targets. As a result, a share buyback programme of up to DKK 400 million will be initiated in 2006.
- The result of the non-life operations was a profit before tax of DKK 375 million. The combined ratio was 91.3 including the storm and 87.4 excluding the storm.
- The result of the banking operations was a pre-tax profit excluding minority interests of DKK 222 million and DKK 329 million including minority interests.
- The result of the life insurance operations was a pre-tax profit of DKK 144 million.
- Alm. Brand A/S generated a return on equity of 18.3% before tax.
- Earnings per share were DKK 31 in 2005, and the share price was DKK 267 at 31 December 2005, corresponding to 134% of the net asset value of 199.
- The pre-tax profit excluding minority interests for 2006 is expected to be around DKK 610 million with a profit after tax of around DKK 470 million.

Please direct any questions regarding this announcement to Søren Boe Mortensen, Chief Executive, on tel. +45 35 47 47 47.

Yours sincerely

Alm. Brand A/S

Søren Boe Mortensen
CE



ALM. BRAND A/S

ANNUAL REPORT 2005

7 Midtermolen, DK-2100 Copenhagen Ø, Registration Number CVR-nr. 77333517

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OVERVIEW



Overview of the key results for 2005 for Alm. Brand A/S:

• The Alm. Brand A/S Group posted a pre-tax profit excluding minority interests of DKK 747 million as compared with DKK 492 million in 2004, which was a substantial improvement. The profit including minority interests was DKK 852 million against DKK 540 million in 2004. The performance was highly satisfactory.

Because of Alm. Brand's excellent performance in recent years, the group has achieved its capital target and, as a result, a share buyback programme of up to DKK 400 million will be initiated in 2006.

- Non-life operations reported a pre-tax profit of DKK 375 million.
- Banking operations reported a pre-tax profit of DKK 222 million excluding minority interests and DKK 329 million including minority interests.
- Life insurance operations reported a pre-tax profit of DKK 144 million.
- The group's other activities, including corporate expenses and reinsurance activities in run-off, reported a combined profit of DKK 6 million before tax.
- The group's total income amounted to DKK 6.5 billion.
- Alm. Brand A/S had shareholders' equity of DKK 4.5 billion at 31 December 2005 against DKK 3.7 billion at 31 December 2004.
- Alm. Brand A/S generated return on equity of 18.3% before tax.
- Earnings per share were DKK 31 in 2005, and the share price was DKK 267 at 31 December 2005, corresponding to 134% of the net asset value of 199.
- The pre-tax profit excluding minority interests for 2006 is expected to be around DKK 610 million with a profit after tax of around DKK 470 million.

The group's non-life operations generated a profit before tax of DKK 375 million, which was very satisfactory. This performance was achieved despite the storm in January 2005, which had a significant adverse effect on the results, and with other weather-related claims and major claims at a normal level. The good performance was primarily attributable to an improved and more profitable portfolio. The combined ratio was 91.3 including the storm and 87.4 excluding the storm. The expense ratio was 19.1, the claims ratio was 86.7 and the net reinsurance ratio was minus 14.5, indicating that the group received reinsurance cover in connection with the storm and other events. Premium income dropped by 1.5%, which was not satisfactory. Based on the significant initiatives launched in the sales and service area and the increased sales materialising in the second half of 2005, premium income is nevertheless expected to grow in 2006.

The group's banking operations were also very satisfactory, posting pre-tax profit excluding minority interests of DKK 222 million. The pre-tax profit including minority interests was DKK 329 million. The profit for the year was affected by substantial activity in all of the bank's business areas. In addition, the equity market performed well in 2005, leading to large capital gains. At the same time, bad and doubtful debts were at a very low level. Finally, the bank's retail operations generated increased business volume due, among other factors, to the group's focus on the *dobbelt*KUNDE concept and lending to agricultural customers.



The group's life insurance operations posted a pre-tax profit of DKK 144 million against a profit of DKK 71 million in 2004. Shareholders' equity was allotted the full risk premium in 2005 and, in addition, DKK 80 million from the shadow account was taken to income. This was possible because of the good financial return, entailing a significant increase in bonus provisions, which now exceed 3% of provisions, corresponding to DKK 314 million. Moreover, premium income rose by 3.3%. The profit for the year was very satisfactory in view of the guidance provided.

Based on the positive performance in Q4 2005, the group's tax asset was revalued so as to significantly reduce the tax rate for the year.

The total pre-tax profit excluding minority interests for the full year 2006 is expected to amount to some DKK 610 million with a profit after tax of around DKK 470 million. The profit forecast for 2006 is slightly lower because the 2005 performance was affected by non-recurring income, particularly in banking and in the life business.

Non-life operations are expected to continue the good performance with a profit of DKK 400 million forecast for the full year 2006. The combined ratio is expected to be around 92. The bank is also expected to sustain the good performance with a profit of DKK 140 million. Finally, life operations are expected to continue the good performance, generating a profit of DKK 70 million. Other activities combined are expected to break even with an expected profit of DKK 30 million in Copenhagen Re and holding expenses of DKK 30 million.

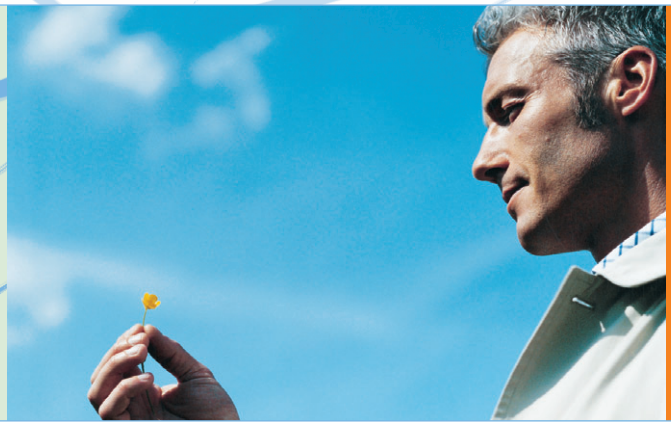
The group's total income is expected to reach DKK 6.6 billion.

Including the full contribution from the listed companies Alm. Brand Formue A/S and Alm. Brand Pantebreve A/S, i.e. including minority interests, the Alm. Brand Group's profit is expected to be DKK 660 million before tax and DKK 515 million after tax.

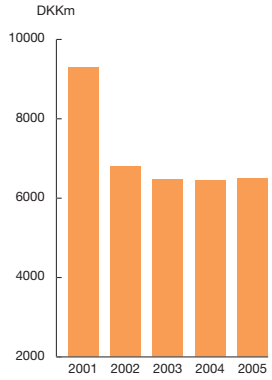
The anticipated earnings of the three business areas may be revised in the event of major changes in economic conditions, interest rate levels, equity prices, bad and doubtful debts, premium levels or the number or frequency of claims. Changes in the competitive environment within the three business areas may also influence profits.

No material events have occurred in the period from 1 January 2006 until the date the financial statements were signed which would be of material importance for the financial statements.

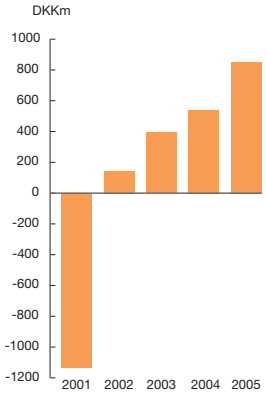
FINANCIAL HIGHLIGHTS AND KEY RATIOS



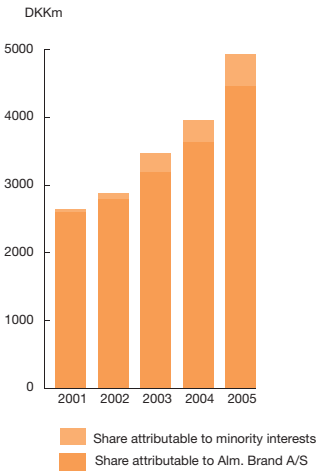
TOTAL INCOME GROUP



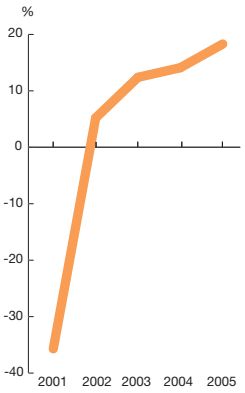
PROFIT/LOSS FOR THE YEAR BEFORE TAX GROUP



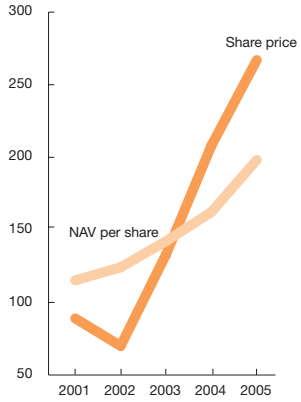
SHAREHOLDERS' EQUITY GROUP



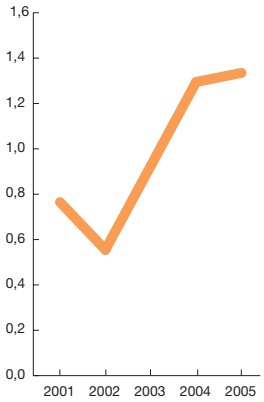
RETURN ON EQUITY BEFORE TAX



SHARE PRICE AND NAV PER SHARE



PRICE/NAV



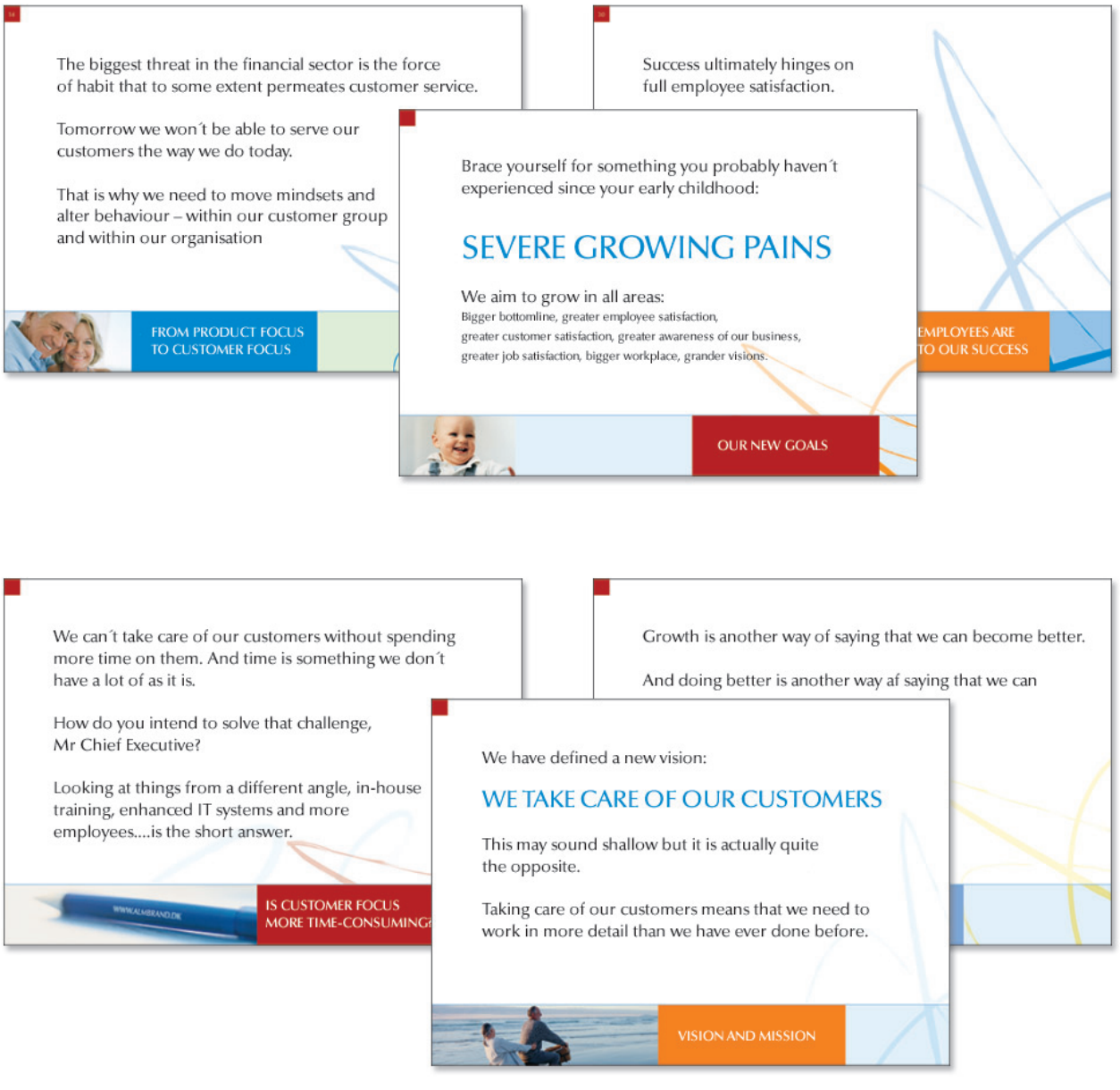
	DKKm	2005	2004	2003	2002	2001
GROUP	**Income**					
	Non-life insurance	4,079	4,143	3,927	3,668	3,465
	Banking	786	689	719	730	797
	Life insurance	747	723	714	696	738
	Copenhagen Re	37	29	136	725	3,133
	Investments etc.	840	855	969	981	1,141
	Total income	**6,489**	**6,439**	**6,465**	**6,800**	**9,274**
	Results					
	Underwriting result from non-life operations	399	422	164	– 61	126
	Profit on banking operations	329	174	107	106	114
	Underwriting result from life operations	121	36	54	– 18	144
	Underwriting result from Copenhagen Re	5	8	– 25	– 167	– 1,388
	Profit/loss on insurance and banking operations	**854**	**640**	**300**	**– 140**	**– 1,004**
	Profit/loss on investment business after allocation of interest	10	– 106	– 18	208	– 323
	Other ordinary items	– 12	6	112	76	194
	Profit/loss before tax	**852**	**540**	**394**	**144**	**– 1,133**
	Tax	– 56	– 99	– 19	– 2	76
	Profit/loss after tax	**796**	**441**	**375**	**142**	**– 1,057**
	Share of the profit/loss for the year attributable to minority interests	– 108	– 44	– 3	– 6	– 4
	Profit/loss after tax excluding minority interests	**688**	**397**	**372**	**136**	**– 1,061**
	Profit/loss before tax excluding minority interests	**747**	**492**	**387**	**136**	**– 1,139**
	Total technical provisions	19,193	17,932	17,458	18,559	20,981
	Consolidated shareholders' equity	4,935	4,074	3,467	2,885	2,651
	Minority interests	474	323	277	99	57
	Total assets	42,550	36,262	33,993	35,965	36,956
	Assets in banking operations	19,409	14,737	11,936	13,195	12,835
	Average number of employees	1,625	1,567	1,602	1,678	1,864
	Return on equity before tax	18.9%	14.0%	12.4%	5.2%	–35.7%
	Return on equity after tax	17.7%	11.5%	11.8%	5.1%	–33.3%
PARENT COMPANY	**Profit/loss before tax**	**749**	**494**	**387**	**136**	**– 1,139**
	Tax	– 60	– 95	– 15	0	78
	Profit/loss for the year	**689**	**399**	**372**	**136**	**– 1,061**
	Total assets	5,001	4,404	3,785	3,395	3,758
	Total investment assets	4,923	3,797	3,318	3,085	3,435
	Share capital	1,788	1,788	1,788	1,788	1,788
	Shareholders' equity	4,454	3,743	3,190	2,786	2,594
	Payables	496	579	569	586	1,004
	Return on equity before tax	18.3%	14.1%	13.0%	5.1%	–36.5%
	Return on equity after tax	16.8%	11.2%	12.5%	5.1%	–34.0%
	Earnings per share of DKK 80	31	18	17	6	– 47
	Diluted earnings per share of DKK 80	31	18	–	–	–
	Dividend per share	0	0	0	0	0
	Net asset value per share of DKK 80	199	168	143	125	116
	Share price at 31 December *)	267	208	133	70	89
	Price/net asset value	1.34	1.24	0.93	0.56	0.77

The comparative figures have been restated to reflect the effect of the acquisition of Alm. Brand af 1792 G/S's non-life portfolios and subsidiaries in 2002.

The accounting policies were changed in 2005, see Accounting policies below. Financial highlights and key ratios for 2001, 2002 and 2003 have not been restated to reflect the change in accounting policies.

STRATEGY 2010

Alm. Brand's strategy for the period until 2010 has been prepared by the management team and presented to the employees, for example, at meetings attended by the Management Board and by the department managers. Furthermore, all employees have been provided with an in-house strategy book describing the strategy.







WE TAKE CARE OF OUR CUSTOMERS

Strategic focus area:	Goals for 2010:
Return on equity	We aim to generate a return on equity of the money market rate plus 10% p.a. by 2010
Growth	We aim to increase our portfolio by more than 50% by end-2010, including: · Non-life insurance growth to DKK 5.8 billion (gross premiums including index-linked) · Banking growth to DKK 16 billion (lending) · Pension fund growth to DKK 6.5 billion (excluding 4.5% guarantees, index-linked contracts and private pension funds)
Image	We aim for our image to rank in the top two in the market (in relation to annual industry surveys)
Customer satisfaction	We aim for 90% of our customers to be satisfied or very satisfied with our company and for at least 40% of our customers to be very satisfied
Employee satisfaction	We aim for an employee satisfaction rate of 90%

THE WAY FORWARD....





MANAGEMENT



MANAGEMENT

BOARD OF DIRECTORS



Christian N.B. Ulrich*,
Chairman



Jørgen H. Mikkelsen*,
Deputy Chairman



Niels Thuen Macholm,
Employee representative



Lone Clausen,
Employee representative



Michael Fiorini



Boris N. Kjeldsen*



Niels Kofoed*



Jørgen S. Larsen*



Else Marie Thorsen,
Employee representative

MANAGEMENT BOARD



Chief Executive Officer
Søren Boe Mortensen
Joined Alm. Brand in 1987
Appointed to the Management Board in 1998
Chief Executive Officer since December 2001



Deputy Chief Executive Officer
Henrik Nordam
Joined Alm. Brand in 1986
Appointed to the Management Board on 1 January 2000
Deputy Chief Executive Officer since December 2001
(CEO of Alm. Brand Bank)

* Elected by the principal shareholder

AUDITORS
Deloitte, Statsautoriseret Revisionsaktieselskab

REGISTRATION
Alm. Brand A/S
Company reg. (CVR) no. 77333517

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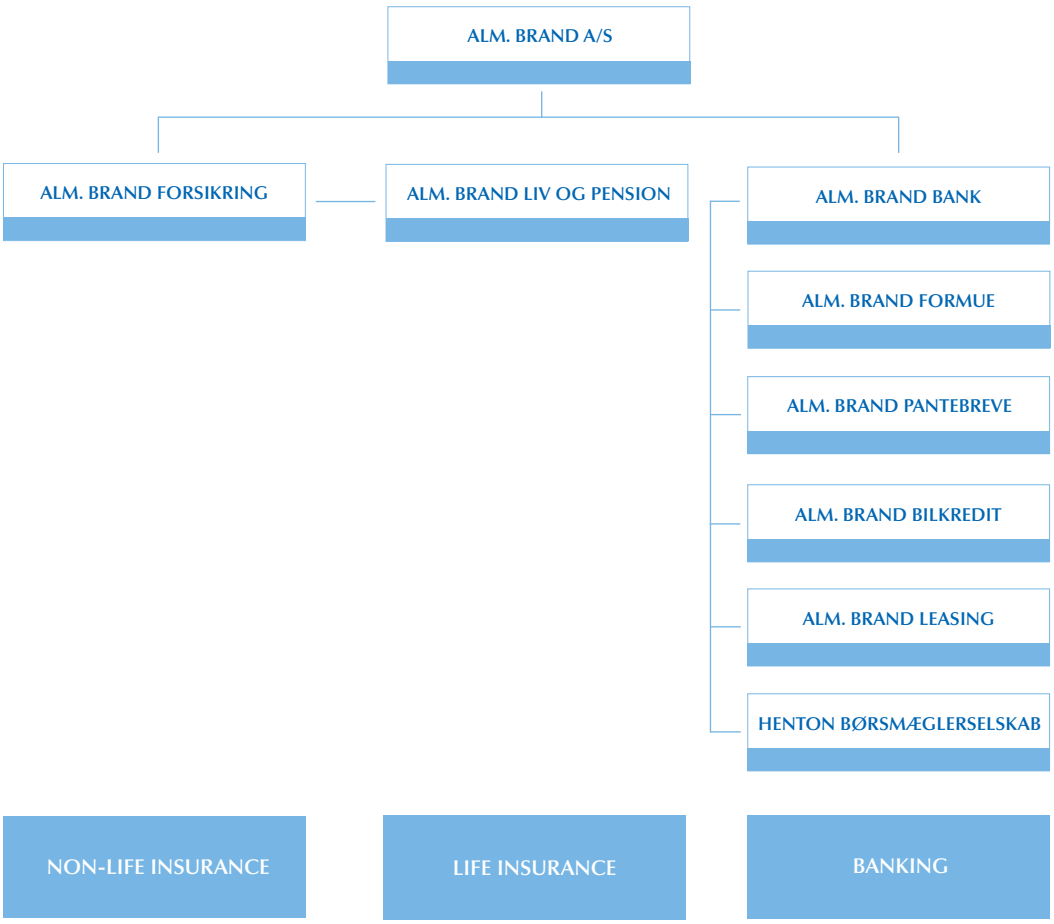
GROUP STRUCTURE





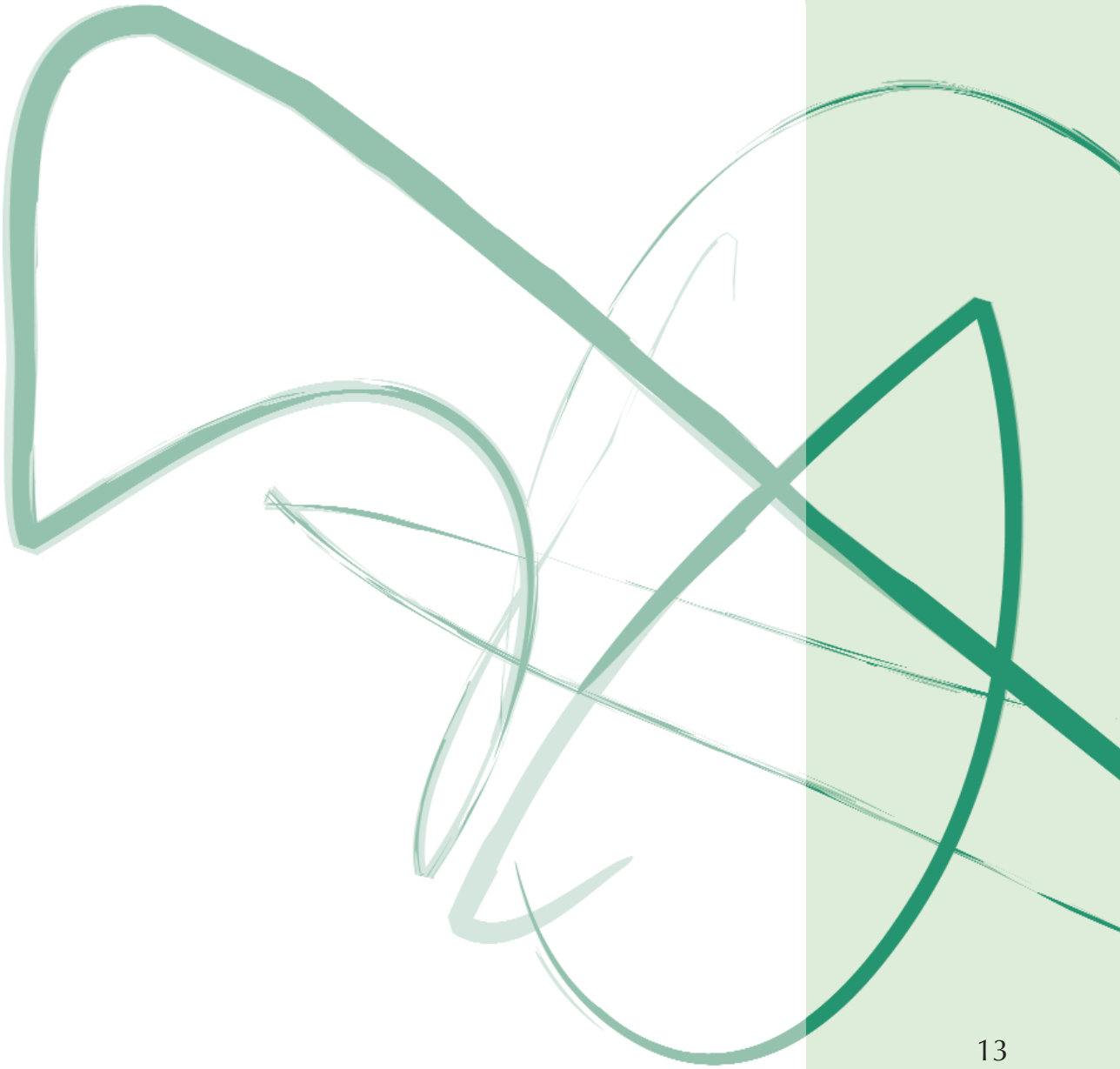
Dormant or discontinuing activities are not included.

GROUP STRUCTURE

Alm. Brand A/S is a Danish financial services group consisting of a listed holding company and a number of subsidiaries operating within non-life insurance, banking and life and pension insurance. In addition, the group operates an investment business as part of its ordinary operations.



MANAGEMENT'S REVIEW



REFOCUSING ON GROWTH



The 2005 financial year was yet another year that we can look back on with pride. In fact, it was our best year ever.

It was a year when we, again, exceeded the group's return on equity target and a year when we took a decisive leap towards achieving the target of a 90% customer and employee satisfaction rate. It was a year when the activities and initiatives implemented over the past four years started to yield results, indeed even significantly better results than we had anticipated for 2005. And it was a year when we defined a new strategy for the period until 2010 – an ambitious strategy which nevertheless holds every potential for success.

SHARE BUYBACK PROGRAMME

Generating a profit of DKK 747 million, we achieved yet another of our targets: To build a capital base ensuring a certain margin relative to the regulatory requirements and financial latitude to cope with unforeseen events. This means we can begin to distribute dividends to the company's shareholders earlier than expected. Accordingly, we will launch a share buyback programme of up to DKK 400 million spreading over the next 12 months.

EMPLOYEE SHARES

Our skilled employees deserve a lot of credit for the 2005 results and they will be the backbone of our performance in the years ahead and, accordingly, the foundation of the value of our company. We have therefore decided to give our employees an opportunity to buy shares at a discount to the market price also in 2006 as a way of thanking them for their great efforts and not least as an incentive to generate additional growth and value.

EXCELLENT PERFORMANCE IN ALL BUSINESS AREAS

Our non-life operations performed impressively despite the impact of the strong storm that hit Denmark in January 2005, posting a profit that exceeded our expectations by a large margin. The customer portfolio thus displayed a better claims experience than we anticipated at the beginning of the year.

Our banking operations, which were affected by the generally high level of activity in the industry and by significant price increases in equity portfolios, and which achieved considerable growth in lending and in the bank's other activities, also reported an excellent performance. Despite the high level of activity, the bank succeeded in maintaining its cost level unchanged.

Our life and pension operations also performed well and better than expected in terms of risk and administrative results, while generating a good financial return that pushes the company's bonus provisions above 3% of provisions. As a result, we were able to take the full risk premium and the entire amount of the shadow account to income.

DEVELOPMENT AND EFFICIENCY

Although we have enjoyed plenty of tailwind from the economic trends, we have also played our hand well. We worked our way from a situation characterised by fairly high costs, low efficiency and poor results to a position as one of the most profitable insurers in the industry. The results have been achieved in several focus areas.

A good example is recent years' targeted effort to improve our insurance portfolio. We have reviewed and evaluated the relationship between risk and insurance premium and adjusted our premiums accordingly. While resulting in a slight net decline in



premiums in 2005, it has significantly increased the portfolio's profitability. In addition, we have worked with price and risk in our banking operations to maintain decent earnings in a competitive market.

We have also enhanced the quality of our service and processes and also in this area we have achieved good results sooner than expected. We have become more accessible to our customers as measured by substantially improved response times. At the same time, our case processing has become more efficient with significantly reduced processing times. Concurrently with these efforts, we have more or less finished processing our case backlog. This was in itself quite an achievement considering the fact that the storm early in the year generated 42,000 new cases alone requiring quick processing and considering the growth experienced by the bank during the year.

These results can first and foremost be attributed to a great effort from the group's employees. Up-to-date and efficient systems and processes are key in providing optimum advice and service to our customers, but the crucial difference between acceptable and excellent results lies in committed employees who are adaptable to change.

EMPLOYEE AND CUSTOMER SATISFACTION

Considering the many demanding projects and the need for everyone to make an extra effort, it was particularly remarkable that employee satisfaction grew significantly in 2005. According to the most recent survey, 92% of the employees are proud to be part of Alm. Brand and 95% are satisfied with working in the group. On the Management Board, we are particularly pleased with and proud of this performance because we depend on satisfied employees to create satisfied customers.

The Alm. Brand customer satisfaction rate serves to prove this: In 2005 the share of satisfied customers rose from 71% to 80% of which 47% were very satisfied as compared with 24% in 2004. This is a major increase in customer satisfaction. We still fall slightly short of our 90% customer satisfaction rate target, but it is a step in the right direction.

However, we have achieved our goal that 40% of our customers should be very satisfied, which is important. Not surprisingly, experience shows that very satisfied customers are also the most loyal ones, that they source more products from the group and that they are the best ambassadors for our business. Therefore, customer satisfaction and not least having very satisfied customers are key components of our new strategy looking ahead to 2010.

NEW STRATEGY FOR THE PERIOD UNTIL 2010

We are pleased to note that we have efficient systems and processes. Our insurance customer portfolio is probably among the best in the Nordic region. Our staff is motivated, service-minded and, perhaps more importantly, satisfied with working at Alm. Brand. And we have satisfied customers who are apparently becoming even more satisfied.

This is the basis from which we have defined our new strategy for the period until 2010.

Vision

Our vision is that "We take care of our customers".

This vision lies at the very heart of our efforts to achieve our goals and to stand out from the competition. It describes the difference between serving a customer and helping a customer

REFOCUSING ON GROWTH



all the way from start to finish. When we say that we take care of our customers we ensure that all the customer's financial and insurance needs are met and understood. This means that we have to take a much wider perspective on the customer's needs and work much more closely with the customer than we did previously.

The five goals
We have defined five goals for the period until 2010. We aim to generate a satisfactory return on equity for our shareholders. We aim to generate growth at the rate of 50% in all business areas. We aim to build an image of being among the top two in the industry. As mentioned earlier, we aim for 90% of our employees and customers to be satisfied with Alm. Brand and for 40% of the customers to be very satisfied.

The five goals are mutually supportive and make up a positive spiral. Satisfied employees create satisfied customers who, in turn, create a good image. A good image spurs growth and contributes to generating good results. Good results provide the funds for additional growth and ensure that our shareholders receive a good return on their investment.

Why are we aiming for growth? We aim for growth because it is challenging and because it creates dynamics. And because growth – through economies of scale – creates future value for Alm. Brand.

How do we want to achieve growth? The answer is easy: We want to achieve growth through increased sales and increased customer loyalty. But to get there we all need to make a great effort. Therefore, it is quite reassuring that all the group's management staff have been involved in developing and defining the goals and, accordingly, can give us assurance that we can and will achieve our goals.

Strategy
We aim to achieve our goals by further developing and strengthening our sales and service towards the customers. We intend to increase our staff by 200 or more new employees by 2010 and to offer further training to new employees as well as to our existing and skilled employees. Therefore, we have set up the Alm. Brand Academy which will provide competence enhancement for all group employees.

In future, customers will become even more demanding and better educated and we intend to match this development. We aim to be a competent financial adviser to our customers. Therefore, we intend to invest considerable resources in developing the professional and personal skills of our employees and as a means to achieve this end we have set up our own training academy.

We aim to strengthen the development of systems supporting our sales, service and advisory processes. The group's new non-life insurance system is already implemented and well-functioning in the private customer segment and it will be implemented in the commercial customer segment over the course of the next couple of years.

In addition, we are in the process of developing a new sales system which will enable our advisers to get a full overview of a customer's insurance commitments with the group. The system will be implemented in the private customer segment in the course of 2006 and will ensure even more holistic and competent advisory and sales efforts vis-à-vis our insurance customers.

We aim to develop service and product concepts that meet our vision of taking care of our customers. The *dobbelt*KUNDE concept is already developing strongly and preliminary surveys



indicate that multi-product customers are both more satisfied and more loyal than other customer groups.

In an effort to further strengthen the group's *dobbelt*KUNDE concept, we have appointed a number of branch managers to head the group's 12 largest branch offices. These 12 branch managers will act as player coaches to their staff and local customers. Moreover, greater competence and customer responsibility will be delegated to the branch offices. The aim is to put close collaboration and direct customer relations first, while giving our employees greater freedom to provide optimum service to our customers.

In support of these efforts, we have also started refurbishing our largest branch offices to make them appear more customer-friendly and to focus on making our customers feel comfortable and feel they are our guests.

In addition, we plan to further develop packaged products in which our customers will benefit from several business areas being under one roof. The "Just GO" concept was one of the first additions to the product family.

As and when the need arises, new products will be launched and care products in the pension area may very well be one of the next additions.

LOOKING AHEAD TO 2010

These sales and service initiatives will only succeed if they are supported by the group's other objectives: A good image and high employee and customer satisfaction rates. In 2005, we came closer to our target of a 90% satisfaction rate. We will continue and intensify this work and we will not be satisfied until we have attained every last percentage point. And we know from experience that the last ones are the toughest to attain.

But based on the excellent trend in satisfaction rates, we also expect to improve our image over the next couple of years and this will, in turn, support our opportunities for generating additional sales and growth.

Since 2001, we have been working our way from a situation necessitating major efficiency improvements and modernisation. In 2005, we successfully finalised this process and we now have a business platform primed for growth.

Our strategy and goals reflect a process of evolution. They reflect that we are continuing on the course we have charted and with which we have achieved success. We are moving from a defensive to a more aggressive strategy. But our basic approach remains the same: Ordinary common sense. And we adhere to this approach in everything we do.



Søren Boe Mortensen
Chief Executive

NON-LIFE INSURANCE





Alm. Brand Forsikring is the fourth largest non-life insurer in Denmark with an estimated market share of 10%. The company has built its market position through stable growth over a period of several years and through the acquisition of a few minor portfolios. The non-life activities comprise the private, commercial and agricultural segments.

GOALS

We aim to have satisfied and loyal customers with whom we can develop long-term business relationships. At Alm. Brand we want to be known for taking care of our customers, for the quality of our advice and service and for the speed and fairness with which we handle reported claims.

Our targeted efforts in recent years to build profitability in all segments have resulted in a certain customer outflow. This trend will be reversed with the new strategy 2010 which aims, among other things, to lift gross premium income from our non-life operations to DKK 5.8 billion by the end of 2010, corresponding to a market share of more than 12%.

Alm. Brand aims to achieve profitable growth. Therefore, we base our growth ambition on the assumption that our non-life operations generate a return on equity before tax of the money market rate plus 18 percentage points. In 2005, the return on equity before tax was 22%.

Like for the group as a whole, the target is to have 90% satisfied customers of which 40% are very satisfied. Over the course of 2005, customer satisfaction in non-life operations rose by 4 percentage points to 84% of which 45% were very satisfied with an upward trend throughout the year.

STRATEGY

The new strategy for non-life operations for the period until 2010 builds on profitable growth, equivalent to a growth rate of 50% by 2010, based on the “We take care of our customers” vision.

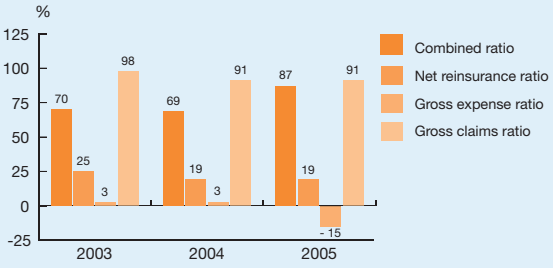
Growth should be generated, among other things, through investments in specialised sales employees targeting the needs of the individual customer groups and through increased customer loyalty.

In an effort to further strengthen growth and customer loyalty, the group introduced the *dobbelt*KUNDE concept in 2004. Under this concept, customers pooling a large part of their financial business with the Alm. Brand Group achieve a substantial discount on their non-life insurance premiums. Core benefits to the group under this scheme are increased income from a larger commitment per customer, lower distribution costs as well as more loyal customers, all of which serve to make customers stay longer with Alm. Brand.

Alm. Brand carries on non-life insurance, banking and life insurance activities under one roof. In future, we intend to increase our offering of combinatory products that stand out from the products offered by our peers by combining products from our group’s three business units. During the past year, we have, for example, offered both financing and insurance to our car-buying customers in one unique and easy to understand package.

In the spring of 2006, we will be launching a project called “New Commercial/Agriculture”. This project involves, among other things, developing new and updated commercial and agricultural products in the new non-life insurance system and

TREND IN KEY RATIOS





FIVE-YEAR HIGHLIGHTS OF NON-LIFE INSURANCE

DKKm	2005	2004	2003	2002	2001
Gross premiums	4,079	4,143	3,927	3,668	3,465
Investment income on insurance business	45	63	118	174	190
Claims incurred	– 3,536	– 2,859	– 2,729	– 2,757	– 2,466
Changes in other technical provisions	–	–	– 4	– 5	– 3
Bonus payments and premium discounts	–	– 1	– 2	– 2	– 5
Underwriting management expenses	– 779	– 791	– 968	– 930	– 896
Profit/loss from business ceded	590	– 133	– 135	– 210	– 143
Change in equalisation provisions	–	–	– 43	1	– 16
Underwriting profit/loss	**399**	**422**	**164**	**– 61**	**126**
Interest and dividends etc,	269	231	220	205	242
Capital gains/losses	– 129	– 130	7	64	– 71
Management expenses relating to investment business	– 16	– 13	– 15	– 16	– 16
Interest on technical provisions	– 136	– 136	– 128	– 183	– 197
Profit/loss on investment business after allocation of interest	**– 12**	**– 48**	**84**	**70**	**– 42**
Other ordinary items	– 12	– 20	– 29	– 4	– 2
Profit before tax	**375**	**354**	**219**	**5**	**82**
Tax	– 152	– 20	– 255	0	– 4
Profit after tax	**223**	**334**	**– 36**	**5**	**78**
Profit/loss on business in run-off	27	5	– 64	24	– 1
Total technical provisions	5,612	5,071	4,635	4,285	3,839
Insurance assets	269	78	78	115	110
Total shareholders' equity	1,801	1,288	1,067	1,057	939
Total assets	7,821	6,666	6,044	5,983	7,417
Gross claims ratio	86.7%	69.0%	69.6%	75.3%	71.3%
Gross expense ratio	19.1%	19.1%	24.7%	25.4%	25.9%
Net reinsurance ratio	–14.5%	3.2%	3.4%	5.7%	4.2%
Combined ratio	91.3%	91.3%	97.7%	106.4%	101.4%
Operating ratio	90.3%	89.9%	94.8%	101.5%	96.0%
Relative run-off result	0.8%	0.2%	-	-	-
Return on equity before tax	22.2%	31.6%	20.6%	0.5%	9.7%
Return on equity after tax	13.2%	29.8%	– 3.4%	0.5%	9.2%
Solvency ratio*	3.3%	2.8%	2.6%	-	-

The accounting policies were changed in 2005, see Accounting policies below. Financial highlights and key ratios for 2001, 2002 and 2003 have not been restated to reflect the change in accounting policies.

** The solvency ratio is for Alm. Brand Forsikring A/S.*

it is expected to provide flexible products and simplified processes in support of the sales process. The new commercial business strategy implies enhanced efforts targeting the medium-sized commercial market, including selected parts of the market served by brokers.

Ongoing quality tests of claims handling combined with regular customer surveys contributes to focusing on quality and how customers perceive our claims handling.

In order to enhance profitability, we will focus on providing more accurate pricing of the products sold to each individual customer. The ongoing development of a group data warehouse supports these activities.

We aim to further enhance our profitability by better exploiting economies of scale in every aspect of procurement.

MARKET CONDITIONS

Private customers

We estimate that our private insurance market share fell in 2005 due, among other factors, to increased competition on household comprehensive and motor insurance and the insurance agent dispute in 2004.

We intend for Alm. Brand's *dobbelt*KUNDE concept and the many process enhancements combined with an otherwise competitive product range to be perceived positively by customers in the years ahead, thereby contributing to increasing sales, customer loyalty and profitability.

Motor insurance is often the first step in a private customer relationship and in an effort to strengthen our competitiveness we launched a number of initiatives in 2005.

In addition, and along with a number of other major insurers, we offered all private customers access to early termination of their insurance policies against payment of a fee. This amendment of the terms and conditions has proven to be an advantage for the group, as we have won more customers than we have lost.

Commercial customers

Like in previous years, we focus on increasing our market share among small and medium-sized businesses, whereas we do not intend to grow our share of the industrial market.

We have retained our market share in our focus areas. Ongoing profitability assessments of all customer groups have led to cessation of business served by brokers, primarily within workers' compensation insurance.

As a result of the new strategy, a number of initiatives have been launched to ensure faster and more flexible procedures for writing new business and to ensure that growth builds on customer segments where we have something special to offer our customers. Overall, we believe that the part of the commercial segment which we focus on offers good opportunities for profitable growth in 2006.

Agriculture

Alm. Brand is the second largest provider of insurance to Danish agricultural customers. The target group includes the entire market segment from hobby farmers and part-time farmers to full-time commercial farmers, specialist farmers and large estates.

The agricultural market is characterised by sustained, significant structural change involving a declining number of active farms, which are generally becoming larger and larger. In light of the high market share and the structural change experienced in the agricultural business, the group places greater emphasis on customer service, advisory services, customer satisfaction and loyalty.

The new strategy in this area is intended to support the group's growth, profitability and customer satisfaction targets going forward to 2010. The elements of the strategy are based on a further segmentation of the customer portfolio, more streamlined processes for writing new business and specialisation of sales and customer service functions in an effort to ensure that we can generate profitable growth and provide better service to our customers.

The profit for 2005 was adversely affected by the windstorm on 8 January 2005. The underlying business, excluding the storm, performed satisfactorily. We estimate that our market share was maintained in 2005.

Reinsurance
Alm. Brand's reinsurance programme provides protection of the overall technical result and the company's capital. Alm. Brand's reinsurance programme for 2005 was entirely based on non-proportional business with relatively high retention.

In 2005, the reinsurance programme was placed at lower prices relative to 2004.

The international reinsurance market was affected by several catastrophe events in 2005, including the storm that hit Denmark on 8 January 2005. This impacted the renewal of the programme for 2006 to the effect that Alm. Brand experienced a significant price increase on the part of the reinsurance programme that covers natural catastrophes.

The principal risk is still a nationwide hurricane event. In 2005, we assessed our exposure in case of catastrophe-like hurricanes and this led us to raise our reinsurance windstorm cover by DKK 700 million to DKK 4.4 billion which we believe is sufficient.

FINANCIAL RESULTS

Non-life insurance reported a profit of DKK 375 million before tax, corresponding to a return on equity of 22.2%, as against DKK 354 million in 2004.

The storm on 8 January 2005 affected the profit for the year adversely by DKK 160 million.

The performance was highly satisfactory.

Premiums
Gross premiums declined by DKK 64 million or 1.5% from DKK 4,143 million in 2004 to DKK 4,079 million in 2005, which was not satisfactory.

Premium income was adversely affected, among other things, by cessation on commercial business served by brokers and on workers' compensation business. In addition, sales in 2004 fell slightly below expectations, partly as a result of the insurance agent dispute in the early summer of 2004, which affected premiums adversely in 2005.

The group remains focused on generating profitable business overall and to this end carries out profitability assessments for all customer groups on an ongoing basis. Cessation on commercial business served by brokers and on workers' compensation business is a result of this.

In an effort to support the group's growth strategy, we have launched a number of initiatives intended to strengthen sales and customer loyalty. In that connection, dedicated efforts are being made to write additional business in selected segments. Moreover, a strengthening of the sales force and the group's *dobbelt*KUNDE concept and measures to improve the advice and service provided, including quick and efficient business procedures, contribute to promoting this trend. Accordingly, Alm. Brand has increased its sales force, both in terms of insurance agents and customer consultants, and the group aims to continue to increase the headcount in this area in the years ahead.

Sales increased in 2005 relative to 2004 due to the larger sales force and to its generally improved efficiency. These measures are expected to strengthen the trend in premium income in 2006.

Claims experience
In 2005, the claims ratio was 86.7 against 69.0 in 2004.

The results were favourably affected by a generally good claims experience for the group's portfolio. The claims experience in motor insurance was very satisfactory with a claims ratio of 63.3.

Moreover, the claims experience was severely impacted by the storm on 8 January 2005. Claims expenses to customers in connection with the storm are expected to total DKK 860 million. Net of reinsurance, net claims expenses attributable to the storm are estimated at DKK 160 million.

Claims expenses for weather-related claims amounted to DKK 110 million, excluding the storm, against an expected level of DKK 120 million.

Workers' compensation insurance, including run-off losses, recorded a claims ratio of 103.4, which was still not satisfactory. Despite continued premium increases, we failed to achieve profitability in workers' compensation insurance due to strong competition in this area.

NON-LIFE INSURANCE



JEANNE FREDERIKSEN, *claims assessor:*
"Constructive communication plays a key role for us in taking care of our customers. In my job as a claims assessor I take great care to ensure that my customers understand the assessment, and I make an effort to listen and pay attention to their overall needs. When we meet with customers we also provide advice on any potential errors or defects and thereby help prevent new claims from occurring. Claims processing can be a difficult situation, but if we can make a difference to our customers here, we've paved the way for greater satisfaction and have established an important step towards a positive circle."

The personal accident business reduced the claims ratio including run-off losses to 77.4 from 61.7 in 2004. Run-off losses amounted to DKK 29 million owing to a poorer-than-expected performance for previous insurance years.

Expenses
The expense ratio was 19.1 in 2005, the same level as in 2004. Expenses are expected to be maintained below 20% in the future.

The cost-savings achieved by the group through new and more efficient processes and business procedures will be invested in allocating more resources to the group's sales and service force.

Net reinsurance ratio
The net reinsurance ratio for the full year 2005 was minus 14.5 as a result of reinsurance claims related to the storm on 8 January. A negative reinsurance ratio is equivalent to income for Alm. Brand. The net reinsurance ratio, excluding the effects of the storm, was 2.7.

Combined ratio
The combined ratio was 91.3 in 2005, the same level as in 2004. The storm on 8 January 2005 affected the combined ratio by 3.9 percentage points, resulting in a combined ratio, excluding the storm, of 87.4, which was highly satisfactory.

BALANCE SHEET

As at 31 December 2005, the non-life division's shareholders' equity was DKK 1.8 billion. Alm. Brand Forsikring A/S had a solvency ratio of 3.3 at 31 December 2005.

Total technical provisions amounted to DKK 5.6 billion at 31 December 2005, against DKK 5.1 billion a year earlier.

The Danish Financial Supervisory Authority's stress scenarios for non-life insurers – the red, yellow and green scenarios – were reported on an ongoing basis. Alm. Brand Forsikring A/S was in the green scenario throughout 2005 with a fair margin.

HIGHLIGHTS OF 2005

Storm on 8 January 2005
The storm on 8 January was the worst in Denmark since the hurricane in December 1999. Alm. Brand has received 44,000 claims related to the storm. Northern Jutland was particularly hard hit. Claims expenses in connection with the storm affected the profit negatively by DKK 160 million consisting of DKK 860 million in gross claims expenses and DKK 700 million in net income from the reinsurance programme protecting the group against major claims events.

Shorter notice of termination on consumer insurance
Effective 1 September 2005, Alm. Brand and the other major non-life insurers in Denmark shortened the notice of termination on personal insurance policies to one month against payment of a fee of DKK 50 as compared with the previous notice of one year. Insurance policies that have been in force for less than one year are subject to higher fees. The new notice of termination has benefited Alm. Brand.

Fireworks blaze in Seest
In the 2004 financial statements, the fireworks blaze in Seest in November 2004 was estimated at a cost of approximately DKK 60 million or DKK 32 million net of reinsurance. The claims estimate was reassessed in 2005 and total claims are now expected to amount to some DKK 93 million. Net of reinsurance, the 2005 profit was affected by just over DKK 2 million. The claims estimate was increased because as repairs and other works



were being commenced many houses turned out to be damaged beyond what our claims assessors had been able to ascertain when making the assessments.

Fewer customer complaints

Alm. Brand has implemented a host of initiatives which are all aimed at reducing the number of complaints brought before the Danish Insurance Complaints Board. Among other things, efforts have been made to ensure that decisions in complaints are not only accurate from a professional point of view but also that communications to customers are worded in easy-to-understand language. All claims assessors and a large number of claims handlers have therefore completed a specialised customer service and communication training programme. All letters, leaflets and other communications have undergone linguistic review to ensure that difficult-to-understand messages are clearly explained.

A comparison of the Danish Insurance Complaints Board's statistics for 2004 and 2005 reveals a significant decline of 41% in the number of settled cases involving Alm. Brand. Out of the cases settled by the Complaints Board, Alm. Brand wholly or partly lost 14 cases, corresponding to a fall of 74% relative to 2004. The number of complaints brought before the Complaints Board shows a 31% decline. Alm. Brand is thus on a par with the three other leading insurers in Denmark. This positive trend is expected to continue as the group's many initiatives to ensure better claims service take full effect.

Growing customer satisfaction

In September 2005, Alm. Brand conducted a customer satisfaction survey of its claims handling procedures for building and household comprehensive insurance. The general satisfaction with the claims handling process showed an increase from 86% in the last survey to 89% in this survey. Accordingly, Alm. Brand is close to the overall target of a customer satisfaction rate of 90%.

OUTLOOK FOR 2006

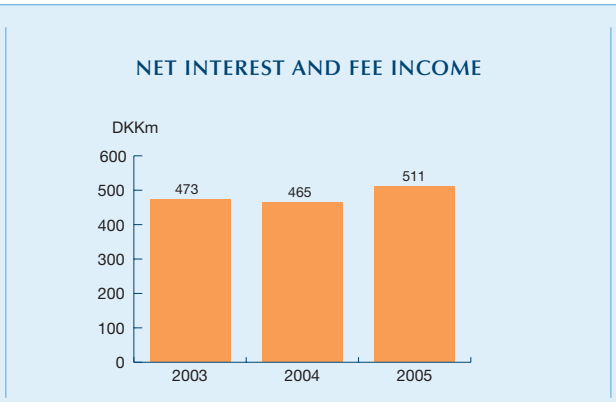
The large number of initiatives launched in recent years to increase the number of satisfied customers through improved quality, service and procedures will continue in 2006. Likewise, we will carry on our *dobbelt*KUNDE activities, which are expected to strengthen customer loyalty on an ongoing basis.

We also expect that the activities launched in 2005 to strengthen growth will result in increased premium income in 2006. At the same time, we intend to maintain the quality of our customer portfolio at the current level.

Overall, non-life operations are expected to generate profit before tax at the level of DKK 400 million in 2006, corresponding to a combined ratio at the level of 92.

Our earnings forecast for 2006 assumes normal weather-related claims at the level of DKK 120 million but not a windstorm of a magnitude like the one that hit Denmark on 8 January 2005. Moreover, the forecast for 2006 is affected by slightly higher costs as a result of sales-promoting activities and increasing reinsurance expenses due to a general increase in prices. We do not expect any run-off gains in 2006 as opposed to 2005 when run-off gains increased the profit by DKK 27 million.

BANKING





Alm. Brand Bank ranks among the largest banks in Denmark, offering a range of products that cover a typical Danish family's requirements for banking services. The bank also focuses on providing savings, consultancy and financing solutions to selected segments. As part of this goal, the bank offers a wide range of services in car and property finance as well as finance solutions for agricultural customers. The bank has activities within bond, equity, mortgage bond and currency trading and research and asset management.

STRATEGY

The new strategy for the period until 2010 entails ambitious plans for all the banking group's business areas. The new goals have generally been tightened as compared with the bank's previous targets. During the five-year period, the goal is to grow the bank's lending portfolio by more than 50%, while maintaining the prudent credit policy.

Concurrently with the aim of generating significant growth in lending, the bank aims to ensure a corresponding growth rate in deposits. In addition, the bank aims to increase business volume in its other business areas. The increased volume will generate additional economies of scale and we aim to achieve the targets, among other things, by becoming the principal banker to many more of the group's approximately 500,000 customers.

Earnings and growth must go hand in hand and in order for us to continue the positive performance going forward, we need to generate attractive returns. Therefore, we have tightened the bank's profit target and going forward the goal is to achieve a return on equity of the money market rate plus 13 percentage points p.a.

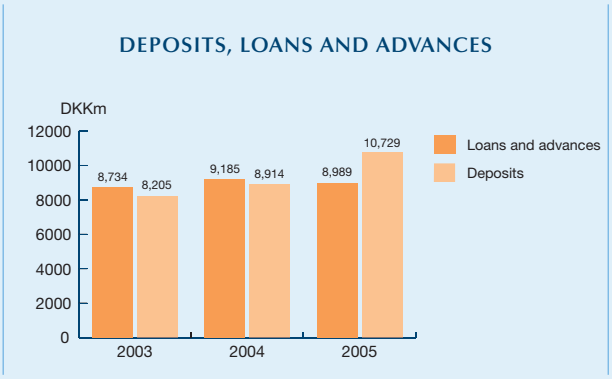
In 2005, the bank also made substantial investments in the *dobbelt*KUNDE concept. These investments are now really starting bear fruit and the *dobbelt*KUNDE concept is one of the cornerstones of the bank's anticipated growth. At the same time, focus on banking sales in the individual branches will be increased by strengthening both skills and management focus, partly by appointing branch managers to head the largest branch offices and partly by appointing more banking advisers in general. This way, the bank's customers are guaranteed efficient and competent advice, while the focus on local markets is intensified.

The bank also intends to strengthen its stockbroking and asset management activities in the coming year with a view to retaining and increasing economies of scale and expertise. The bank's acquisition of Henton Børsmæglerselskab A/S, based in Jutland with strong know-how within technical research and financial products for the agricultural segment, contributed to strengthening this position. The stockbroking operations and Henton have now been combined under the name of Alm. Brand Henton. Conversely, the bank's asset management activities were adversely affected by the resignation of 18 stockbroking employees at 31 December 2005.

FINANCIAL RESULTS

The bank recorded its best performance ever in 2005 – a year that also saw growth in all areas of banking operations. The bank generated profit before tax of DKK 222 million, providing a return on equity before tax of 23.0%. The performance was highly satisfactory.

The good performance was a result of 2005 being a good year both for the banking industry and for the Danish economy in general. Particularly, the bank's activities in the fixed income





and equity markets performed very well. In addition, Alm. Brand Formue performed very satisfactorily and loans to homeowners and agricultural customers and lending to investment properties yielded good results in 2005 as well. Car loans/leasing also continued to contribute favourably to our overall performance.

Net interest and fee income
Net interest and fee income increased by 10% to DKK 511 million relative to 2004. Compared with 2004, net interest income increased by 4%, while net fee income etc. rose by 23%. The increase in fee income was not a result of increased fees but rather a result of an increase in business volume, i.e. the number of transactions that trigger a fee.

Value adjustments
Value adjustments totalled DKK 183 million in 2005 against DKK 85 million in 2004, mainly attributable to the generally appreciating market prices for securities. The bank's share of value adjustments was DKK 72 million, while the share attributable to minority interests was DKK 111 million.

Expenses
The banking group continues to focus on the cost performance. Total costs rose by 2% from 362 million in 2004 to DKK 369 million in 2005. This increase should be seen against the backdrop of an increase of 9% in total deposits and loans over the period. The income/cost ratio was 1.88, a 0.44 point increase relative to 2004. This improvement was partly attributable to efficiency improvements and partly to the excellent performance of Alm. Brand Formue.

Impairment charges and provisions
Impairment charges on loans charged to the income statement were DKK 5 million. As a result, accumulated impairment charges/provisions on loans and guarantees amounted to DKK 214 million at 31 December 2005, corresponding to an accumulated impairment ratio of 1.7 against 2.1 at 31 December 2004.

BALANCE SHEET

The banking group's balance sheet improved thanks to the larger loan portfolio generated, among other things, by an increased volume of new car and home loans to private customers and growth in agricultural finance and investment credit facilities. In addition, the bank continued to record a general increase in business resulting from the group's *dobbelt*KUNDE concept.

Loans and advances amounted to DKK 10.7 billion at 31 December 2005, which was DKK 1.8 billion, or 20%, higher than the DKK 8.9 billion recorded at 31 December 2004. Deposits dropped by 2% from DKK 9.2 billion at 31 December 2004 to DKK 9.0 billion at 31 December 2005. Guarantees and other commitments increased by DKK 0.8 billion in 2005, mainly due to increased business activity as a mortgage loan intermediary.

The banking group's debt to credit institutions rose from DKK 2.8 billion at 1 January 2005 to DKK 7.4 billion at 31 December 2005. This increase was primarily attributable to a syndicated loan facility of EUR 375 million, corresponding to DKK 2.8 billion, raised by the bank at year-end 2005. The loan was raised to accommodate the bank's continued success in providing home, agricultural, investment property and car finance.

Shareholders' equity stood at DKK 1.6 billion at 31 December 2005. The capital base totalled DKK 1.7 billion. The bank had a solvency ratio of 11.5% and a tier 1 ratio of 9.5%.

BANKING

	DKKm (consolidated figures)	2005	2004	2003	2002	2001
INCOME STATEMENT	Interest receivable	617	552	575	630	688
	Interest payable	– 275	– 224	– 246	– 323	– 414
	Net interest income	**342**	**328**	**329**	**307**	**274**
	Fees and commissions receivable (net) and dividend etc.	169	137	144	115	124
	Net interest and fee income	**511**	**465**	**473**	**422**	**398**
	Value adjustments	183	85	22	27	7
	Other operating income	9	14	15	25	23
	Profit before expenses	**703**	**564**	**510**	**474**	**428**
	Expenses and depreciation/amortisation	– 369	– 362	– 356	– 321	– 298
	Impairment on loans, advances and receivables, etc.	– 5	– 30	– 64	– 48	– 18
	Profit from equity investments	-	3	22	– 4	2
	Profit before tax	**329**	**174**	**112**	**101**	**114**
	Tax	63	6	5	– 4	51
	Profit after tax	**266**	**168**	**107**	**105**	**63**
	Share attributable to minority interests	– 110	– 44	– 3	– 6	– 4
	Profit after tax excluding minority interests	**156**	**124**	**104**	**99**	**59**
	Profit before tax excluding minority interests	**222**	**126**	**105**	**92**	**108**
BALANCE SHEET	Loans and advances	10,729	8,914	8,205	8,655	6,848
	Deposits	8,989	9,185	8,734	9,091	8,244
	Shareholders' equity	1,609	1,166	735	677	749
	Share attributable to minority interests	520	323	277	99	57
	Total assets	19,409	14,737	11,936	13,195	12,835
KEY RATIOS ETC.	Average number of employees, full-time equivalents	276	278	286	317	339
	Interest margin*	2.3%	2.6%	2.5%	2.6%	2.5%
	Income/cost ratio	1.88	1.44	1.27	1.28	1.37
	Impairment ratio	0.0%	0.3%	0.7%	0.5%	0.2%
	Solvency ratio*	11.5%	12.4%	14.7%	12.6%	9.4%
	Return on equity before tax	23.0%	15.7%	14.9%	12.9%	15.0%
	Return on equity after tax	16.1%	15.4%	14.7%	13.8%	8.3%
	Return in excess of the interest rate on certificates of deposits	20.8%	13.5%	12.5%	9.4%	10.2%

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation of financial reports by credit institutions and investment companies etc., the guidelines issued by the Danish Financial Supervisory Authority and recommendations from the Danish Society of Financial Analysts. Note 36 contains five-year highlights of the key ratios in respect of schedule 6 to the mentioned Executive Order.

The accounting policies were changed in 2005, see the section on accounting policies.

Financial highlights and key ratios for 2001, 2002 and 2003 have not been restated to reflect the change in accounting policies.

** Comparative figures for 2004 in respect of these key ratios have not been restated.*

RETAIL BANKING

The retail bank targets private customers in the Danish market based on a wish to act as a full-service bank offering deposits, investments, pensions and lending. The products are offered on attractive terms to customers in good financial standing.

The aim is to contribute to the Alm. Brand Group's overall objective of profitability and growth, for instance, by increasing the number of customers who use the group as their principal financial liaison. The means of achieving this goal is, among other things, the strategic focus on the *dobbelt*KUNDE concept.

HIGHLIGHTS OF 2005

Multi-product customers

In 2005, the retail bank focused on increasing the number of multi-product customers. Today, almost 25% of the bank's customers are multi-product customers. The loan portfolio also grew at a satisfactory rate in 2005. Total growth amounted to DKK 1.8 billion, primarily attributable to full-service customers and particularly within the home ownership area.

New MasterCard in Alm. Brand

In 2005, the bank launched its own MasterCard (Classic, Gold and Platinum) as a supplement to the bank's other card products. The bank offers a wide variety of benefits with the individual cards, consequently making the bank's card programme highly attractive. The MasterCard programme will be marketed further in 2006, when we expect to record decent growth rates.

Sales through business partners

The group distributes a number of products via the EDC chain of estate agents. This partnership continued to generate a decent business volume and inflow of new customers in 2005. The partnership, which is primarily aimed at home owners, is interesting to Alm. Brand Bank because this customer segment is characterised by substantial business volume and good credit standing. The partnership was strengthened further in 2005, when the bank and the EDC chain of estate agents developed a common IT platform to ensure faster and better processing.

Agriculture finance

Alm. Brand Bank's agricultural department continued the line of progress recorded since its start-up in 2002. The business volume grew to stand at DKK 0.8 billion at 31 December 2005. In addition, the department had arranged mortgage loans with DLR Kredit in a similar amount. The bank plays an active role in the structural changes agriculture is currently undergoing and took part in a large number of property transactions in 2005. As a result of the sustained growth in the agricultural department's business volume and strengthened customer service, the activities of the agricultural department have been consolidated at agricultural centres in Slagelse, Vejle and Viborg.

WHOLESALE BANKING

The wholesale bank is responsible for all of the Alm. Brand Group's activities within bond, equity and currency trading and research as well as asset management. In addition, it manages a large part of the bank's lending, primarily relating to mortgage deed, investment property and investment credit commitments.

The wholesale bank is focused on selected business areas in which the bank has unique know-how and in which the bank is able to stand out from the competition. The strategy is to provide attractive products offering customers unique benefits in selected market segments. We aim to achieve competitive strength in the market by having competent employees, offering competitive products and avoiding unprofitable segments.

Highlights of 2005

Stockbroking

Our stockbroking operations achieved very satisfactory results in share, bond and currency trading in 2005 on the back of a substantially higher volume of business with existing customers and a significant inflow of new customers, particularly within the wholesale operations.

BANKING



MICHAEL SIMONSEN, *branch manager:*
"We aim for Alm. Brand to be the obvious insurer of first choice when customers require competent and attentive financial advice. Another aspect of being attentive is to be visible and to be there to take care of our customers. Therefore, the new branch office concept is an important part of the further development of Alm. Brand, and we will go to great lengths to promote our skills and know-how in the local markets. The multi-product, or dobbeltKUNDE, concept is unique in the market and the greatest challenge we face at Alm. Brand is using the opportunities this gives us proactively."

Acquisition of Henton Børsmæglerselskab A/S
With a view to further strengthening the bank's position within asset management, the bank acquired all shares in Henton Børsmæglerselskab A/S at year-end 2005. As part of the Alm. Brand Bank Group, Henton Børsmæglerselskab intends to continue its operations, retaining a trend-based investment strategy based on technical research. Furthermore, the company's unique research reports and products aimed at the agricultural sector underpin and complement the bank's continuing growth in agricultural finance.

Mortgage deeds
For many years, the bank has specialised in mortgage deed trading and financing and in serving investors, building considerable expertise in the area. Today, the bank is one of Denmark's largest players in this field in terms of revenue and financing and assets under management. The bank recorded very substantial turnover in mortgage deed portfolios in 2005. Coupled with growth in the volume of financing provided to investors, this has helped to further enhance profits.

Investment properties
The investment property department has built extensive know-how in financing prime-location properties and providing home ownership financing and financing for residential property portfolios. In recent years, the department has extended its sphere of operations to cover cooperative housing, associations of freehold flat owners and subsidised housing organisations. The year 2005 saw a sharp increase in loans to investment credit facilities and financing of residential properties.

Alm. Brand Pantebreve A/S
Alm. Brand Pantebreve is a listed company investing in mortgage deeds. Alm. Brand Bank owns 40.1% of the company and has 77.9% of the votes. In addition, Alm. Brand Pantebreve acquired treasury shares corresponding to 10% of the share capital in 2005. The share of the profit before tax attributable to Alm. Brand Bank was DKK 3 million. Alm. Brand Pantebreve generated an overall pre-tax profit of DKK 8 million.

Alm. Brand Formue A/S
Together with a number of close business partners, Alm. Brand Bank launched Alm. Brand Formue, a listed investment company, in the autumn of 2003. The company's concept is to offer customers and other business partners an investment opportunity in a listed company able to gear its equity up to four times and invest its equity as well as borrowed funds in, primarily, listed Danish bonds and shares. At 31 December 2005, Alm. Brand Formue had some 2,500 shareholders and equity of DKK 506 million. Alm. Brand Bank owns 11.5% of the company and has 52.3% of the votes.

The year 2005 was yet another year of substantial interest in Alm. Brand Formue and two share issues were carried out during the year, both of which were fully subscribed. The share of the profit attributable to Alm. Brand Bank was DKK 13 million before tax. Alm. Brand Formue generated a very satisfactory overall pre-tax profit of DKK 116 million.

CAR LOANS AND LEASING

Car loans and leasing operations are handled by two wholly-owned subsidiaries, Alm. Brand Bilkredit A/S and Alm. Brand Leasing A/S. Alm. Brand Bilkredit provides car loans to private and corporate customers, primarily through business partners, while Alm. Brand Leasing provides finance leases, primarily for cars, mainly through business partners or directly to corporate customers. Alm. Brand Bilkredit and Alm. Brand Leasing function as one unit for organisational purposes.



ALM. BRAND BILKREDIT

Alm. Brand Bilkredit aims to expand through organic growth and portfolio acquisitions, thereby increasing its current position as an important player in the Danish market for car finance. The strategy is to offer competitive financial solutions for business partners (car importers and car dealers). The products provided through business partners are in some cases sold in the name of that partner, but Alm. Brand Bilkredit increasingly offers car loans under its own name.

Alm. Brand Bilkredit offers some of the lowest lending rates. Efficient processes and low administrative expenses are key to ensuring satisfactory profitability given the chosen pricing strategy. Therefore, processes have increasingly been made more efficient in recent years.

In the autumn of 2005, the company signed a collaborative agreement with a major chain of independent car dealers in Denmark on financing and leasing of new and used cars.

The company's lending totalled DKK 1.5 billion at 31 December 2005, which was unchanged from 2004.

ALM. BRAND LEASING

Alm. Brand Leasing aims to cover the financing requirements of financially sound companies for leasing cars under operating and finance leases. Furthermore, Alm. Brand Leasing intends to be an attractive leasing partner to professional leasing intermediaries. Alm. Brand Leasing offers financial solutions through business partners or directly to end-customers. The aim is for direct sales to end-customers to account for a larger part of the overall new business in future.

The company's lending rose from DKK 498 million at 1 January 2005 to DKK 566 million at 31 December 2005.

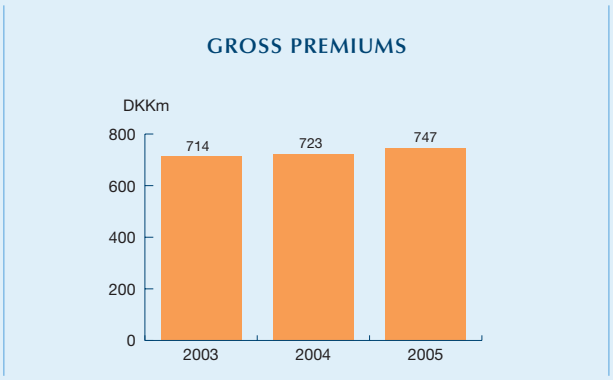
OUTLOOK FOR 2006

We expect the bank to generate profit before tax excluding minority interests in the range of DKK 140 million in 2006, which is below last year's figure. The reason for this reduction is that the 2005 performance was affected by non-recurring income, particularly as a result of rising share prices. Moreover, we expect business activity in 2006 to fall slightly below the 2005 level.

The bank expects to generate growth in lending as well as deposits, and it intends to stay focused on costs. Furthermore, we expect the bank's stockbroking and asset management operations to keep up the good performance.

In 2006, the bank will continue to invest substantial amounts in shaping its future and in the *dobbelt*KUNDE concept in particular. In order to serve the new customers that come to the bank next year, the bank will continue to appoint more banking advisers and other employees who advise and serve its customers. The bank also intends to invest in enhanced processes, thereby significantly strengthening its overall selling power in the year ahead.

LIFE INSURANCE





The life insurance operations in Forsikringsselskabet Alm. Brand Liv og Pension A/S consist of life insurance, pension savings, pension insurance and health and personal accident insurance. Together with Alm. Brand Bank's pension savings activities, the life insurance business makes up the Life & Pension business unit. However, the financial results from the banking activities are included in the bank's financial statements.

PENSION MARKET

The pension market consists of three types of schemes:

- Individual schemes without restrictions that may be paid by companies or by private individuals
- Mandatory or voluntary company schemes under which employees are covered by a pension agreement between the company and a pension provider and
- Labour market-related schemes for which membership of a particular pension company or pension fund is mandatory.

The product range comprises insurance cover and various types of savings. The most important types of insurance are death cover, disability cover, critical illness cover and hospital insurance, whereas savings comprise capital pension plans, instalment pensions and annuity schemes.

Pension savings schemes may be established with life insurance companies, pension funds or banks (capital pension plans and instalment pension plans) and may be based on one of the following main principles: The average rate principle or the market rate principle.

The average rate principle implies that customers form part of a closed investment community in which all customers in the group receive the same return and the return is distributed and equalised over time by fixing a rate on policyholders' savings.

The market rate principle implies that each individual customer receives the current market return on his savings.

Conventional pension saving schemes in life insurance companies and pension funds are based on the average rate principle and customers typically have a guaranteed minimum payment, so-called guaranteed benefits. The companies are subject to rules stipulating how large a share of profits may accrue to the company, the so-called contribution principle. Profits in excess of this amount accrue to the customers in the form of bonus allotments.

Savings with banks and the so-called Link schemes with insurance companies and pension funds, however, are based on the market rate principle. In Link schemes, customers do not own the securities themselves, they receive individual shares, or units, of the funds the company invests in.

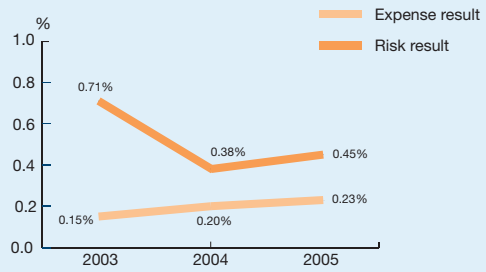
FOCUS

The life group focuses on individual schemes and partly on corporate schemes. Our target groups are private individuals, owners and employees of small businesses and farmers who are offered a pension concept tailored to their specific needs. The life group has opted not to offer labour market pensions per se.

Personalised advice, freedom of choice and transparency are key concepts for all target groups. Pension savings can be tailored completely to individual customer needs and requirements and may be placed with the life insurance company or with Alm. Brand Bank.

The life insurance company offers all essential types of insurance cover and savings types. We offer an average rate

KEY FIGURES





FIVE-YEAR HIGHLIGHTS OF LIFE INSURANCE

DKKm	2005	2004	2003	2002	2001
Premiums	747	723	714	696	738
Investment return after allocation of interest	1,031	857	376	314	– 73
Claims incurred	– 752	– 830	– 790	– 622	– 678
Change in life insurance provisions	– 614	– 638	– 77	– 373	– 812
Change in collective bonus potential	– 220	– 15	– 79	22	1,040
Underwriting management expenses	– 67	– 70	– 77	– 71	– 76
Profit/loss on business ceded	– 4	9	– 13	16	5
Underwriting profit/loss	**121**	**36**	**54**	**– 18**	**144**
Return on investments allocated to equity	23	35	44	26	– 5
Profit before tax	**144**	**71**	**98**	**8**	**139**
Tax	139	0	0	– 3	– 54
Profit after tax	**283**	**71**	**98**	**5**	**85**
Total technical provisions	11,416	10,545	9,894	9,747	9,488
Total shareholders' equity	**1,278**	**995**	**924**	**826**	**759**
Total assets	12,796	11,839	11,176	11,152	10,754
Key ratios for the life insurance company:					
Return before tax on pension returns	10.6%	9.6%	4.6%	3.6%	– 2.0%
Return on customer funds before tax on pension returns	11.4%	10.1%	4.6%	-	-
Return on equity funds before tax on pension returns	2.3%	3.9%	-	-	-
Return after tax on pension returns	9.1%	8.3%	4.0%	3.3%	– 1.9%
Expense ratio on premiums	8.9%	9.6%	10.8%	10.2%	10.3%
Expense ratio on provisions	0.7%	0.7%	0.8%	0.7%	0.9%
Expenses per individual insured (rounded to nearest DKK)	577	585	626	558	600
Expense result	0.23%	0.20%	0.15%	0.23%	0.39%
Risk result	0.45%	0.38%	0.71%	0.32%	0.75%
Bonus rate	3.1%	1.0%	0.8%	0.0%	0.3%
Equity reserves	12.8%	10.5%	10.3%	-	-
Capital base reserves	7.5%	7.1%	7.3%	4.1%	3.4%
Solvency ratio	242%	236%	244%	185%	170%
Return on equity before tax	12.7%	7.4%	11.2%	-	-
Return on equity after tax	24.9%	7.4%	11.2%	-	-
Interest on customer funds after expenses before tax	9.3%	9.3%	-	-	-

The figures for technical provisions are not comparable, because the figures for 2001 are not presented on a mark-to-market basis. For the same reason, the key figures for the expense and risk results are not comparable.
The financial highlights for 2004 and 2005 have been prepared in accordance with the Executive Order of 13 December 2005 on the presentation of financial reports by insurance companies. Comparative figures for 2001, 2002 and 2003 have not been restated.

principle with guaranteed benefits. The guarantee for new schemes is based on a rate of 1.5%.

The bank offers securities deposits in which the individual customer holds the securities directly. The most important part of the savings is conducted through the Alm. Brand investment scheme in which the customer may choose to let Alm. Brand manage investments, rebalancing etc. The customer may also choose to make the investments himself in whole or in part.

GOALS

The goal is for the bank's total pension assets (savings), excluding index-linked contracts and private pension funds, plus the total assets of the life insurance company, excluding insurance policies with 4.5% shares, to grow by 50% in the period until 2010. The goal corresponds to an increase from DKK 3.6 billion at 31 December 2004 to DKK 6.5 billion at 31 December 2010. The aim is for the distribution between savings with Alm. Brand Liv and Alm. Brand Bank to be 50/50.

The life company's target for return on equity before tax is the money market rate plus 5 percentage points.

In addition, we have an interim goal of at least balancing the expense result while keeping the company's expense loading competitive. Moreover, we have an interim goal of achieving a positive insurance risk result. In order to ensure a positive risk result, we maintain an acceptance policy requiring disclosure of personal health information, while limiting the subjective risk through reducing the risk at the personal customer level.

STRATEGY AND ACTIVITIES

Alm. Brand seeks to expand its position as an attractive pension provider focusing on personal advice and freedom of choice across the traditional lines separating the banking and insurance industries. More and more customers of the Alm. Brand Group prefer to place their pension savings in unguaranteed or market value products, including in the Alm. Brand Investment Scheme, which allow them to adapt the investments to their own personal circumstances and preferred risk profile.

We want to offer our customers all essential insurance and savings opportunities and the product offering will be evaluated on an ongoing basis.

In some areas, the life group has chosen, based on competitive or financial considerations, to use business partners instead of offering the products/services in-house. Hospital insurance, for instance, is offered through International Health Insurance.

Health and personal accident insurance will be reviewed in 2006 and on the basis of the unsatisfactory profitability in this area we expect to see a tariff revision. In addition, a review will be carried out to establish whether there has been any changes in life expectancy that would motivate an adjustment of the annuity tariff.

The rate on policyholders' savings for Alm. Brand Liv og Pension for 2006 has been fixed at 4.5% after tax on pension investment returns. If necessary, Alm. Brand Liv og Pension does have the option to change the announced rate on policyholders' savings during the period.

MARKET SHARE

Alm. Brand has 124,000 insurance contracts, of which 87,000 pay regular premiums.

In terms of regular payments made to tax-deductible insurance schemes distributed on private schemes and employer schemes, the market share of the life group is approximately:

Private capital pension schemes:	8.0%
Private instalment pension schemes:	3.5%
Employer schemes:	0.4%

RETURN ON EQUITY PRINCIPLES

The Executive Order on the Contribution Principle issued by the Danish Financial Supervisory Authority lays down the return on equity guidelines, i.e. the return Alm. Brand may generate on the capital invested.

Based on these guidelines, we aim for Alm. Brand Liv og Pension to achieve a return on equity corresponding to the investment return on the assets included in the company's shareholders' equity plus a risk premium of 4.0 percentage points for equity stakes up to twice the solvency margin and 2.0 percentage points for equity stakes in excess thereof, and 20% of the risk and expense results for portfolios with bonus entitlement. Moreover, the result of portfolios without bonus entitlement is added. These portfolios cover health and personal accident insurance and annuities without bonus entitlement.

The Danish Financial Supervisory Authority lays down guidelines on when the risk premium may be included in the profit for a specific financial year. In simplified terms, the allocation of the risk premium requires an investment return in excess of the average rate of interest which the guaranteed pension benefits provided to customers are based on.

In simplified terms, the allocation of the risk premium requires an investment return in excess of the average rate of interest of 3.4% (end 2005) which the guaranteed pension benefits provided to customers are based on.

If the investment return does not permit allocation of a risk premium, the shortfall in return on equity may be taken to a "shadow account". The shadow account may be regarded as an investment return receivable, which may be transferred to shareholders' equity as and when permitted by the financial results of subsequent years.

The rules for transferring amounts from the shadow account to shareholders' equity applying to Alm. Brand Liv og Pension are as follows:

- 20% of the maximum allowable amount is reversed in accordance with the Executive Order on the Contribution Principle where a collective bonus potential constitutes at least 3% of the provisions with bonus entitlement.
- 100% of the maximum allowable amount is reversed where a collective bonus potential equals at least 5% of provisions with bonus entitlement.

FINANCIAL RESULTS

The overall pre-tax profit for 2005 was DKK 144 million against DKK 71 million in 2004.

In 2005, shareholders' equity included the full return requirement. In addition, an amount of DKK 80 million was transferred from the shadow account after which there are no receivables on the shadow account. The elimination of the shadow account balance exceeded expectations in 2005, primarily as a result of the strong performance of the financial markets in Q4 of 2005.

The 2004 profit was influenced by part of the return requirement, equalling DKK 28 million, being waived for market competition purposes.

As a result of the strong performance in Q4 of 2005, the life insurance company's tax asset was revalued at 31 December 2005 to the effect that it has now been fully capitalised. The capitalisation of the tax asset affected the profit after tax by DKK 89 million. In 2006, we expect to make a tax charge on a par with the current tax rate.

The profit for the year corresponded to a return on equity of 12.7% against 7.4% in 2004, which was highly satisfactory.

Premiums

Gross premium income rose by 3.3% to DKK 747 million against DKK 723 million in 2004.

Insurance benefits

Benefits paid in the year amounted to DKK 714 million against DKK 831 million the year before. The company's initiatives to optimise its portfolios affected payments made in 2004 by almost DKK 152 million.

The change in gross life insurance provisions was DKK 614 million. The discount rate applied was 2.94% at 31 December 2005 against 3.35% at 31 December 2004. As a result of changed accounting policies, provisions were calculated recognising a 100% probability of policies being surrendered, leading to a DKK 25 million increase in provisions. Moreover, provisions were increased by DKK 29 million as a result of a decision made by the company in 2005 to reduce costs with respect to policies being surrendered. Finally, provisions for annuities were increased by DKK 27 million due to uncertainty about life expectancy.

Composition of profit

The performance of the life group is based on the expense result, the risk result and the investment return.

The expense result, which expresses the difference between expense loading and expenses incurred, amounted to DKK 23 million as compared with DKK 20 million in 2004. The expense ratio (expenses as a percentage of gross premium income) was 8.9% relative to 9.6% the year before, and the expense per individual insured amounted to DKK 577 against DKK 585 in 2004. The overall expense result was satisfactory.

LIFE INSURANCE



MARIA MUNKHOLM, *customer consultant:*
"I am confident that we can achieve Alm. Brand's new growth targets. In my day-to-day contact with customers I get very positive feedback because, through our multi-product concept, we're able to offer our customers an unrivalled combination of products at an attractive price. It feels good to be able to help the customers and meet their demands with the right solutions. I also find great motivation in working with my colleagues because we focus on achieving the targets together. Success depends to a large extent on attitude and commitment."

The risk result, the difference between risk premiums and claims expenses, amounted to DKK 44 million as compared with DKK 36 million in 2004. The figure consists of the DKK 55 million surplus on death cover and the DKK 11 million loss on disability cover. The overall risk result was satisfactory.

The reinsurance result amounted to a DKK 4 million loss. Reinsurance is effected jointly for the life insurance and the health and personal accident insurance portfolios, and therefore the result must be seen together with the reinsurance breakeven for health and personal accident insurance in 2005.

Investment return
The investment strategy is defined separately for equity funds and customer funds. Shareholders' equity investment assets are generally placed in relatively short-term interest-bearing instruments.

When placing customer funds, we aim to optimise the return based on the duration and nature of the liabilities. Interest-bearing instruments are expected to account for 75-80%, equities 10-15% and properties 10-12% of total investment assets.

The rate of interest paid to customers' pension savings in 2005 was 4.5% after tax on pension investment returns.

The overall return on equity and policyholder investment assets before tax on pension returns was DKK 1,248 million against DKK 1,049 million in 2004. The return for the year corresponds to a rate of return before tax on pension returns of 10.6% against 9.6% in 2004.

The return on investment assets before tax on pension investment returns attributable to policyholders was DKK 1,225 million against DKK 1,014 million in 2004. The rate of return before tax on pension returns was 11.4% in 2005 against 10.1% in 2004. Investment assets attributable to insurance customers are placed in property, shares and long-term bonds. The return for the year and the year-end distribution of investments attributable to policyholders are set out below:

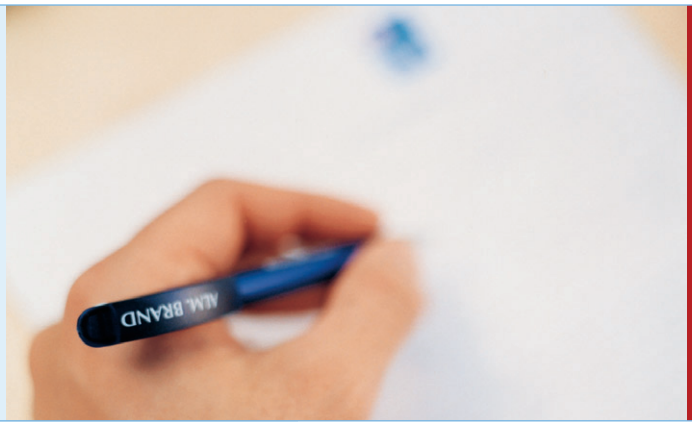
	Share	Return
Bonds etc.	81%	9.4%
Shares	9%	45.5%
Property	10%	10.7%
Total	100%	11.4%

The company's equity exposure including share options at the end of the year was about 12%.

The return on investment assets attributable to shareholders' equity was DKK 23 million in 2005 against DKK 35 million the year before. The rate of return was 2.3% in 2005.

Balance sheet
The collective bonus potential stood at DKK 314 million at 31 December 2005 as compared with DKK 94 million at 31 December 2004. The bonus reserve amounted to 3.1% as at 31 December 2005 against 1.0% the year before.

As at 31 December 2005, the life group's shareholders' equity was DKK 1,278 million.



Capital base reserves amounted to 7.5% at 31 December 2005 with a solvency ratio of 242%.

The Danish Financial Supervisory Authority's stress scenarios for life and pension companies – the red, yellow and green scenarios – were reported on an ongoing basis. The life group was in the green scenario throughout 2005 with a fair margin.

BUSINESS ACTIVITIES AND HIGHLIGHTS OF 2005

New agreement with insurance agents

A new agreement with the Alm. Brand Group's insurance agents on commission payments on life insurance and pension savings products took effect on 1 May 2005. Coupled with targeted efforts from the regional sales organisation, the agreement resulted in a significant increase in overall insurance agent sales relative to the year before.

Customer service and customer satisfaction

Throughout 2005, the life group continued to provide a level of service and quality, which, measured on processing times, the number of customer complaints and other factors, was considered to be among the best in the industry. The administrative performance was supported by an efficient IT system with low operating and maintenance costs. During the year, the document management system was further enhanced in order that all outbound communications, including filing, are effected electronically.

New rules for policyholders' surrender

Based on a political preference and the Bremer committee's recommendations for greater mobility in the pension market, the general market level of surrender costs was reduced. However, there was uncertainty at the industry level as to the accounting consequences. A clarification was not available until at the end of the year and Alm. Brand Liv og Pension subsequently fixed new rates. The rates are expected to be implemented at 31 March 2006 and they will be posted on www.almbrand.dk and the website of the Danish Financial Supervisory Authority.

OUTLOOK FOR 2006

We expect a pre-tax profit excluding health and personal accident insurance but including a full risk premium of around DKK 70 million in 2006. The profit forecast is lower than the realised profit for 2005 because, due to extraordinary circumstances, it was possible to take the full amount of the shadow account to income.

Based on our increased focus on pension savings in Alm. Brand Bank, particularly through the investment scheme, we expect the total premium volume in Alm. Brand Liv og Pension to grow by only a small margin in 2006.

However, we anticipate continued growth in risk insurance policies with disability cover and actual life insurance policies which, accordingly, will make up a gradually increasing share of revenue.

OTHER ACTIVITIES

REINSURANCE

Copenhagen Re is recognised in the financial statements of Alm. Brand A/S with an equity of DKK 140 million. If an increase in the liabilities of Copenhagen Re should lead to losses for the company, the effect on the financial statements of Alm. Brand A/S would be limited to the loss of Copenhagen Re's shareholders' equity, since Alm. Brand A/S has resolved not to contribute any further capital to the company. That way, we can contain any unfavourable developments in Copenhagen Re, shielding the rest of the group.

Goals

Copenhagen Re seeks to perform a solvent settlement of its liabilities.

Strategy

Copenhagen Re is focused on consolidating the company's capital base through tight cash and cost management and, where possible, by settling existing liabilities on reasonable terms.

Copenhagen Re prefers to settle existing liabilities by way of commutation, which is a binding contract stipulating that insurance liabilities are reversed to the original insurance carrier in exchange for an immediate payment from the reinsurer. Accordingly, any future developments, positive or negative, affecting these liabilities rest with the original insurance carrier.

Financial results

Other activities recorded a profit of DKK 38 million before tax as compared with a profit of DKK 3 million in 2004. At 31 December 2004, the forecast for 2005 was a break-even result. The better-than-expected performance was driven by a satisfactory run-off of the company's liabilities and the rising level of interest rates during 2005, especially in the USA.

The cost level of DKK 103 million in 2005 was affected by many one-off items in connection with the change in operations and the organisation.

Premiums were DKK 37 million, largely unchanged from DKK 29 million in 2004. Copenhagen Re has not written any new business since the end of 2001, but continues to make adjustments of already recognised premiums.

The group's investment income increased from DKK 65 million in 2004 to DKK 75 million in 2005, equal to 3.9% of assets invested. The modest investment return was attributable to the fact that the company's investment assets were placed primarily as deposits with credit institutions and in short-duration bonds. The rising interest rates in 2005 have resulted in growing interest income.

Copenhagen Re's shareholders' equity rose from DKK 106 million at 31 December 2004 to DKK 140 million at 31 December 2005. Total provisions net of reinsurance amounted to DKK 1.6 billion at 31 December 2005 against DKK 1.8 billion at 31 December 2004. Shareholders' equity thus made up 8.8% of total provisions at 31 December 2005.

Exposure

Copenhagen Re's risk of being hit by new claims events was very limited at 31 December 2005. However, the final outcome of events that have already occurred is still subject to great uncertainty as is the outcome of contracts in the company's portfolio.

World Trade Center (WTC) claims

After more than four years, there is still great uncertainty as to the final loss affecting the market from the WTC disaster. The uncertainty as to the size of the loss is due, among other factors, to the large number of legal actions pending in the USA in respect of this event. The decisions handed down to date provided no conclusive answer clarifying any of the uncertain issues. Moreover, there is a possibility that the decisions will be appealed, thereby further postponing the final outcome.

Copenhagen Re and a group of London-based companies have filed a suit against the Port Authority of New York and New Jersey (PONY) in order to protect the insurance companies' interests in PONY's insurance cover for claims arising from the WTC disaster. No date has been set for the first court hearing, and it could be several years before a decision is reached.

Asbestosis and pollution claims

Copenhagen Re wrote American casualty business up to the mid-1980s with exposure to asbestosis and pollution claims.

As the amount of damages payable on such claims is to a great extent determined by the US legal system and the political authorities, it may be several years before these uncertainties are finally settled. In recent years, Copenhagen Re has successfully made a targeted effort to settle these contracts through commutation, enabling the company to reduce provisions for this portfolio by a substantial margin during 2005.

London LMX business
Copenhagen Re wrote long-tail marine and transport business in London until the end of 2001, the so-called LMX (London Market Excess of Loss) business. This portfolio is affected by prior-year claims that are still developing, and the uncertainty regarding the final outcome of this business has increased.

Investment risk
At 31 December 2005, the company had investment assets of DKK 2 billion. The return on these assets is subject to fluctuations. We are, however, pursuing a conservative investment strategy, as the small shareholders' equity does not allow the company to assume additional risk. At 31 December 2005, the company held very few shares in its portfolio and primarily placed investments as deposits with credit institutions and in short-duration bonds with a high rating. A change in the level of interest rates may, however, have an effect on the company's future financial results. At 31 December 2005, the interest rate risk was DKK 4 million in case of a 0.7 percentage point increase in interest rates.

Rent commitments
The Copenhagen Re London office holds shares in and leases premises from the London Underwriting Centre (LUC) and has commitments in that connection until 2016. A prior-year provision has been made to cover these commitments. If leasing of the LUC premises does not produce satisfactory results over the next few years, Copenhagen Re may incur additional losses beyond the amount of provisions already made.

Liquidity
Substantial capital resources are tied up in different countries to meet the requirements of local regulatory authorities. This may reduce the flexibility of other parts of Copenhagen Re to conclude commutation agreements, unless it becomes possible in cooperation with the relevant supervisory authorities to release parts of the tied up capital.

The satisfactory cash resources of 2005 are expected to be retained in 2006 as capital will be released from the planned shutdown of the company's Singapore branch.

Outlook for 2006
Premiums are expected to be insignificant in 2006 and onwards. The company expects a small positive technical result and an investment return exceeding future administrative expenses.

Against this background, Copenhagen Re expects a profit of DKK 30 million in 2006 in line with the profit for 2005.

MISCELLANEOUS OTHER ACTIVITIES

Other miscellaneous activities in the group contributed a loss of DKK 32 million before tax, as compared with a loss of DKK 60 million in 2004. These activities consist of corporate and other expenses, value adjustment of treasury shares and a number of dormant companies.

Outlook
We expect to incur a loss of DKK 30 million before tax on "Other activities" in 2006.

INVESTMENTS



TROELS JENSEN, *private customer consultant:*
"I see a huge business potential for Alm. Brand – among existing and new customers alike. Being able to exploit this potential hinges on our attitude and approach to customer meetings. Customers who apply for a car loan should be offered a general overview of the financial services he or she might need.
Through full-fledged personal advice we are able to visualise the benefits that are often available to a customer, and we are already seeing signs that the concepts and systematic referral across our business areas increase sales."

GOALS AND STRATEGY

The investment policy focuses on optimising returns with due regard to the risk involved. The majority of the Alm. Brand Group's financial assets are placed in Danish government and mortgage bonds. In the life group, the duration of the bond portfolio largely corresponds to the duration of the liabilities, while the bond portfolios of other Alm. Brand Group companies have relatively short duration in order to limit interest rate exposure.

The investment policy is reviewed on a monthly basis by an investment committee in charge of the group's investment activities. Its work is based on guidelines and policies adopted by the individual boards of directors of the group companies. The investment committee is responsible for monitoring the Alm. Brand Group's strategic asset allocation. If the committee considers it necessary to make strategic changes to the asset allocation, such recommendations will be submitted to the respective boards of directors.

The majority of the group's financial assets are comprised by an asset management agreement with Alm. Brand Bank.

MARKET DEVELOPMENTS IN 2005

Denmark

The Danish economy performed quite strongly in 2005, driven mainly by increased consumer spending and a favourable trend in exports. Consumer spending was stimulated by the low level of interest rates, falling unemployment, a strong housing market and growing real income. The strong economic growth has not adversely impacted the current account which was in substantial surplus for 2005, supported by Denmark's generally strong competitiveness. The Danish bond market was marked by rising short-term interest rates in 2005, because the European Central Bank (ECB) hiked its short-term benchmark interest rate in an attempt to counter rising inflationary pressure resulting from the high energy prices. On the other hand, long-term interest rates fell during the year, mainly due to weak growth and moderate inflation rates in the major European economies. The Danish equity market recorded substantial price increases in 2005, outperforming international markets.

International markets

The global economic boom continued in 2005, driven very much by continued strong growth in the USA and Asia. The key drivers of strong growth in the USA was consumer spending on the back rising housing prices. Conversely, euroland experienced weak growth characterised by sluggish consumer spending and high unemployment in the major European economies.

The strong global economic growth drove demand for oil even higher in 2005, triggering rising oil prices and higher inflation in all parts of the world. Both the Federal Reserve in the USA and the ECB in Europe expressed concern about the risk that energy prices will have a permanent impact on inflation, which has resulted in rising short-term interest rates.

The currency markets witnessed an appreciation of the US dollar against the euro in 2005, as the US-euroland yield spread gradually widened during the year. The USA is expected to generate a record-high trade deficit in 2005 that will easily eliminate recent years' huge deficits. On the other hand, much of the trade deficit has been offset by strong demand for US financial assets mainly by Asian central banks. In addition to the very significant US trade imbalance, several of the most important economies of the world are struggling with very significant public sector imbalances. For example, economic growth in the USA, Germany, the UK and Japan was supported by expansionary fiscal policies in the respective countries.



The international equity markets saw decent gains in 2005, supported by falling long-term interest rates and continued strong growth in the USA and Asia. However, underlying the positive developments are substantial variations between countries/regions. For example, the US stock market rose slightly, while European equities saw decent improvements. The Japanese equity market saw some sharp improvements in 2005, backed by greater optimism in respect of the Japanese economy and the competitive strength of Japanese businesses.

RETURN AND PERFORMANCE

Life and pension

The investment assets of the life group are divided into policyholders' investment assets and shareholders' equity investment assets. Policyholders' investment assets consist primarily of bonds, property and shares. Shareholders' equity investment assets were placed in a separate account and invested in short-duration bonds.

Equities accounted for 9% of policyholders' investment assets at 31 December 2005, including the portfolio of unlisted shares, which makes up 3% of investment assets. At 1 January 2005, the equity portfolio accounted for 7% of policyholders' investment assets. The equity portfolio consists of shares and share-based options and futures. The holding of financial instruments creates a market exposure to equities that is different from the market value of the instruments. Made up at exposure value, the equity portfolio accounted for 12% of the investment assets at 31 December 2005.

Listed shares yielded a return of 51%, while the return on unlisted shares was 28%. The return on listed shares was satisfactory measured against the benchmark consisting of 50% OMX/C20 and 50% MSCI World Index (local currencies). The return on unlisted shares was also satisfactory.

The bond portfolio of the life group comprises mostly Danish government bonds and mortgage bonds. We aim for the duration of the bond portfolio to largely correspond with the duration of the liabilities. Over the course of 2004, the group held a significant proportion of mortgage bonds, hedging part of the prepayment risk on mortgage bonds in connection with falling interest rates through options. The life group furthermore adapted the interest rate exposure of its assets by using other financial instruments to achieve a satisfactory asset/liability match.

The return on policyholders' interest-bearing assets including financial instruments was 9% in 2005. The return was satisfactory and largely in line with the selected benchmark.

Property investments accounted for 10% of policyholders' overall investment assets at 31 December 2005. Properties yielded a return of 11% in 2005, driven by a strong commercial letting market and generally falling target yields in the commercial property market, which in turn led to rising prices in this segment.

The overall return on policyholders' investment assets was 11.4% in 2005.

The rest of the Alm. Brand Group

A vast majority of the remaining group's investments are placed in interest-bearing assets, mostly bonds. Duration on the assets is relatively short in order to limit the risk of price fluctuations. Accordingly, the duration Alm. Brand Forsikring's assets did not match the duration on parts of the liabilities, including, in particular, provisions for workers' compensation. As a result of the fall in long-term interest rates, the low discount rate in workers' compensation thus caused a capital loss in 2005.

SALES, SERVICE AND MARKETING

SALES AND SERVICE

Organisation

The sales and service organisation is structured in five regional units focusing on in-depth knowledge of local markets and extensive decision-making competence. We have established a customer service centre in each of our regional offices which serves customers by telephone. The regional offices coordinate sales through our some 250 insurance agents and a number of customer advisers. Also supporting the regions is a network of 25 insurance branches and 19 independent agencies that also provide service, advise on and sell group products in their local areas. Accordingly, Alm. Brand is currently represented in 45 Danish towns and cities.

In addition, the retail bank operates a specialist customer service centre at the group's head office, which handles all inbound and outbound calls in relation to the bank.

The head office in Copenhagen handles sales and service of special products, sales via insurance brokers to large commercial businesses and controls sales made through partnerships.

Alm. Brand operates distribution agreements with a number of major business partners, the most extensive being with the EDC chain of estate agents.

Goals

Having an efficient and professional sales and service organisation is essential in order for Alm. Brand to achieve its overall growth, expense and customer satisfaction targets. The group's new growth strategy 2010 clearly heightens the need for an efficient sales and service organisation.

In order to achieve the growth targets, a number of operational milestones have been defined. A significant milestone is for the group to have at least 75,000 multi-product customers (*dobbelt*KUNDER) by 2010.

Strategy

At Alm. Brand, we regard the overall distribution setup at a vehicle, comprised of product concepts, efficient marketing, sales-oriented advisers possessing strong professional skills, efficient and motivating sales bonus systems, up-to-date sales tools and other components that combine to ensure efficient distribution.

The means of achieving the growth targets by 2010 will be to:

- increase customer lives, including through more repeat sales to existing customers,
- increase cross sales and additional sales to existing customers, and to
- increase sales to new customers.

Alm. Brand's distribution channels support the three focus areas and each individual channel will have a defined benchmark in order to make distribution even more efficient.

The group's five regions each retain the sales responsibility for their own market. This is a structure that promotes competition between regions and between the individual distribution channels.

2005 highlights and achievements

Alm. Brand recorded a strong sales performance in 2005, and recent years' efforts to optimise distribution are beginning to bear fruit. The results achieved in 2005 may be divided into service and sales results, respectively.

Service achievements

- Telephone customer service improved by a significant margin in 2005, achieving the target of a telephone response rate of 90 in the customer service centres.
- Customer satisfaction improved substantially in 2005.
- The quality of service provided to the group's largest business partner, the EDC chain of estate agents, improved considerably in 2005, and we now enjoy a satisfaction rate among EDC estate agents of more than 90%.

Sales achievements

- The number of multi-product customers continues to grow, and preliminary results show that multi-product customers are extremely loyal.
- Sales improved substantially in 2005.
- Sales through the group's largest business partner, the EDC chain of estate agents, improved in both non-life insurance and in banking.

Outlook for 2006

Distribution will take an even greater priority in 2006, and the goal is to continue to increase sales in tandem with a decline in cessation.

A number of initiatives will be launched to support these targets. First of all, additional sales resources will be appointed, and we will allocate funds to enhance the skills of both existing and new employees. Also, the group's new mobile sales tool is expected to support the sales effort. Decentralised branch offices will be in focus through the appointment of 12 new branch managers and delegation of decision-making responsibilities to the branch network. Finally, our largest branch offices are being refurbished to a more customer-friendly standard with contemporary facilities for holding individual customer meetings. The goal is for our customers to feel they are guests rather than conventional customers when they come to the new branch offices.

MARKETING

Goals

The marketing strategy is intended to profile Alm. Brand as a serious provider of financial products targeting customers with "ordinary common sense". At the same time, marketing should contribute to supporting distribution by attracting specific customer prospects.

Strategy

The marketing strategy is intended to create a strong brand and a good image for the group. Product and price marketing is in focus, because we believe that these factors, together with integrity and image, are key parameters in the financial market. Also, we consolidate our marketing efforts for the group's three business areas, thereby becoming more visible in the market and maximising the benefits of the group's unique structure of having non-life insurance, banking and life insurance under one roof.

Existing customers should be confirmed in the choices they make and be positively encouraged to source additional products from Alm. Brand. They should experience a feeling of being well taken care of when they do business with Alm. Brand.

2005 highlights and achievements

A number of measurable results were achieved in 2005.

For example, the number of measurable customer prospects has increased considerably over the past three years. According to independent research, Alm. Brand was the best-known provider of banking and insurance products together with Danske Bank and Nordea. The unprompted recognition of Alm. Brand Forsikring has improved sharply since 2003. Finally, unprompted recognition of the *dobbelt*KUNDE concept grew from no recognition at 1 January 2004 to a recognition rate of some 20% at 31 December 2005.

Given the growing importance marketing and media management has taken on for the financial sector in recent years, taking a new and innovative approach is essential for achieving optimum marketing power with the available budget. In addition to the conventional marketing efforts, we focused on the following in 2005:

- Continuing the success of Denmark's largest stock market game in cooperation with Berlingske Tidende, a Danish newspaper, and TV2, a Danish television station.
- Using the well-known *dobbelt*KUNDE universe in television commercials for employee recruitment purposes. The exposure supported the rest of our television marketing while providing a new and alternative recruitment channel in a difficult job market.
- Making greater use of the Internet

OUTLOOK FOR 2006

External marketing efforts will continue along the line introduced in 2004.

We aim to increase our marketing efforts towards existing customers substantially in 2006, the primary goals being to retain customers and to generate increased cross sales and additional sales.

The sponsorship strategy will also be retained in 2006, and our sponsorships with Riis Cycling (Team CSC) and Danish football club AGF will continue in 2006. Team CSC achieved excellent results in 2005, and the team's ambitions for 2006 are extremely high. In addition, Alm. Brand will continue to support a number of local sports associations and events.

EMPLOYEES AND DEVELOPMENT



HENRIK GUNDORPH, *Executive Vice President, Human Resources:*
"I see our skills as a key parameter in accelerating Alm. Brand's growth in the years ahead. For example, we are in the process of setting up an academy which will play a pivotal role in strengthening our skills, particularly within sales, service and advice. The academy will act as a showcase for existing and new employees and reflect the importance Alm. Brand attaches to developing the professional and personal skills of its employees. These are the areas in which we aim to get even better so that we can promote our professional expertise and competitive products to even more customers."

ATTITUDES AND CONDUCT

The attitude, conduct and professional and personal skills of our company's employees is key to our success. In turn, satisfied employees form the basis of Alm. Brand's success. Also, it is essential that we are able to continue to attract the most qualified employees.

STRATEGY AND GOALS

Alm. Brand aims to offer its employees responsibility and allow them to have a say in their own situation, challenges and personal development opportunities. Developing the employees will enable Alm. Brand to stand out from the competition.

We aim to achieve these goals:

- by developing the image of the Alm. Brand Group as a workplace, including by maintaining targeted, open and honest lines of communication
- through individual development and training of managers
- by working to develop the group's values
- by maintaining targeted, open and honest communication lines to all employees
- by constantly developing employee skills and by creating an understanding of the importance of good customer service and of the value chain.

EMPLOYEE SATISFACTION

Employee satisfaction is measured as a weighted average of responses to certain selected questions. The satisfaction rate rose to 86% in 2005 from 80% in 2004. The response rate was extremely high at 90%, thereby making it possible to draw conclusions from the results with a high degree of certainty. The response rate also reflects the great commitment demonstrated by the group's employees.

Accordingly, the employees are perceiving improvements in all areas. It is particularly important to emphasise that the pressure employees have felt over the last couple of years due to restructuring and extensive overtime work is now being alleviated. Another important factor is the level and flow of information, and especially the Management Board's efforts in this process, are now being perceived as substantially improved thanks to a dedicated effort.

Asked about their overall satisfaction with working at Alm. Brand, 95% replied that they are either very satisfied or satisfied. 42% of the respondents were very satisfied as compared with 34% in 2004. A total of 92% of the employees say they are proud to work with Alm. Brand.

A priority in 2006 will be to enhance our employees' understanding of the importance of providing optimum customer service, both to external customers and to in-house customers/colleagues. In addition, we will focus on developing the skills and know-how of each individual employee in 2006.

MANAGEMENT QUALITY

Managers as well as employees attach great importance to competent management as a means of achieving the group's objectives. The management function is an important factor of success on a par with products, prices, distribution channels and IT tools.

Satisfaction with the immediate superior and the group's reputation are the two most important loyalty drivers in ensuring satisfied employees. At Alm. Brand, a manager's role includes creating results through the employees. To this end, it is vital for managers and employees to maintain trust, dialogue and

close working relations. Our annual management quality survey in which the employees rate managers' conduct relative to the group's values showed that 93% of employees were either very satisfied or satisfied with their manager. This was an increase of 3 percentage points relative to the 2004 survey and is a very satisfactory result.

WORKING TO DEVELOP THE GROUP'S VALUES

The employees also consider the group's values to be very important in relation to expanding collaboration across the group and generally achieving the group's objectives. Therefore, it seems only natural to make the values a core component of our efforts to achieve the 2010 strategy.

VALUES AND CONDUCT WATCHWORDS

ORDINARY COMMON SENSE
WE IDENTIFY WITH THE CUSTOMER
WE KEEP OUR PROMISES
WE MANAGE RULES WITH COMMON SENSE

MUTUAL RESPECT
WE LISTEN TO EACH OTHER
WE RESPECT EACH OTHER'S OPINIONS
WE DRAW ON EACH OTHER'S KNOWLEDGE AND EXPERIENCE

HOLISM AND PROXIMITY
WE TAKE A HOLISTIC APPROACH
WE CARE FOR EACH OTHER
WE ARE ACCESSIBLE

WILL TO SUCCEED
WE SET AMBITIOUS AND REALISTIC GOALS
WE STRIVE FOR PROFESSIONAL AND PERSONAL DEVELOPMENT
WE CREATE RESULTS TOGETHER

CONTINUING PROFESSIONAL AND PERSONAL DEVELOPMENT

Our customers' knowledge about financial products has increased substantially in recent years and this requires us to become even better in order to provide optimum advice to our customers. In the years ahead, Alm. Brand therefore intends to invest considerable resources in in-house training of new and existing employees. In order to build a visible platform for the group's training initiatives in this area, we plan to set up the Alm. Brand Academy in 2006. The academy is intended to consolidate the opportunities for training in the group and to act as a "showcase" for principles of and opportunities for developing the professional and personal skills of each individual employee.

A key element will be the work to build an understanding of the importance of providing good customer service relative to the chain of action:

=> Satisfied employees => Satisfied customers => Improved earnings

REMUNERATION POLICY

The group's Management Board and senior management employees have a bonus scheme which is based on the return on equity generated for each financial year. The potential bonus earned in any one year represents up to a maximum of five to ten months' salary and is placed in a bonus account. One-third is paid out, while payment of the remaining balance on the bonus account is subject to a good results performance in the following years. Accordingly, the bonus scheme aims to promote long-term behaviour and achieving maximum bonus requires an uninterrupted string of very good results over a number of years. The bonus scheme will have no material effect on the group's cost level. The scheme covers a total of 17 people and does not comprise stock options.

For a number of years, we have had a bonus scheme with both common and individual benchmarks for the group's other managers and specialists. The scheme covers some 200 people.

In 2004, a trial bonus scheme was set up for the customer service centres engaged in sales and service to private customers in respect of insurance and the provision of referrals to the bank. The results were good and in 2005 the scheme became permanent.

INFORMATION TECHNOLOGY



IT STRATEGY AND OVERALL TARGETS

The IT strategy has been defined with a view to enhancing the group's competitive strength by creating a flexible and innovative platform from which to develop individual business areas as well as the group in general. In addition, the IT strategy aims for a sustainable level of costs, including by exploiting economies of scale in the group. The group's IT platform is based on innovative systems and a robust and flexible underlying infrastructure.

Core elements of the IT strategy:

- The fundamental business systems are based on open-interface standard systems
- In-house standard components are developed as add-ons to standard systems for the purposes of integration between business areas and in relation to Alm. Brand's distribution channels
- Systems are highly automated, simple and accessible, and have high reliability and security levels
- Data is made available for analysis, reporting and marketing purposes across the group.

Alm. Brand aims within the next few years to become among one of the best players in the industry in terms of using information technology efficiently. The goal is to identify fast, flexible and cost effective opportunities to develop new high-quality products, processes and distribution channels.

The consolidated IT costs are now at the projected level. In the years ahead, the focus will be on capitalising on the investments made in information technology over the past few years.

Our objective going forward is: "Same input, more output". We intend for Alm. Brand to have IT cost ratios relative to premium income (insurance) and bank earnings (banking) that are in line with those of our peers.

COMPETENCE AND COLLABORATION

IT skills are provided by our in-house IT department in close cooperation with Bankdata and IBM. As part of implementing a new non-life insurance system, we have entered into an agreement with Accenture for support on the last part of the project, which involves the commercial and agricultural lines.

Bankdata is responsible for developing and operating our basic banking systems, whereas IBM is responsible for most of the group's infrastructure, which is operated jointly by IBM and Alm. Brand's IT department. A project launched in 2005 will place an even greater share of Alm. Brand Bank's general infrastructure with Bankdata.

NEW NON-LIFE INSURANCE SYSTEM

In connection with the development and implementation of new business processes and products, Alm. Brand implemented a new standard non-life insurance system in 2001. The new system has served the entire private market since April 2005, and the commercial and agricultural businesses will be implemented next. A few areas of the commercial lines are already running on the new system. The work to implement the outstanding parts was begun in January 2006 and is projected to be finished at the end of 2007.



SALES SUPPORT

One of the important goals has been to create an architecture in which processes can be run across platforms and business units in a simple manner, and where products can be bundled across the group.

The goal is to set up the initial parts of this architecture in 2006, with all distribution channels being supported by the same sales system and with access to customer and product data independently of time, place or platform. The first step involves all sales support for the private market for both the non-life and the life and pension businesses.

DATA WAREHOUSING

Alm. Brand's group data warehousing is based on a standard system comprising both banking and insurance. In 2005, work centred on implementing non-life data in the data warehouse. New solutions for the business were provided in 2006. Going forward, the new data warehouse will also support new system development. The purpose of developing a group data warehouse is to provide data support for Alm. Brand's business requirements.

INFRASTRUCTURE

Alm. Brand's infrastructure is strengthened on an ongoing basis to provide increased robustness and greater flexibility. The core elements are centralisation and virtualisation. In order to meet the overall business continuity targets, work began in 2005 on placing the infrastructure in a dual-location environment. Most of this project is expected to be completed in 2006.

IT PROCESSES

Work has begun to realign the internal processes in accordance with the ITIL principles in order to create flexibility, heighten security and increase transparency, among other things. The initial processes were in place in 2005 and the rest are expected to be implemented over the next few years.

IT SECURITY

Alm. Brand approved new security guidelines in 2005. The main goal for 2006 is to ensure that the guidelines are implemented in all processes, systems and in the infrastructure.

RISK MANAGEMENT



Managing the group's risk exposure is a key executive focal area, because uncontrolled development of the various risks may have a substantial impact on consolidated financial performance and solvency and, by extension, future business opportunities.

The Board of Directors defines and approves the group's overall policy for undertaking risk and sets up the overall risk guidelines as well as the reporting requirements, while the Management Board uses this platform to structure operational risk management.

Given the extensive scope of its business, the group assumes a number of different risks. These include the large variation of business risks related to operating the different business areas and the more consistent and uniform financial risks related to handling the group's substantial cash flows and comprehensive investment strategy.

Different types of business risk and financial risk are all managed by the individual business areas. Accordingly, the managements of the respective business and staff areas are responsible for managing both business and financial risk as well as for ongoing risk monitoring. Also, each business and staff area is responsible for identifying, quantifying and monitoring risk relevant to their own business areas and for setting up and implementing relevant risk-management controls and strategies.

In addition, an intra-group function has been set up to coordinate risk management at group level and to prepare policies and procedures relating to parts of the group's risks across individual business areas.

Independently of management-implemented controls, the internal auditors conduct regular independent reviews of the group's control procedures and verify compliance with management's guidelines.

GOALS AND STRATEGY

We take various types of calculated risk in support of the group's long-term business goals. The risks encountered in the various business areas differ considerably, but generally risk parameters can be divided into three types of risk:

- business risk
- financial risk
- operational risk.

Business risk

Alm. Brand focuses on identifying, measuring and managing business risk and defines precise guidelines for the risks each business area is authorised to assume.

NON-LIFE INSURANCE

Acceptance and assumption of risk

Alm. Brand writes insurance for private customers, agriculture as well as for small and medium-sized businesses.

The acceptance policy provides rules for the types and the size of risk that can be written in individual contracts.

For risks written, we calculate and estimate the potential accumulation of risk due to physical location and events that may impact large parts of the portfolio.



In order to reduce the risk of loss from insurance events, we cede risks in excess of defined maximum amounts.

Our reinsurance programme is designed to prevent a single event or an incidental accumulation of major claims from causing unacceptable loss of capital and to limit fluctuations of the technical result.

Approved annually by the Board of Directors and the Management Board, the reinsurance programme also defines the group's retention on different insurance events.

We review the need for reinsurance on an ongoing basis, using previous experience regarding the programme's efficiency, market experience, the company's capital resources and prices of reinsurance.

The reinsurance programme for 2006 is based on largely the same guidelines as were applied in 2005, but generally has higher retention and greater coverage than in 2005.

For 2006, Alm. Brand has bought catastrophe reinsurance for up to DKK 4.4 billion with retention of DKK 150 million.

Coverage is DKK 400 million for property damage and up to DKK 700 million for personal injury on personal accident and workers' compensation.

The largest single risk in the non-life business is for windstorm losses. In order to cover the risk from a windstorm, we model a number of windstorm scenarios based on our portfolio exposure and on probability calculations. We estimate the total cost to Alm. Brand of a '100-year windstorm event' to be DKK 250 million consisting of the self retention and the reinstatement premiums of the windstorm programme.

The risk to Alm. Brand from a terrorist event is considered to be covered by the reinsurance programme or excepted in the ceded coverage.

COPENHAGEN RE

Copenhagen Re no longer writes new business, but still has business written in previous insurance years in run-off. The risk of loss resulting from unexpected developments in Copenhagen Re is limited to the shareholders' equity in Copenhagen Re, since Alm. Brand has decided not to inject any further capital into the company.

LIFE INSURANCE

Group policy in the life insurance business is to not write business without the customer disclosing personal health information. This requirement means that the company has deliberately opted not to write typical labour market pensions, as such pensions may be set up without personal health information.

The principal insurance risks are related to insurance with a guaranteed average benefit. Until 1994, the life group wrote policies with average guaranteed benefits of 4.5% after tax on pension investment returns. From 1994 to 1999, the benefit was 2.5% after tax on pension investment returns, and since 1999 it has been 1.5%. We focus on hedging the guaranteed benefits provided, applying derivative instruments to ensure that interest rate exposure on assets and liabilities is at a similar level. Guaranteed benefits are hedged mainly by way of short-term options.

Changes in the value of life group investment assets resulting from changes in interest rates are partly offset by corresponding changes in the value of the technical provisions and the

collective bonus potential. As a result, shareholders' equity may be affected if the average return generated over the life of the policies fails to cover guaranteed benefits.

Other material risks relating to this business unit mainly involve financial risks, which we seek to balance with the insurance liabilities as much as possible.

The investment assets that match the life group's shareholders' equity are held in a separate account. At 31 December 2005, this account had relatively low duration, limiting the risk of price falls triggered by interest rate fluctuations.

BANKING

Alm. Brand Bank makes it a priority to identify, measure and manage the business risks that specifically attach to banking, especially credit risk. For management purposes, we prepare and regularly review a set of lending guidelines that have been consolidated in a credit policy applied by all of the bank's employees.

Credit policy

The credit policy describes the position on and guidelines applicable to the banking group's granting of loans, guarantees and other types of credit risk.

The guidelines for providing credit aim to ensure that the bank, including its subsidiaries, is perceived as a bona fide bank by all customers, business partners, public authorities and competitors.

The credit policy is evaluated on an ongoing basis in order that it may be adapted and updated to reflect developments by product area, by industry or in society in general, but the intention is mainly to diversify the overall risks on a number of different industries.

Given its substantial portfolio of loans and advances at 31 December 2005, Alm. Brand Bank has substantial exposure to credit risk. Most of the loans and advances are provided for specific asset classes (property, securities, cars, etc.) in which we attach considerable importance to the value and transferability of the assets provided as collateral.

The banking group's credit policy has been worked out on the basis of the bank's individual products and the customer segments buying the bank's lending products. The bank strives to ensure that the return on individual products and customer segments is satisfactory relative to the risk involved. The bank further aims to keep its overall credit exposure at a reasonable level relative to the industry at all times.

The bank grants loans to both private customers and corporate customers and in selected product segments in which the banking group possesses specialist expertise. This approach provides the desired risk diversification.

The bank's loans to private customers are to a wide extent based on the use of credit scoring models which have been developed over a number of years and which are constantly being developed and improved on the basis of empirical data and cyclical changes. Credit scoring models are used on secured as well as unsecured loans.

As a result of the bank's focused strategy, loans granted to corporate customers concentrate on specific asset classes and specific industries. The main criterion for accepting commitments is that a company has a satisfactory credit rating combined with a thorough and conservative assessment of the value of the assets provided as collateral and any supplementary collateral provided.

The bank has set up business procedures to ensure an ongoing assessment of the performance of individual commitments and lending portfolios and the risk inherent therein.

If the changes in individual commitments or objective indicators are considered to warrant impairment of the value of the commitments, the necessary impairment charges will be effected in accordance with the rules in force and based on a conservative assessment of the realisable value of any collateral provided and the expected date of realisation.

BASEL II

The bank has carried out a review of the new capital adequacy rules (Basel II) and has decided to apply the IRB Foundation method. On this basis, the bank implemented development activities in 2005 in collaboration with Bankdata which are intended to ensure that the bank can implement the method over a period of a few years. This will enable the bank to achieve the capital and risk management benefits that will result from the new Basel rules.

FINANCIAL RISK

Financial risk is handled by each individual business area and monitored by the above-mentioned corporate function.

Operational handling is based on these general guidelines:

MARKET RISK

Market risks involve the risk of changes in the market value of the Alm. Brand Group's assets and liabilities resulting from changes in the financial markets. The Alm. Brand Group's investment assets are measured at fair value on a regular basis. This means that developments on financial markets influence the group's shareholders' equity and investment performance.

The group is exposed to various kinds of market risk in connection with trading and investing, and as part of its ongoing cash management. The group uses derivative financial instruments to manage and reduce market risk on an ongoing basis.

The purpose of financial risk management is to offset the overall financial risk exposure against both assets and liabilities in order to achieve a satisfactory balance between risk and return. We achieve our risk management objectives by way of risk management policies that define the guidelines for exposure to different types of financial risk. The investment and risk management policy of each individual company of the group reflects the market conditions it operates under. The investment guidelines provide risk limits for both individual investments and groups of assets and liabilities.

The investment asset portfolio is subject to market risk in the form of interest rate risk, currency risk and price risk, resulting from, for example, changes in share prices or real property prices.

Fair value interest rate risk

Fair value interest rate risk is the risk of fluctuations in the value of interest-bearing financial instruments as a result of changes in interest rates. This type of risk arises on fixed-rate financial instruments, while floating-rate instruments are subject to cash flow interest rate risk.

Management of the group's fair value interest rate risk seeks to appropriately match interest rate risk on assets and liabilities.

Alm. Brand's fair value interest rate risk is mainly allocated to the Alm. Brand Bank Group, which limits the interest rate risk primarily by accepting and providing deposits and loans at floating rates. As part of the risk management efforts, the banking group hedges the fair value of certain fixed-rate loans through the use of derivative financial instruments.

The banking group calculates interest rate risk on fixed rate claims and liabilities using a duration model. For the purpose of day-to-day risk management, interest rate risk is calculated according to guidelines issued by the Danish Financial Supervisory Authority and according to an in-house method.

The group regularly uses financial instruments in managing interest rate risk to reduce its exposure to fixed income assets. This is done by seeking a strong correlation between derivative financial instruments and fixed income assets. The group's overall policy aims for such instruments to be used primarily for hedging purposes.

Cash flow interest rate risk

The group's cash flow interest rate risk arises from floating rate deposits and lending for which the future cash flows are subject to interest rate developments. Floating rate deposits and lending are mainly provided by Alm. Brand Bank. We hedge cash flow interest rate risk by attempting to match floating rate deposits and lending. In managing cash flow interest rates we also apply interest swaps in order to restructure deposits and lending from floating to fixed rates of interest and vice versa.

RISK MANAGEMENT

Currency risk
We limit the group's currency risk by widely placing the financial assets in alignment with the currency composition of the liabilities.

In addition, we hedge currency risk using forward currency contracts and currency swaps. The group's investment strategy is to have only limited net positions in foreign currency.

Currency exposure is mainly restricted to the group's reinsurance company, Copenhagen Re, and the listed subsidiaries Alm. Brand Pantebreve A/S and Alm. Brand Formue A/S. Particularly Alm. Brand Formue is in a position to hold considerable unhedged positions, while Alm. Brand Pantebreve has a limit for investments in foreign mortgage deeds.

Copenhagen Re's currency positions are hedged mainly by matching the currency composition of assets and liabilities.

Price risk
The group accepts a calculated exposure to equities which is determined on the basis of the investment strategy and capital base. The equity exposure is composed of listed and unlisted equity investments and derivative financial instruments (futures and options). The exposure to equity risk is mainly restricted to equity holdings in the group's life insurance company and the Alm. Brand Bank Group.

The Alm. Brand Group's equity risk is sometimes reduced by way of derivative financial instruments. Alm. Brand Formue's equity risk is unhedged in accordance with the investment strategy.

The group is also exposed to changes in prices of real property, mainly through property investments held by the group's life insurance company. Most of the property investments are owner-occupied properties. We also make direct property investments, mainly in office property, and invest in property stocks. The defined risk profile on the purchase and sale of property calls for a high degree of security and stable returns on a long-term horizon. For property investment, risk management is founded in a framework governing the overall property investments and guidelines for exposure to individual properties.

Other types of credit risk
Credit risk involves the risk of a counterparty defaulting on obligations agreed. We seek to limit the risk by restricting the exposure to individual counterparties and to groups of counterparties with an identical profile.

The Alm. Brand Group has substantial amounts due from policyholders and reinsurers on an ongoing basis. Receivables from policyholders are secured through diversification on a very large group of policyholders, whereas receivables from reinsurers are secured through a minimum rating requirement (currently A-) from recognised rating agencies. Receivables deemed to be unrecoverable are written down or written off.

The Alm. Brand Group makes limited investments in corporate bonds, the majority of which are investment grade (AAA to BBB). This ensures a limited credit risk exposure to the investment assets.

Liquidity risk
Liquidity risk is the risk of having insufficient liquidity to meet financial liabilities due/payable. Liquidity risk management includes day-to-day management of liquidity and continuous assessments of short-term and long-term requirements relative to its cash resources.

The bank determines its liquidity management policy on the basis of a prudent risk profile, including expectations for developments in deposits and lending. Moreover, the bank's policy is at all times to have sufficient liquidity to enter into new and attractive business.

In order to strengthen its cash resources and ensure continued growth, the bank raised a EUR 375 million syndicated loan facility via 30 international banks at the end of 2005. The loan is a so-called multi-tranche credit facility with three-, six- and seven-year maturities. In an effort to avoid such heavy exposure in EUR, the loans have been converted into DKK using derivative financial instruments.

OPERATIONAL RISK

Operational risk may occur as a result of human or technical error, or because of external events.

The Alm. Brand Group may incur direct or indirect financial losses due to operational risk, and therefore commits a good deal of resources to limiting such risk.

External events generally comprise changes to outside factors, such as in legislation or the group's reputation. Internal operational risk includes the risk of human or system errors or criminal acts that may result in substantial unforeseen costs or lengthy business interruption.

The group has a number of control procedures in the form of work routines, business procedures and reconciliation processes both decentrally and centrally in the organisation. Combined with the separation of controlling and operational functions in the organisation, these procedures help minimise operational risk.

The group continuously seeks to improve operational security, including to ensure the continued operation and re-establishment of the business areas in the event of a protracted system breakdown. Most recently, the Board of Directors approved a set of new contingency targets for the group. The targets have been implemented as a centralised emergency organisation, evacuation plans and contingency manuals in each business area, fundamental technical changes to IT aiming to decrease vulnerability, and increased attention to standardising processes and IT products.

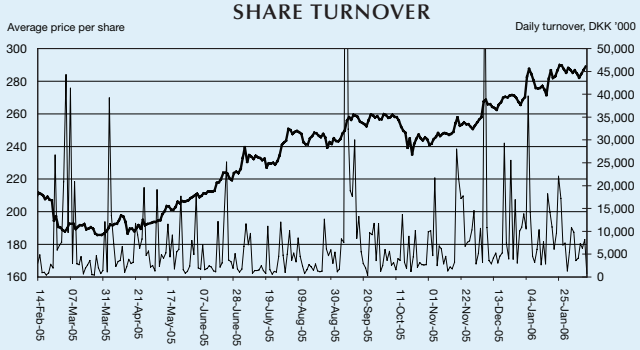
The group continuously seeks to improve its IT security, which in Alm. Brand is based on an IT security policy adopted by the Board of Directors. The policy defines general IT security requirements in order to ensure that the Alm. Brand Group's overall use of IT is secure and controlled. The IT policy is implemented in IT security guidelines, IT security checklists, user guidance as well as other measures and business procedures.

The centralised banking systems are operated by Foreningen Bankdata, and the group's other centralised IT systems are placed with IT outsourcing provider IBM SDC DK A/S, which further enhances physical IT security and operational reliability in the banking group.

Ongoing training of employees and investments in new technology is intended to limit operational risk and ensure that the group meets customers' and business partners' requirements and expectations.

SHAREHOLDER INFORMATION

SHARE PRICE PERFORMANCE RELATIVE TO MIDCAP+ AND OMX/C20 INDICES; SHARE TURNOVER



ACTIVITIES

Alm. Brand conducted substantial investor relations activity in Denmark and abroad in 2005 as part of the efforts to keep the market updated on the company and its financial results.

As has become a regular part of our investor relations work, we held presentations to investors, analysts and the press when announcing our full-year and interim financial statements, first in Denmark and then in London. In addition, we addressed the professional market in Denmark and internationally by holding a number of one-on-one meetings and presentations to larger audiences. These events included roadshow presentations of the Alm. Brand share in Denmark, the USA, Canada, the UK and continental Europe.

In order to reach as large an audience as possible, we audiocast the presentations of our full-year and interim financial statements via the Copenhagen Stock Exchange's website as well as on www.almbrand.dk, and 2005 marked the first time we webcast the review of our financial statements at the annual general meeting.

SHARE PERFORMANCE

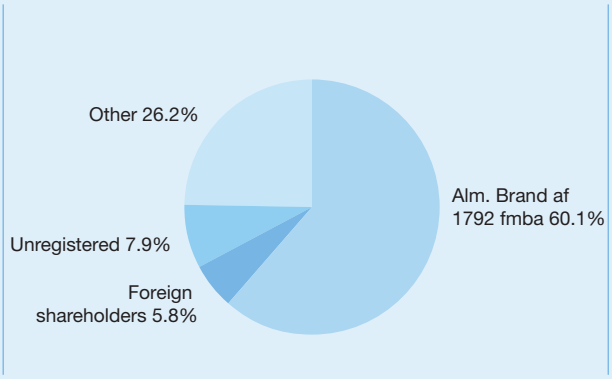
We have experienced a growing demand for information in recent years, especially since Alm. Brand became a component of the MidCap+ index in 2004. To accommodate this demand, we resolved already last year to allocate more management resources for this purpose. It was therefore very encouraging to see that Alm. Brand attracted even greater investor interest in 2005. Yet another finance house began to provide analyst coverage, and turnover in the share rose considerably.

As a result, liquidity in the Alm. Brand stock improved and the average daily turnover reached DKK 8.5 million. The share price rose from DKK 208 at 31 December 2004 to DKK 267 at 31 December 2005, equal to 134% of the net asset value per share. The market capitalisation was DKK 6.0 billion at 31 December 2005.

DIVIDENDS

Alm. Brand has defined a dividend policy based on a capital calculation model that meets the regulatory capital requirements and provides financial latitude to cope with unforeseen events. The capital calculation model reflects management's defined capital requirements:

	Times the statutory solvency margin	2005
Non-life insurance	2.4	1,565
Banking excluding partly-owned listed subsidiaries	1.3	1,232
Banking, investments in partly-owned listed subsidiaries		636
Life insurance	2.0	1,068
Reinsurance		140
Capital target		**4,641**
Consolidated shareholders' equity		**4,935**
Net tax asset		– 502
Intangible assets		– 130
Adjusted consolidated shareholders' equity excluding capital base		**4,303**
Dividend distribution excluding capital base		**– 338**
Capital base		300
Dividend distribution including capital base		**– 38**





A minor change has been made to the capital calculation model, as shareholders' equity is applied for Copenhagen Re instead of the solvency requirement.

As can be seen from the table, the highly satisfactory performance in 2005 means that Alm. Brand has almost reached the desired capital strength. In addition, raising subordinated capital or hybrid capital in 2006 is also an option being considered.

As a result, the group is planning a share buyback programme for 2006. We expect to acquire shares at an aggregate value of up to DKK 400 million over the next 12 months. Purchases will be effected as consolidated earnings materialise during the year. Share purchases will be effected so as to keep the parent company's ownership interest unchanged.

The Board of Directors intends to propose to the annual general meeting that the profit for the year be transferred to retained earnings.

ANALYSTS

Alm. Brand shares are covered by the analysts listed below:

Alfred Berg Bank A/S, Per Grønborg, tel: +45 33 96 19 29, e-mail: per.gronborg@alfredberg.dk

Carnegie Bank A/S, Anders Hornbak, tel: +45 32 88 03 35, e-mail: anders.hornbak@carnegie.dk

Danske Bank A/S, Gianandrea Roberti, tel: +45 33 44 04 32, e-mail: gian@danskebank.dk

Enskilda Securities A/S, Jesper Brydensholt, tel: +45 36 97 75 29, e-mail: jesper.brydensholt@enskilda.dk

REMUNERATION

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

Board members are not remunerated by way of incentive plans.

MANAGEMENT'S SHAREHOLDINGS

Members of the Board of Directors and the Management Board had reported the following shareholdings in Alm. Brand A/S at 31 December 2005:

	No. of shares	Market value (DKK) at 31 December 2005
Board of Directors of Alm. Brand A/S	2,640	704,880
Management Board of Alm. Brand A/S	2,289	611,163

No share programmes are available or have been available to the company's management.

THE ALM. BRAND SHARE

The company's share capital is DKK 1,788 million nominal value divided into 22,350,000 shares of DKK 80 each. Each share carries one vote.

The securities identification code of Alm. Brand shares is DK001525034-4.

SHAREHOLDER INFORMATION

OWNERSHIP

The number of registered shares was 20,631,509 at 31 December 2005, of which 118,628 were held by employees of the company. Registered shareholders held just over 92% of the share capital in aggregate. Foreign investors held 5.8% of the shares at 31 December 2005. One shareholder has notified Alm. Brand A/S of a holding in excess of 5% of the share capital: Alm. Brand af 1792 fmba holds 60.1%

ANNUAL GENERAL MEETING

The annual general meeting of Alm. Brand A/S will be held at 11:00 a.m. on 27 April 2006 at Radisson SAS Scandinavia Hotel, Amager Boulevard 70, DK-2300 Copenhagen S.

FINANCIAL CALENDAR

- 2005 Annual Report to be released on 23 February 2006.
- Annual General Meeting to be held on 27 April 2006.
- Q1 report to be released on 23 May 2006.
- Interim report for the first half-year to be released on 22 August 2006.
- Q3 report to be released on 21 November 2006.

ANNOUNCEMENTS TO THE COPENHAGEN STOCK EXCHANGE IN 2005:

10 January 2005:	Storm estimate
18 January 2005:	Financial Calendar 2005
24 February 2005:	Annual Report 2004
27 February 2005:	Net changes in shareholdings
28 February 2005:	Revised financial calendar
2 March 2005:	Net changes in shareholdings
2 March 2005:	Net changes in shareholdings
2 March 2005:	Net changes in shareholdings
2 March 2005:	Net changes in shareholdings
18 March 2005:	Net changes in shareholdings
22 March 2005:	Net changes in shareholdings
30 March 2005:	Quarterly reporting of shareholding
7 April 2005:	Ordinary general meeting with agenda
18 April 2005:	Ordinary general meeting with complete proposals
28 April 2005:	Upgrading the full-year profit forecast 2005
28 April 2005:	Annual general meeting
18 May 2005:	Quarterly Report Q1 2005
25 August 2005:	Interim Report first half-year 2005
21 November 2005:	Quarterly Report Q3 2005
22 December 2005:	Alm Brand Bank A/S acquires Henton Børsmæglerselskab A/S
5 January 2006:	Financial Calendar 2006

INVESTOR RELATIONS POLICY

Alm. Brand intends to provide strong information flows regarding the ongoing development of the group and its business activities, while endeavouring to continuously develop and improve the information provided to the company's stakeholders, including the company's shareholders.

We provide regular updates on developments in the company in quarterly profit announcements, the annual report and through Alm. Brand Bladet, which is published in Danish four times a year. Additional information is available from the company's website, www.almbrand.dk, including all announcements to the Copenhagen Stock Exchange, profit announcements, annual reports, company presentations and webcasts. The website also contains a detailed presentation of the group's goals and strategy, corporate structure and more.

INVESTOR RELATIONS CONTACT

Please direct any questions on concerning Alm. Brand investor relations to Susanne Biltoft, Head of Information and Investor Relations, on tel. +45 35 47 76 61 or by e-mail to abrslb@almbrand.dk.

Annual and interim financial statements are available from the Information Department or can be downloaded from the group's website at www.almbrand.dk.

CORPORATE GOVERNANCE

In response to the new recommendations on corporate governance, the Copenhagen Stock Exchange introduced in its disclosure obligations effective from the 2006 financial year, the Board of Directors of Alm. Brand has reviewed and considered all recommendations applying the 'comply or explain' principle.

The Board of Directors believes that corporate governance should be based on a holistic approach that considers relations and the interaction with all stakeholders. Alm. Brand strives to obtain maximum transparency and openness and thus agrees with the basic principles of the corporate governance recommendations. This approach is reflected in the company's management approach, which generally complies with the recommendations on corporate governance. A detailed review of Alm. Brand's position on each recommendation is provided on the company's website. The few areas where Alm. Brand does not comply with the recommendations are discussed below:

BOARD OF DIRECTORS

As regards recruitment and election of Board members, it is recommended that at least half of the Board members should be independent.

Five of the six Board members of Alm. Brand are recommended by the company's principal shareholder, Alm. Brand af 1792 fmba. These five board members are also members of the Supervisory Committee of Alm. Brand af 1792 (equal to its board of directors) and have thus been elected from among the members of Alm. Brand af 1792 fmba's Committee of Representatives in pursuance of that association's by-laws. The company does not provide information about the recommended candidates' qualifications and the criteria for recruitment ahead of the annual general meeting, nor does it provide a list of board members' qualifications once a year.

Alm. Brand fmba holds a 60.1% ownership interest in Alm. Brand A/S and five Board members are elected by the principal shareholder. Management believes that the principal shareholder and the remaining shareholders have identical interests in the company.

The sixth Board member elected by the shareholders in general meeting has no affiliation with the principal shareholder.

Alm. Brand A/S provides information about each individual Board member's affiliation and other personal qualifications, while Board member shareholdings are provided only in aggregate.

All Board members serve for periods of one year and may stand for re-election.

The Board of Directors held 11 meetings in 2005.

NUMBER OF DIRECTORSHIPS HELD

Alm. Brand has not defined a maximum number of directorships its Board members may hold. The Board of Directors believes that the factor determining whether Board members are able to perform the duties involved in their office is their work load, not the number of directorships held. Accordingly, the Board of Directors will ensure in an ongoing and dynamic process that each individual member has sufficient time to perform his or her duties on the Board.

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

It is recommended that information about the remuneration of each Board member and of members of the Management Board be provided in the annual report. Management does find information about the remuneration of each individual member of management to be relevant to the general public and thus only announces guidelines and the aggregate remuneration of the Board of Directors and the Management Board, respectively.

Nor does Alm. Brand provide information about severance arrangements to members of the Management Board, as such arrangements are not considered to involve unusual amounts or to be material in an assessment of the company's obligations.

Overall, the Board of Directors believes that Alm. Brand complies with the corporate governance criteria and that these few exceptions do not constitute a disadvantage or are contrary to the interests of the shareholders or other stakeholders.



FINANCIAL STATEMENTS



ACCOUNTING POLICIES



GENERAL INFORMATION

The annual report has been prepared in accordance with the International Financial Reporting Standards as approved by the EU. The parent company financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the executive order on financial reports presented by insurance companies and profession-specific pension funds and Danish accounting standards. In addition, the annual report has been prepared in accordance with additional Danish disclosure requirements for the annual reports of listed financial companies.

Additional Danish disclosure requirements in the annual report are for the group set out in the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Business Act and by the Copenhagen Stock Exchange. For the parent company, the disclosure requirements are set out in the Danish Financial Business Act and by the Copenhagen Stock Exchange.

The Annual report is presented in Danish kroner (DKK), which is considered the primary currency of the group's activities and the functional currency of the parent company.

The accounting policies applied in the consolidated financial statements are described in the following. The accounting policies of the parent company are described in connection with the parent company's financial statements, as detailed in a separate section of this report.

Changes to the accounting policies

The consolidated financial statements for 2005 are the first financial statements of the group prepared in accordance with IFRS. Consequently, the accounting policies for the group have been changed in a number of areas. See the separate section at the end of this report for further information on the most material changes and consequences.

In connection with the transition to IFRS, IFRS 1 has been applied. In compliance with this standard, the opening balance sheet at 1 January 2004 and the comparative figures for 2004 have been prepared in accordance with the standards and interpretations in force at 31 December 2005.
The following transition and effective date provisions of IFRS 1 have been applied in the preparation of the opening balance sheet at 1 January 2004 and the comparative figures for 2004.

Pursuant to the optional exemptions in IFRS 1, Alm. Brand has chosen not to apply IFRS 3 on business combinations retrospectively to business combinations effected before 1 January 2004.
In accordance with IFRS 1, IAS 39 has been implemented as from 1 January 2004 without adjustment of comparative figures. The disclosure requirements of IAS 32 have been implemented effective from 1 January 2005.

As a result of new tax rules, Alm. Brand has chosen to enter into international joint taxation. Consequently, all companies in the Alm. Brand A/S group are jointly taxed. Current and deferred tax is provided for in each individual company.

As a result of new accounting regulations, adjustments of carrying amounts at the beginning of the year have been taken directly to equity. Deferred tax resulting from such adjustments has also been taken directly to equity. Adjustments of the deferred tax as a result of the changed tax rate have been recognised in the income statement.

As another consequence of the new tax rules, when a company enters into international joint taxation, it must recognise as a liability an amount corresponding to the tax on recapture balances relating to foreign entities. Alm. Brand has assessed that such tax liabilities in accordance with the accounting regulations can be accounted for in a separate item at DKK 0, with a note specifying the possible tax liability as well as its size and the conditions that must be met for it to become payable.



BASIS OF CONSOLIDATION

The consolidated financial statements comprise the parent company and subsidiaries in which the parent company holds the majority of the voting rights or otherwise holds a controlling interest. Companies in which the group holds between 20% and 50% of the voting rights or otherwise exercises a significant but not a controlling influence are considered associates.

The consolidated financial statements have been prepared by consolidating items of a uniform nature in the income statements and balance sheets of each company. Intercompany income, expenses, intra-group accounts, shareholdings and gains and losses on transactions between the consolidated enterprises are eliminated.

The financial statements of subsidiary undertakings that present annual reports under other jurisdictions have been restated to the accounting policies applied by the group.

In the preparation of the consolidated financial statements, accounting items of subsidiaries are fully recognised, regardless of the percentage of ownership. The proportionate shares of the results and equity of subsidiary undertakings attributable to minority interests are recognised as separate items in the income statement and the balance sheet.

The consolidated financial statements of Alm. Brand A/S are included in the consolidated financial statements of Alm. Brand af 1792 fmba, Copenhagen.

Acquisitions

Subsidiary undertakings newly acquired or disposed of are recognised in the consolidated financial statements from the date of acquisition. Comparatives are not adjusted.

Acquisitions are accounted for using the purchase method, according to which the acquired enterprise's identifiable assets, liabilities and contingent liabilities are recognised in the balance sheet at fair value at the time of acquisition.

INTRA-GROUP TRANSACTIONS

Intra-group services are settled on market terms or on a cost recovery basis. Intra-group accounts carry interest on market terms. Intra-group transactions in securities and other assets are settled at market prices.

FOREIGN CURRENCY

Assets and liabilities denominated in foreign currency are recognised at the rate of exchange published by Danmarks Nationalbank at the balance sheet date. Income and expenses denominated in foreign currency are recognised at the rates of exchange ruling at the transaction date. Exchange gains and losses are recognised in the income statement.

On consolidation, the income statements of foreign subsidiaries are translated at average exchange rates for each month and balance sheet items are translated at the exchange rates prevailing at the balance sheet date.

Exchange differences arising on the translation of the equity of foreign subsidiaries at the beginning of the year using the exchange rates ruling on the balance sheet date are recognised in shareholders' equity. Differences arising on the translation of the income statements of foreign subsidiaries at average exchange rates and balance sheet items at the rates ruling on the balance sheet date are also taken directly to shareholders' equity.

GENERAL RECOGNITION AND MEASUREMENT POLICIES

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

ACCOUNTING POLICIES

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to the financial year. Value adjustments of financial assets and liabilities are recorded in the income statement unless otherwise described in the accounting policies.

In connection with the acquisition or sale of financial assets and liabilities, the settlement date is used as the recognition date. Changes to the value of the asset acquired or sold during the period from the transaction date to the settlement date are recognised as a financial asset or a financial liability. If the acquired item is measured at cost or amortised cost after initial recognition, any value changes during the period from the transaction date to the settlement date are not recognised.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below in respect of each individual item.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus the accumulated amortisation of any difference between cost and the nominal amount. This method allocates capital gains and losses over the term to maturity.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report which confirm or invalidate affairs and conditions existing at the balance sheet date.

ACCOUNTING ESTIMATES

The new accounting regulations which came into effect on 1 January 2005 involve significant changes from the rules the group previously observed in the presentation of its financial statements, particularly in respect of changes to the determination of insurance obligations. The new rules in this area state that claims and insurance obligations should be calculated in much more detail, including discounting and index-linking of expected cash flows. Otherwise, the most significant changes involve impairment of loans and advances in the banking group and the determination of the fair values of unlisted financial instruments.

The calculation of insurance obligations is in part based on management estimates due to the ongoing work to change and implement supported systems and business procedures.

In respect of impairment of loans, advances and receivables, significant estimates have been applied in quantifying the risk that not all future payments may be received. As for the fair value of unlisted financial instruments, significant estimates have been applied in measuring the fair value. In addition, the banking group is subject to risks and uncertainties that may cause actual results to deviate from the estimates.

However, Management does not believe that the uncertainties have any material impact on the annual report.

The already ongoing measures to develop supported IT systems and business procedures are expected to be completed during 2006.

BALANCE SHEET

Intangible assets

Goodwill

On initial recognition, goodwill is recognised at fair value, determined as the difference between acquisition cost and fair value of the acquired net assets. Subsequently, goodwill is measured at cost.

An impairment test is conducted annually, and any impairment losses are recognised in the income statement.

If the measurement of acquired identifiable assets, liabilities and contingent liabilities is subject to uncertainty at the time of acquisition, initial recognition will be made on the basis of a preliminary calculation of fair values. If it later turns out that the identifiable assets, liabilities and contingent liabilities had another fair value at the time of acquisition than that originally assumed, goodwill be adjusted until 12 months after the acquisition. The effect of the adjustment will be recognised in the opening shareholders' equity, and comparative figures will be restated accordingly.

Software

Software is measured at the lower of cost less accumulated amortisation and impairment and the recoverable amount. Intangible assets are amortised on a straight-line basis over an expected useful life, not exceeding five years.

In determining cost, all external costs directly attributable to the development of the software and that will probably generate economic benefits for the group are recognised. All other costs are expensed as incurred. Amortisation and impairment are recognised as administrative expenses.

Land and buildings
Land and buildings owned by the group are classified as either investment properties or owner-occupied properties. Owner-occupied properties comprise properties which Alm. Brand generally uses for administrative purposes. Other properties are classified as investment properties.

The group has not used external valuers to determine the fair values of the properties. The fair value of land and buildings is assessed annually.

Investment properties
Investment properties are measured at a fair value calculated in accordance with the guidelines issued by the Danish Financial Supervisory Authority. The fair value is calculated on the basis of the yield method, which involves a valuation of each individual property on the basis of an expected normal operating budget and a rate of return. The calculated value is adjusted for short-term circumstances which change the earnings of the property. The adjusted calculated value corresponds to the fair value.

Adjustments of the value of investment properties are recognised in the income statement in the financial year when the change occurred.

Owner-occupied properties
Owner-occupied properties are measured at a revalued amounts, corresponding to the fair value at the revaluation date less accumulated depreciation and value adjustments. The fair value is calculated on the basis of the Danish Financial Supervisory Authority's guidelines on the yield method, which involves a valuation of each individual property on the basis of an expected normal operating budget and a rate of return. The calculated value is adjusted for short-term circumstances which change the earnings of the property. The adjusted calculated value corresponds to the fair value.

Owner-occupied properties are depreciated on a straight-line basis over the expected useful lives of the properties, which are estimated to be 60 years. Depreciation is calculated with due consideration to the expected residual value and is recognised in the income statement under administrative expenses.

Revaluations with the addition or deduction of the tax effect of properties classified as owner-occupied properties are made in shareholders' equity as revaluation reserves. Revaluations that are no longer applicable are reversed. Write-downs that do not offset previous revaluations are made in the income statement.

The part of the revaluations that can be attributed to insurance contracts with bonus entitlement is subsequently transferred to collective bonus potential in accordance with the contribution rules filed.

The yield method
The operating budget recognises rental income from full letting, as any rent for vacant premises or other lack of rental income is offset against the estimated value. Accordingly, the operating budget recognises normal maintenance of the property. Any major anticipated renovation work, restoration work or repair is offset against the estimated value.

The rate of return is determined based on current market conditions for the type of property taking into account the state of repair, location, use, lessee, leases etc.

Investments in joint ventures
Investments in joint ventures are recognised and measured in the consolidated financial statements according to the equity method, which means that the investments are measured at the parent company's proportionate share of the company's net asset value at the balance sheet date, calculated according to the group's accounting policies.

Reinsurers' share from insurance contracts
The reinsurers' share of the technical provisions is calculated as the amounts expected to be received from reinsurance companies under the applicable reinsurance contracts.

The group regularly assesses its reinsurance assets for impairment. If there is a clear indication of impairment, the carrying amount of the asset is written down.

ACCOUNTING POLICIES



Operating equipment
Operating equipment is measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets taking into account the expected residual value. The expected useful lives are assessed to be:

- Cars 5 years
- Furniture and equipment 3-5 years
- Computers 3-5 years

Cost comprises acquisition cost and directly attributable costs.

Leasehold improvements are capitalised and amortised over their estimated useful lives, up to five years, with due consideration to the expected residual value.

Investment assets, loans, advances, etc.
Investment assets comprise financial assets measured at fair value. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this at every reporting date.

The measurement of financial instruments depends on whether the instruments are part of the group's trading portfolio. Generally, the group's financial instruments form part of the trading portfolio, not including unlisted shares and part of the portfolio of mortgage deeds.

Financial instruments included in the trading portfolio are measured at fair value, and value adjustments are taken to the income statement. For financial instruments not included in the trading portfolio it is assessed whether the fair value can be determined reliably.

For the majority of the unlisted shares and the portfolio of mortgage deeds, it is assessed that the fair values can be measured sufficiently reliably using recognised valuation methods and the arm's length principle. These assets are on this basis measured at fair value and value adjustments are taken to the income statement. The unlisted shares for which it is assessed that the fair value cannot be determined sufficiently reliably are measured at cost less any impairment.

The measurement of financial instruments at fair value is consistent with the group's internal risk management, which is based on market exposure of assets and liabilities subject to risk.

Financial assets are recognised or derecognised at the settlement date.

Listed financial assets are measured at fair value based on the closing price at the balance sheet date, or, in the absence of a closing price, another public price deemed to be most similar thereto.

Unlisted financial assets are measured at fair value using recognised valuation methods. For unlisted assets that are managed by external fund managers, these calculate an estimated market value based on the estimated present value of expected future cash flows.

Realised and unrealised gains and losses arising from changes in the fair value of the category financial assets at fair value through profit or loss are included in the income statement in the period in which they arise.

Securities sold under agreements to repurchase at a later date (repo transactions) remain in the balance sheet. Amounts received are included as amounts owed to the purchaser and are subject to interest at the agreed rate. The securities are measured as if they were still included in the balance sheet, and



market value adjustments and interest etc. are recognised in the income statement.

Securities purchased under agreements to resell at a later date (reverse transactions) are not recognised in the balance sheet. Amounts paid are recognised as amounts due from the seller and are subject to interest at the agreed rate.

Derivatives
As part of the risk management efforts, the fair value of certain fixed-interest assets and liabilities is hedged through the use of derivatives.

Derivatives are measured at cost on initial recognition. Subsequently, derivatives are measured at fair value at the balance sheet date.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges of a recognised asset or a liability are recognised in the income statement together with changes in the fair value of the hedged asset or hedged liability that can be attributed to the hedged risk.

Changes in the fair value of derivatives designated as and qualifying for recognition as effective hedges of future cash flows are recognised directly in equity. When the hedged cash flows are realised, cumulative changes are recognised as part of the cost of the transactions in question.

For derivatives that do not qualify for hedge accounting, changes in fair value are recognised as financial items in the income statement as they occur.

Loans, advances and receivables
Loans, advances and receivables for which the price is fixed in active markets are measured at fair value. The loans, advances and other receivables involved must be measured at fair value on initial and subsequent recognition. The fair value is calculated using a valuation technique which is in accordance with generally recognised methods of pricing financial instruments.

Other loans and advances and other receivables are measured at amortised cost. On initial recognition, the portfolio is measured at fair value plus transaction costs less fees and commissions received that are directly related to the acquisition or issue of the financial instrument. On subsequent recognition, such loans, advances and other receivables will be adjusted to amortised cost on a current basis.

An ongoing evaluation takes place to detect any objective indication of impairment of the company's loans, advances and other receivables determined at amortised cost. If there is any objective indication of impairment, the need to write down the loan, advance or receivable is assessed. Any impairment losses are calculated based on the difference between the carrying amount before the impairment and the present value of expected future payments from the loan, advance or receivable.

Contingency funds
The contingency funds can only be used for the benefit of policyholders. Contingency Fund 2 is moreover subject to the restriction that it can only be used when permission has been obtained from the Danish Financial Supervisory Authority.

Deferred tax has been provided on the group’s contingency funds.

ACCOUNTING POLICIES

Dividend
Dividends are recognised as a liability in the financial statements at the time of adoption by the shareholders at the annual general meeting. Proposed dividends in respect of the financial year are stated as a separate line item under shareholders' equity.

Own shares
Own shares are recognised in the balance sheet at zero value. Purchases and sales of own shares are recognised at the acquisition/selling price directly in shareholders' equity under other reserves.

Provision for insurance contracts
Unearned premium provisions and outstanding claims provisions are measured at their discounted value if such discounting materially affects the size of the provisions. The discount rate applied is the maturity-dependent discount rate published by the Danish Financial Supervisory Authority for the duration in question.

Unearned premium provisions
Unearned premium provisions are measured as the best estimate of future claims for the part of the insurance period not yet run off, including all direct and indirect administrative and claims-handling expenses. Unearned premium provisions will, however, as a minimum correspond to an accrual of the premiums collected. Unearned premium provisions on change of ownership policies are discounted.

Unearned premium provisions relating to health and personal accident insurance are made up according to market value principles. They are calculated as the difference between the present value of the company's liabilities in respect of health and personal accident policies and the present value of the premiums to be paid by policyholders in the future using a best estimate of insurance risk, costs incurred in managing insurance and claims handling and the rate of return obtainable in the market. The provisions are calculated based on an assumption of a lower mortality and disability than in the company's calculation basis for new contracts. The reduction is estimated based on the Company's historical claims ratios on mortality and disability, respectively, and costs relative to the assumptions in the calculation basis for new contracts. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

Life insurance provisions
Life insurance provisions are calculated according to market value principles as the present value of the aggregate obligations for expected future insurance benefits based on the 10-year point from the variable interest rate structure determined by the Danish Financial Supervisory Authority from time to time. A risk premium is deducted in the discount rate applied. The risk premium covers the inherent uncertainty of the risk and cost parameters in the market value calculations. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

The expected future insurance benefits are estimated based on projections of mortality and disability. These are estimated based on the company's historical claims ratios on mortality and disability, respectively, and actual costs relative to the assumptions in the calculation basis for new contracts.

Life insurance provisions are divided into provisions for guaranteed benefits, bonus potential on future premiums and bonus potential on paid-up policy benefits.

Life insurance provisions are calculated at market value, with individual calculations for each policy. Also, bonuses earned but not yet added to the individual policies are added to the provisions. For amounts exempt from tax on pension returns, a discount rate without deduction of tax on pension returns is used.

The provisions are generally calculated based on an assumption of a lower mortality and disability than in the company's calculation basis for new contracts. The reduction is estimated on the basis of an empirical analysis of the company's insurance portfolio.

Provisions for the guaranteed benefits comprise obligations to pay benefits guaranteed to the policyholder. Provisions for guaranteed benefits are calculated as the difference between the present value of the benefits guaranteed by the insurance policy and the present value of the expected future insurance administration costs less the present value of the agreed future premiums. The provision includes an estimated amount in cover of future benefits resulting from already incurred claims and an estimated amount for claims incurred but not reported. The guaranteed benefits are calculated with the addition of a premium, ensuring that as a minimum a value corresponding to the guaranteed surrender value is provided.

The bonus potential on future premiums comprises obligations to pay a bonus concerning premiums agreed but not yet due. For the portfolio of insurance with bonus entitlement, the bonus potential on future premiums is calculated as the difference between the value of the guaranteed paid-up policy benefits and the value of guaranteed benefits. Guaranteed paid-up policy benefits are benefits guaranteed under the insurance if the policy is converted into a paid-up policy. The value of the guaranteed paid-up policy benefits is calculated as the present value of the guaranteed paid-up policy benefits plus the present value of the expected future administrative costs associated with the paid-up policies. Whether the bonus potential on future premiums is to be strengthened is determined individually for each calculation basis.

The bonus potential on paid-up policy benefits includes obligations to pay a bonus concerning premiums etc. already due. The bonus potential on paid-up policy benefits is calculated as the value of the policyholders' savings less provisions for the guaranteed benefits, the bonus potential on future premiums and the present value of the future administrative results. The administrative result is calculated as the future expense loading according to bonus regulations less the expected actual future administrative expenses reduced by the probability of surrender/paid-up policy. Whether the bonus potential on future premiums is to be strengthened is determined individually for each policy.

Outstanding claims provisions
Outstanding claims provisions comprise the amounts provided at the end of the year against reported-but-not-settled claims as well as amounts for incurred-but-not-reported claims. They are primarily estimated using statistical methods based on the payment history. Other factors affecting the necessary level of outstanding claims provisions include changes in legal practice, internal processes, inflation and singular, extreme claims.

The outstanding claims provisions also include amounts to cover direct and indirect costs considered necessary in connection with settling the claims obligations. The estimate of the provision is based on the direct and indirect costs incurred during a normal claims year on the establishment of new claims and the settlement of old claims. Included in the calculations are the ratio of claims paid and the outstanding claims provisions at year end, including IBNR.

For those claims on which at least 15% of the payments are made more than one year after the claim was made, the provisions are discounted. The outstanding claims provisions are divided into homogenous groups for which the average duration is calculated, and the provisions are discounted based on these. Provisions for annuities relating to workers' compensation are calculated using the fixed-rate method at the present value by discounting expected future payments.

For all lines except children's dental damage and workers' compensation, the future inflation rate is estimated and recognised implicitly in the provision models. In respect of children's dental damage and workers' compensation, the expected future inflation rate is built into the outstanding claims provisions, which are determined based on the latest known indexes in the respective areas, possibly with the addition of a safety margin. For the outstanding claims provisions on children's dental damage, a summary private sector salary index without safety margin is used, while for workers' compensation the rate-adjustment percentage for annuities with a safety margin is used. A safety margin is used in relation to workers' compensation as the rate-adjustment percentage is currently assessed to be significantly below the long-term expectations.

Several assumptions and estimates underlying the calculation of the provisions for claims are mutually dependent. However, the most important interdependence is that between the assumption of inflation and interest rates, although the effect of changes in the inflation rate assumption will not affect the calculation of the outstanding claims provisions as rapidly as changes to the discount rate.

Provisions for claims relating to health and personal accident insurance are calculated at the present value of expected future payments. The outstanding claims provisions relating to health and personal accident insurance also include amounts to cover direct and indirect costs considered necessary in connection with settling the claims obligations. For reported claims, an individual assessment is made of the date of payment. The costs are estimated on the basis of the average duration of established claims payments and an assessment of the annual costs incurred in handling claims.

The provisions for current disability benefits are determined individually, and an assessment of the duration of the benefits is made for each policy. To the determined provision is added a premium reflecting the risk of an extension of the expected duration, for example as a result of new health information. The premium is assessed regularly based on empirical experience.

Collective bonus potential
Collective bonus potential comprises obligations to pay a bonus in addition to the bonus amounts added to the life insurance provisions. The amount is not allocated to individual policyholders.

Liability adequacy test
The outstanding claims provisions are calculated according to actuarial methods and with a view to avoiding run-off losses as well as run-off gains. At the calculation date, the provisions thus represent the best estimate of future claims for the current and previous claims years. The outstanding claims provisions are calculated on a monthly basis, and the level is therefore assessed to be adequate at all times.

Other provisions
Obligations which are uncertain in respect of size or time of settlement are recognised as provisions when it is likely that the obligation will require an outflow of the company's financial resources, and the liability can be measured reliably. Provisions are measured at the best estimate of the costs necessary to meet the relevant obligation at the balance sheet date.

The provision will be discounted if such discounting has a material impact on the size of the liability.

Long-term employee obligations
Provisions for pensions and similar obligations comprise jubilee benefits, etc. to employees, notwithstanding that the future benefit is subject to the individual being employed by the company at the time of the benefit. The value of the future benefits is recognised as the present value of the benefits expected to be paid based on a best estimate.

Current costs in respect pensions etc. for the group's employees are treated as defined benefit plans. The obligations are fully funded.

Other financial liabilities
Other financial liabilities are measured at fair value on initial recognition. The liabilities are subsequently measured at amortised cost.

Deposits with ceding companies comprise amounts received which are kept to cover the insurance liabilities of other insurance companies towards the group's reinsurance companies.

Deposits for financial reinsurance comprise premiums received less deductions for claims paid, equivalent to the company's liabilities pursuant to contracts made.

INCOME STATEMENT

Premium income
Gross premiums comprise premiums due relating to insurance and contracts where the risk period commenced before the end of the financial year.

Premium income, net of reinsurance, is the gross premiums for the year adjusted for movements in unearned premium provisions and less reinsurers' share.

The part of the change in unearned premium provisions which can be ascribed to discounting is transferred to interest expenses, etc. The part of the change in unearned premium provisions which can be ascribed to a change in the discount rate applied after inflation is transferred to market value adjustments.

Premiums relating to life insurance comprise premiums due during the year and single premiums less labour market contribution.

Interest income, etc.
Interest, dividends, etc. includes dividends and interest received during the financial year.

The item also includes interest-like fees and commissions that are an integral part of the effective rate of interest on financial assets measured at amortised cost. Finally, the item recognises the part of the change in unearned premium provisions and outstanding claims provisions that can be ascribed to discounting.

Fee income, etc.
Fees are accrued over the lifetime of the transactions and recognised in the income statement at the amounts relating to the accounting period.

Other income from investment activities
The item includes the operating profit on investment property after deduction of related administrative expenses.

Other income
Income derived from activities that cannot be ascribed to the company's insurance portfolios is recognised under other income.

Claims incurred
Claims incurred include claims paid during the insurance year adjusted for movements in claims provisions corresponding to known and anticipated claims relating to the year.

Amounts to cover expenses for surveying and assessment and other direct or indirect staff administration costs, etc. associated with claims handling are included in the item. In addition, the item includes run-off results regarding previous years.

The group's indirect costs relating to the handling of claims are distributed between claims expenses and administrative expenses using allocation keys based on estimated resource application.

The part of the change in outstanding claims provisions which can be ascribed to discounting is transferred to interest expenses, etc. The part of the change in outstanding claims provisions which can be ascribed to a change in the discount rate applied after inflation is transferred to market value adjustments.

Claims and benefits relating to life insurance comprise benefits due during the year, amounts paid for repurchases and bonus amounts paid in cash.

Other expenses associated with investment activities
The item includes amounts associated with the management of investment assets. Brokerage and commission relating to the purchase and selling of securities is recognised under market value adjustments.

Write-down on loans, advances and receivables etc.
Write-down on loans, advances and receivables comprises write-downs on loans, advances and receivables on which there is an objective indication of impairment and provisions for guarantees. The item also includes value adjustment of assets temporarily acquired in connection with closing commitments.

Acquisition costs and administrative expenses
The part of the insurance operating expenses that can be ascribed to acquisition and renewal of the insurance portfolio is recognised under acquisition costs. Acquisition costs are generally charged to the income statement when the insurance takes effect.

Administrative expenses comprise expenses related to managing the company's insurance portfolio. Administrative expenses are accrued to match the financial year.

Operating expenses relating to owner-occupied properties are recognised in the consolidated income statement under administrative expenses. Rent concerning the company's owner-occupied properties is not recognised.

Other expenses
Expenses associated with activities that cannot be ascribed to the company's insurance portfolios are recognised under other expenses.

Result of ceded business
For reinsurance contracts containing a combination of financial terms and traditional terms with transfer of risk, the risk premium is recognised on an accruals basis under premium income. The accrual is based on the value of the contracts at the end of the year. Realised losses relating to these contracts are included in claims after adjustment for movements in financial deposits.

Reinsurance premiums ceded and reinsurers' share received are accrued and taken to the income statement according to the same principles as those applied for the corresponding items under the gross business.

Changes in ceded business attributable to discounting are transferred to interest expense etc. while changes attributable to changes in the discount rate applied are transferred to value adjustments.

Value adjustments
Value adjustments include all realised and unrealised gains and losses on investment assets, except for value adjustment of subsidiary and associated undertakings and revaluations of owner-occupied properties.

Tax on pension returns
Tax on pension investment returns includes the tax levied on returns relating to the group's life insurance activities, notwithstanding whether the tax is payable now or at a later date.

ACCOUNTING POLICIES

TAX

Tax includes tax for the year, comprising income tax payable for the year, movements in deferred tax and prior-year adjustments. Changes in deferred tax resulting from changes in tax rates are also recognised in this item. The item also comprises "Interest benefit from tax deductions in respect of impairment of loans and advances". Entries in relation to this stem from banking operations.

Current tax assets and liabilities are recognised in the balance sheet at the amount that can be calculated on the basis of the expected taxable income for the year adjusted for prior years' tax losses carried forward.

Deferred tax is recognised according to the balance sheet liability method on all temporary differences between the accounting and tax values of assets and liabilities. Deferred tax is measured based on the tax rules and rates that will apply under the legislation in force at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Deferred tax assets, including the tax value of tax losses carried forward, are measured at the amount at which they are expected to be realised, either by setting off tax on future earnings or by setting off deferred tax liabilities. At each balance sheet date, it is reassessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

SEGMENT INFORMATION

Business segments are the group's primary segment, while the geographical segment is the secondary segment because the group primarily covers the Danish market.

The segment information follows the group's internal reporting structure, reflecting a risk allocation on relevant business areas.

More detailed segment information is provided in the management' report.

CASH FLOW STATEMENT

The cash flow statement is presented using the direct method and shows cash flows from operating, investing and financing activities as well as the group's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities include the items of the income statement adjusted for operating items of a non-cash nature. Realised gains and losses on the sale of tangible assets or investment assets are included in cash flow from investing activities.

Cash flows from investing activities include changes in intra-group accounts and net additions of investment assets, including realised gains and losses on the sale of such assets.

Cash flows from financing activities include financing from shareholders as well as by the raising of short-term and long-term loans.

Cash and cash equivalents comprise cash and demand deposits.

SIGNATURES

The Board of Directors and the Management Board have today reviewed and adopted the annual report for 2005 of Alm. Brand A/S.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act and Danish accounting standards. In addition, the annual report has been presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises. In our opinion, the accounting policies applied are appropriate, and the annual report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2005 and of the results of the group's and the parent company's operations and the cash flow of the group for the financial year ended 31 December 2005.

We recommend that the annual report be submitted to the general meeting for approval.

MANAGEMENT BOARD

Copenhagen, 23 February 2006

Søren Boe Mortensen **Henrik Nordam** */Ole Joachim Jensen*

BOARD OF DIRECTORS

Copenhagen, 23 February 2006

Christian N.B. Ulrich **Jørgen H. Mikkelsen** **Michael Fiorini**

Boris N. Kjeldsen **Niels Kofoed** **Jørgen S. Larsen**

Niels Macholm **Lone Clausen** **Else Marie Thorsen**

AUDITORS' REPORT

INTERNAL AUDIT

We have audited the annual report of Alm. Brand A/S for the financial year ended 31 December 2005. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU and the parent company financial statements have been prepared in accordance with the Danish Financial Business Act and Danish accounting standards. In addition, the annual report has been presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

The annual report is the responsibility of the company's Board of Directors and Management Board. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit on the basis of the Executive Order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with Danish auditing standards. Based on an evaluation of materiality and risk, we reviewed the business procedures, the accounting policies applied and the estimates made and verified the basis for the amounts and other disclosures in the annual report.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the group's assets, liabilities and financial position at 31 December 2005 and of the results of the group's operations and cash flows for the financial year 2005 in accordance with the International Financial Reporting Standards as approved by the EU and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

In addition, in our opinion, the annual report gives a true and fair view of the parent company's assets, liabilities and financial position at 31 December 2005 and of the results of its operations for the financial year 2005 in accordance with the Danish Financial Business Act, Danish accounting standards and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

Copenhagen, 23 February 2006

Poul-Erik Winther Nielsen
Chief Auditor

AUDITORS APPOINTED BY THE GENERAL MEETING

To the shareholders of Alm. Brand A/S

We have audited the annual report of Alm. Brand A/S for the financial year ended 31 December 2005. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU and the parent company financial statements have been prepared in accordance with the Danish Financial Business Act and Danish accounting standards. In addition, the annual report has been presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

The annual report is the responsibility of the company's Board of Directors and Management Board. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Management Board, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the group's assets, liabilities and financial position at 31 December 2005 and of the results of the group's operations and cash flows for the financial year 2005 in accordance with the International Financial Reporting Standards as approved by the EU and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

In addition, in our opinion, the annual report gives a true and fair view of the parent company's assets, liabilities and financial position at 31 December 2005 and of the results of its operations for the financial year 2005 in accordance with the Danish Financial Business Act, Danish accounting standards and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

Copenhagen, 23 February 2006

Deloitte
Statsautoriseret Revisionsaktieselskab

Jørgen Jørgensen
State-Authorised
Public Accountant

Henrik Priskorn
State-Authorised
Public Accountant

BALANCE SHEET

DKKm	Note	Group 2005	Group 2004
Assets			
Intangible assets	1	130	104
Owner-occupied properties	2	632	611
Deferred tax assets	3	553	605
Investments in joint ventures	4	21	21
Reinsurers' share of insurance contracts	5	859	657
Current tax assets	6	0	4
Other assets	7	1,850	1,693
Loans and advances	8	9,282	7,712
Investment properties	9	723	670
Investment assets	10	25,403	21,640
Balances due from credit institutions and central banks	11	2,766	2,324
Cash in hand and balances at call		331	221
Total assets		**42,550**	**36,262**
Liabilities and equity			
Share capital		1,788	1,788
Reserves, retained earnings, etc.		2,673	1,963
Minority interests		474	323
Consolidated shareholders' equity	12	**4,935**	**4,074**
Subordinated debt	13	300	300
Provisions for insurance contracts	14	19,193	17,932
Other provisions	15	333	311
Deferred tax liabilities	16	51	55
Other liabilities	17	1,691	1,941
Deposits	18	8,632	8,498
Payables to credit institutions and central banks	19	7,415	3,151
Total liabilities and equity		**42,550**	**36,262**
Contingent liabilities, guarantees and leasing	38		
Collateral security	39		
Related parties	40		
Fair value	41		
Interest rate risk	42		
Credit risk	43		
Sensitivity information	44		
Transition to IFRS	45		

INCOME STATEMENT

DKKm	Note	Group 2005	2004
Income			
Premium income	20	4,863	4,895
Interest income, etc.	21	1,413	1,339
Fee income, etc.		144	118
Other income from investment activities	22	41	41
Profit from investments in joint ventures	23	1	1
Other income	24	27	45
Total income		**6,489**	**6,439**
Costs			
Claims incurred	25	– 4,261	– 3,708
Interest expenses	26	– 358	– 319
Other expenses from investment activities		– 54	– 81
Impairment of loans, advances and receivables, etc.	27	– 2	– 57
Acquisition costs and administrative expenses	28	– 1,289	– 1,325
Other costs	29	– 30	– 25
Total costs		**– 5,994**	**– 5,515**
Profit/loss from business ceded	30	591	– 63
Change in life insurance provisions	31	– 614	– 638
Change in collective bonus potential		– 215	– 16
Value adjustments	32	767	476
Tax on pension investment returns	33	– 172	– 143
Profit before tax		**852**	**540**
Tax	34	– 56	– 99
Profit after tax		**796**	**441**
The profit before tax is allocated as follows:			
Share attributable to Alm. Brand		747	492
Share attributable to minority shareholders	35	105	48
		852	540
The profit after tax is allocated as follows:			
Share attributable to Alm. Brand		688	397
Share attributable to minority shareholders	35	108	44
		796	441
Earnings per share, DKK		31	18
Diluted earnings per share, DKK		31	18
Underwriting result, non-life insurance	36		
Actual result, life insurance	37		

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Contingency funds	Retained earnings	Revaluation reserves	Shareholders' equity	Minority interests	Consolidated shareholders' equity
Shareholders' equity at 1 January 2005	**1,788**	**182**	**1,659**	**3**	**3,632**	**323**	**3,955**
Accounting policy changes:							
Equalisation provisions			63		63		63
Discounting of insurance contracts			50		50		50
Recognition of claims handling expenses			– 142		– 142		– 142
Provisions for insurance contracts concerning health and accident insurance			– 41		– 41		– 41
Employee obligations			– 47		– 47		– 47
Recognition of loans and advances, etc.			21		21		21
Amortisation of fees			– 5		– 5		– 5
Recognition of interest swaps at fair value			– 28		– 28		– 28
Fair value hedge of fixed-rate loans			14		14		14
Other changes			– 4		– 4		– 4
Deferred tax on contingency funds			– 55		– 55		– 55
Consolidation of Pensionskassen under Alm. Brand A/S			8		8		8
Change of tax asset			285		285		285
Total accounting policy changes			**119**		**119**		**119**
Adjusted shareholders' equity at 1 January 2005	**1,788**	**182**	**1,778**	**3**	**3,751**	**323**	**4,074**
Profit for the year			688	0	688	108	796
Revaluation of owner-occupied properties			0	5	5	0	5
Transferred to collective bonus potential			0	– 5	– 5	0	– 5
Sale of treasury shares			22	0	22	0	22
Intra-group ownership			0	0	0	– 44	– 44
Change in share attributable to minority interests			0	0	0	87	87
Shareholders' equity at 31 December 2005	**1,788**	**182**	**2,488**	**3**	**4,461**	**474**	**4,935**

The contingency funds are allocated from untaxed funds and are required, according to the articles of association, to be used for the benefit of policyholders. A deferred tax provision has been made for the contingency funds.

Shareholders' equity at 31 December 2005 exclusive minority interests	4,461
Consolidation of Pensionskassen under Alm. Brand A/S	– 7
Shareholders' equity under the rules of the Danish Financial Supervisory Authority exclusive minority interests	**4,454**

In the consolidated financial statements of the Alm. Brand Group, Pensionskassen under Alm. Brand A/S is consolidated, which leads to a difference relative to the shareholders' equity in the parent company Alm. Brand A/S.

CASH FLOW STATEMENT

DKKm	Group 2005	2004
Cash flows from operating activities		
Premiums received	4,892	4,959
Claims paid	– 4,208	– 4,083
Interest receivable, dividends, etc.	1,536	1,402
Interest payable	– 260	– 211
Payments concerning reinsurance	489	37
Fee income received	159	138
Fee income paid	– 28	– 27
Expenses paid	– 1,356	– 1,397
Tax on pension investment returns paid	– 148	– 163
Acquisition of intangible assets, furniture, equipment, etc.	– 53	– 58
Other ordinary income received	0	14
Taxes paid/received	– 8	– 14
Cash flows from operating activities	**1,015**	**597**
Change in investment placement (net)		
Properties acquired or converted	– 33	-9
Sale of property	0	161
Sale/acquisition of equity investments	– 241	– 385
Sale/repayment of mortgage deeds and loans	– 1,455	– 685
Sale/acquisition of bonds	– 2,938	– 476
Dividend received from joint ventures	1	0
Change in receivables from credit institutions over 3 months	9	– 49
Change in investment placement (net)	**– 4,657**	**– 1,443**
Change in financing (net)		
Other provisions	– 36	3
Sale/purchase of treasury shares	22	10
Sale/acquisition of subsidiaries (change in minority interests)	140	2
Change in deposits	– 195	224
Change in issued bonds	0	– 97
Change in payables to credit institutions	4,214	1,439
Change in other payables	0	23
Change in financing (net)	**4,145**	**1,604**
Gross change in cash and cash equivalents	**503**	**758**
Exchange rate adjustment of cash and cash equivalents, beginning of year	58	– 17
Net change in cash and cash equivalents	**561**	**741**
Cash and cash equivalents, beginning of year	2,495	1,754
Cash and cash equivalents, year end	**3,056**	**2,495**
Cash and cash equivalents comprise the following items:		
Cash at bank and in hand	331	221
Amounts due from credit institutions and central bank, cf. note 11	219	208
Amounts due from credit institutions and central bank, cf. note 11	2,506	2,066
	3,056	2,495

SEGMENT REPORTING - BALANCE SHEET

DKKm	Note	Non-life	Bank	Life	Other	Elimi-nation	Total
							2005
ASSETS							
Intangible assets	1	81	49	0	0		130
Owner-occupied properties	2	24	0	0	0	608	632
Deferred tax assets	3	244	179	89	41		553
Investments in joint ventures	4	0	0	0	21		21
Reinsurers' share of insurance contracts	5	269	0	26	564		859
Current tax assets	6	0	0	50	85	– 135	0
Other assets	7	652	786	333	172	– 93	1,850
Loans and advances	8	0	9,282	0	0		9,282
Investment properties	9	20	0	1,311	0	– 608	723
Investment assets	10	6,422	7,186	10,896	945	– 46	25,403
Balances due from credit institutions and central banks	11	0	1,907	0	984	– 125	2,766
Cash in hand and balances at call		109	20	91	344	– 233	331
Total assets		**7,821**	**19,409**	**12,796**	**3,156**	**– 632**	**42,550**
LIABILITIES AND EQUITY							
Share capital		0	0	0	1,788		1,788
Reserves, retained earnings, etc.		1,801	1,089	1,278	– 1,495		2,673
Minority interests		0	520	0	0	– 46	474
Consolidated shareholders' equity	12	**1,801**	**1,609**	**1,278**	**293**	**– 46**	**4,935**
Subordinated debt	13	0	300	0	0		300
Provisions for insurance contracts	14	5,612	0	11,416	2,165		19,193
Other provisions	15	95	12	0	226		333
Deferred tax liabilities	16	0	0	0	51		51
Current tax liabilities	6	86	49	0	0	– 135	0
Other liabilities	17	227	1,034	102	421	– 93	1,691
Deposits	18	0	8,990	0	0	– 358	8,632
Payables to credit institutions and central banks	19	0	7,415	0	0		7,415
Total liabilities and equity		**7,821**	**19,409**	**12,796**	**3,156**	**– 632**	**42,550**
							2004
ASSETS							
Intangible assets	1	104	0	0	0		104
Owner-occupied properties	2	26	0	0	0	585	611
Deferred tax assets	3	18	0	0	587		605
Investments in joint ventures	4	0	0	0	21		21
Reinsurers' share of insurance contracts	5	78	0	24	555		657
Current tax assets	6	0	4	0	0		4
Other assets	7	599	584	333	260	– 83	1,693
Loans and advances	8	0	7,688	0	24		7,712
Investment properties	9	19	0	1,236	0	– 585	670
Investment assets	10	5,504	4,758	9,950	1,428		21,640
Balances due from credit institutions and central banks	11	154	1,690	140	690	– 350	2,324
Cash in hand and balances at call		164	13	156	225	– 337	221
Total assets		**6,666**	**14,737**	**11,839**	**3,790**	**– 770**	**36,262**
LIABILITIES AND EQUITY							
Share capital					1,788		1,788
Reserves, retained earnings, etc.		1,288	843	995	– 1,163		1,963
Minority interests		0	323	0	0		323
Consolidated shareholders' equity	12	**1,288**	**1,166**	**995**	**625**		**4,074**
Subordinated debt	13	0	300	0	0		300
Provisions for insurance contracts	14	5,071	0	10,545	2,316		17,932
Other provisions	15	93	10	0	224	– 16	311
Deferred tax liabilities	16	0	0	0	55		55
Other liabilities	17	212	1,250	76	470	– 67	1,941
Deposits	18	0	9,185	0	0	– 687	8,498
Payables to credit institutions and central banks	19	2	2,826	223	100		3,151
Total liabilities and equity		**6,666**	**14,737**	**11,839**	**3,790**	**– 770**	**36,262**

SEGMENT REPORTING, INCOME STATEMENT

DKKm	Note	Non-life	Bank	Life	Other	Elimi-nation	Total
							2005
Income							
Premiums	20	4,079	0	747	37	0	4,863
Interest income, etc	21	268	617	434	107	– 13	1,413
Fee income, etc.		0	169	0	0	– 25	144
Other income from investment activities	22	1	0	75	0	– 35	41
Profit from investments in joint ventures	23	0	0	0	1	0	1
Other income	24	18	9	0	0	0	27
Total income		**4,366**	**795**	**1,256**	**145**	**– 73**	**6,489**
Costs							
Claims incurred	25	– 3,536	0	– 752	27	0	– 4,261
Interest expenses	26	– 91	– 275	– 1	– 4	13	– 358
Other expenses from investment activities		– 16	0	– 21	– 42	25	– 54
Impairment of loans, advances and receivables, etc.	27	0	-5	0	3	0	– 2
Acquisition costs and administrative expenses	28	– 779	– 369	– 67	– 109	35	– 1,289
Other costs	29	– 30	0	0	0	0	– 30
Total costs		**– 4,452**	**– 649**	**– 841**	**– 125**	**73**	**– 5,994**
Profit/loss from business ceded	30	590	0	– 4	5	0	591
Change in life insurance provisions	31	0	0	– 614	0	0	– 614
Change in collective bonus potential		0	0	– 220	0	5	– 215
Value adjustments	32	– 129	183	739	– 19	– 7	767
Tax on pension investment returns	33	0	0	– 172	0	0	– 172
Profit before tax		**375**	**329**	**144**	**6**	**– 2**	**852**
Tax	34	– 152	– 63	139	20	0	– 56
Profit after tax		**223**	**266**	**283**	**26**	**– 2**	**796**
							2004
Income							
Premiums	20	4,143	0	723	29	0	4,895
Interest income, etc.	21	231	552	448	121	– 13	1,339
Fee income, etc.		0	137	0	0	– 19	118
Other income from investment activities	22	0	0	77	0	– 36	41
Profit from investments in joint ventures	23	0	0	0	1	0	1
Other income	24	5	14	0	26	0	45
Total income		**4,379**	**703**	**1,248**	**177**	**– 68**	**6,439**
Costs							
Claims incurred	25	– 2,859	0	– 830	– 19	0	– 3,708
Interest expenses	26	– 73	– 224	– 18	– 17	13	– 319
Other expenses from investment activities		– 13	0	– 21	– 66	19	– 81
Impairment of loans, advances and receivables, etc.	27	– 1	– 30	0	– 26	0	– 57
Acquisition costs and administrative expenses	28	– 791	– 362	– 70	– 138	36	– 1,325
Other costs	29	– 25	0	0	0	0	– 25
Total costs		**– 3,762**	**– 616**	**– 939**	**– 266**	**68**	**– 5,515**
Profit/loss from business ceded	30	– 133	0	9	61	0	– 63
Change in life insurance provisions	31	0	0	– 638	0	0	– 638
Change in collective bonus potential		0	0	– 16	0	0	– 16
Value adjustments	32	– 130	87	550	– 31	0	476
Tax on pension investment returns	33	0	0	– 143	0	0	– 143
Profit before tax		**354**	**174**	**71**	**– 59**	**0**	**540**
Tax	34	– 20	– 6	0	– 73	0	– 99
Profit after tax		**334**	**168**	**71**	**– 132**	**0**	**441**

OVERVIEW OF NOTES



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NOTES

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Note 1 Intangible assets										
Software	81	0			81	104				104
Goodwill	0	49			49	0				0
Carrying amount, year end	**81**	**49**			**130**	**104**				**104**
Software										
Cost, beginning of year	162				162	133				133
Additions during the year	24				24	29				29
Disposals during the year	– 22				– 22	0				0
Cost, year end	164				164	162				162
Accumulated amortisation and impairment, beginning of year	– 58				– 58	– 29				– 29
Amortisation	– 36				– 36	– 29				– 29
Reversal of prior years' amortisation and impairment	11				11	0				0
Accumulated amortisation and impairment, year end	– 83				– 83	– 58				– 58
Carrying amount, year end	81				81	104				104
Goodwill										
Cost, beginning of year		0			0					
Additions during the year		49			49					
Disposals during the year		0			0					
Cost, year end		49			49					
Accumulated amortisation and impairment, beginning of year		0			0					
Amortisation		0			0					
Reversal of prior years' amortisation and impairment		0			0					
Accumulated amortisation and impairment, year end		0			0					
Carrying amount, year end		49			49					
Note 2 Owner-occupied properties										
Cost, beginning of year	37				714	37				726
Additions during the year	0				12	0				12
Disposals during the year	0				0	0				– 24
Cost, year end	37				726	37				714
Accumulated revaluations, beginning of year	3				14	3				16
Revaluations during the year	1				8	0				1
Reversal of prior year revaluations through shareholders' equity	0				– 2	0				– 3
Accumulated revaluations, year end	4				20	3				14
Accumulated depreciation and impairment, beginning of year	– 14				– 117	– 14				– 111
Impairment for the year	– 3				– 16	0				– 8
Reversal of prior year impairment through the income statement	0				19	0				2
Accumulated depreciation and impairment, year end	– 17				– 114	– 14				– 117
Carrying amount, year end	**24**				**632**	**26**				**611**

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Restated value, beginning of year	26				611	26				631
Additions during the year	0				12	0				12
Disposals during the year	0				0	0				– 24
Value adjustment recognised through the income statement	– 2				4	0				– 8
Value adjustment recognised through shareholders' equity	0				5	0				0
Restated value, year end	**24**				**632**	**26**				**611**
Average return, office property	7.25%				6.21%	7.50%				6.55%
Average return	5.37%				6.14%	5.84%				6.48%
Registered outstanding mortgage debt in properties					0					213

The group's owner-occupied properties are classified as investment properties in the life group, so the reclassification has only been made in the consolidated balance sheet.

Note 3 Deferred tax assets

Deferred tax on tax loss carried forward	24	5	0	2	31	18			35	53
Deferred tax on net fees	0	2	0	0	2	0			0	0
Deferred tax on equipment	69	2	0	3	74	0			63	63
Deferred tax on shares	0	0	89	0	89	0			0	0
Deferred tax on goodwill	138	0	0	0	138	0			175	175
Deferred tax on loans and advances	0	0	0	0	0	0			62	62
Deferred tax on lease assets	0	155	0	0	155	0			175	175
Deferred tax on provisions	13	15	0	36	64	0			77	77
	244	**179**	**89**	**41**	**553**	**18**			**587**	**605**

Deferred tax has been capitalised taking into account future earnings and the potential for utilisation. The group had total tax assets of some DKK 600 million at 31 December 2005, of which DKK 553 million has been capitalised.

Note 4 Investments in joint ventures

Cost		60	60		60	60
Revaluations and impairment, beginning of year		– 39	– 39		– 40	– 40
Profit for the year		1	1		1	1
Dividend		– 1	– 1		0	0
Revaluations and impairment, year end		– 39	– 39		– 39	– 39
Carrying amount, year end		**21**	**21**		**21**	**21**

Investments in joint ventures comprise Alm. Brand's investment in EDC-udvikling a/s. Alm. Brand' ownership interest is 50%.

EDC-udvikling a/s has not undertaken any contingent liabilities.

Note 5 Reinsurers' share of insurance contracts

Reinsurers' share of unearned premium provisions	0	0	0	0	3	0	1	4
Reinsurers' share of life insurance provisions	0	26	0	26	0	24	0	24
Reinsurers' share of outstanding claims provisions	269	0	564	833	75	0	554	629
	269	**26**	**564**	**859**	**78**	**24**	**555**	**657**
Reinsurers' share of unearned premium provisions								
Beginning of year	3	0	1	4	2	0	4	6
Premiums ceded	250	33	– 1	282	195	33	14	242
Payments made to reinsurers	– 253	– 33	0	– 286	– 194	– 33	– 17	– 244
	0	0	0	0	3	0	1	4
Reinsurers' share of life insurance provisions								
Beginning of year		24		24		24		24
Change for the year		2		2		0		0
		26		26		24		24

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Reinsurers' share of outstanding claims provisions										
Beginning of year	75		0	554	629	79		0	603	682
Value adjustment	0		0	68	68	0		0	– 31	– 31
Claims ceded	839		23	9	871	58		38	74	170
Payments received from reinsurers	– 646		– 23	– 67	– 736	– 62		– 38	– 92	– 192
Discounting	1		0	0	1	0		0	0	0
	269		0	564	833	75		0	554	629

Alm. Brand is automatically notified about any changes to the security rating of reinsurance companies and their financial figures. This provides an overview of the reinsurance market and allows the group to identify potential financial difficulties (run-off) in any of the companies with which it collaborates.

If the security rating of a reinsurer is downgraded to below the level prevailing at the signing of the contract, Alm. Brand has a contractual right to terminate the contract.

Any commutation proposals/agreements at less than 100% of the claims provisions are registered, and any disputes that the group might have with its reinsurers are taken into consideration.

Based on the above, at the balance sheet date, the group assesses whether there are any doubtful receivables from reinsurers. If that is the case, an impairment loss is recognised.

Alm. Brand has no significant concentrations of credit risks on reinsurers.

Reinsurance is calculated on the basis of gross claims incurred based on the given retention rates. See the section on risk for a more detailed description of retention rates. The sensitivity of reinsurance to changes in assumptions is similar to that for gross claims incurred.

There is a direct correlation between reinsurance and gross provisions, so the level of the reinsurance provisions is considered to be adequate at all times.

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Note 6 Current tax assets/liabilities										
Tax payable, beginning of year	0	4	0	0	4		5		3	8
Tax received in respect of prior years	0	– 5	0	– 1	– 6		0		– 3	– 3
Tax paid during the year	0	2	0	0	2		4		0	4
Tax on profit for the year	– 86	– 50	50	86	0		– 5		0	– 5
	– 86	**– 49**	**50**	**85**	**0**		**4**		**0**	**4**
Note 7 Other assets										
Reinsurance deposits	0	0	0	30	30	0	0	0	53	53
Receivables from policyholders	227	0	56	0	283	232	0	63	0	295
Receivables from insurance brokers	2	0	0	0	2	2	0	0	0	2
Receivables from insurance companies	83	0	6	92	181	51	0	9	156	216
Receivables from subsidiaries	62	0	0	5	0	55	0	0	0	0
Other receivables	17	3	146	27	167	19	2	142	25	160
Positive market value of derivatives	0	571	0	0	571	0	442	0	0	442
Furniture and equipment, computers, cars, etc.	50	6	0	0	56	38	3	0	0	41
Other assets	0	190	0	0	190	0	130	0	0	130
Pensionskassen under Alm. Brand A/S	0	0	0	7	7	0	0	0	8	8
Assets temporarily acquired	0	9	0	0	9	0	1	0	0	1
Interest receivable	180	0	116	8	304	170	0	108	12	290
Prepayments and accrued income	31	7	9	3	50	32	6	11	6	55
	652	**786**	**333**	**172**	**1,850**	**599**	**584**	**333**	**260**	**1,693**

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Furniture and equipment, computers, cars, etc.										
Cost, beginning of year	167	11		7	185	182	22		8	212
Additions during the year	32	6		0	38	35	1		0	36
Disposals during the year	– 10	– 7		0	– 17	– 50	– 12		– 1	– 63
	189	10		7	206	167	11		7	185
Accumulated depreciation and impairment, beginning of year	– 129	– 8		– 7	– 144	– 120	– 18		– 8	– 146
Depreciation for the year	– 16	– 2		0	– 18	– 25	– 1		0	– 26
Depreciation on disposals	6	6		0	12	16	11		1	28
Accumulated depreciation and impairment, year end	– 139	– 4		– 7	– 150	– 129	– 8		– 7	– 144
Carrying amount, year end	50	6		0	56	38	3		0	41

DKKm	2005 Total	2004 Total
Alm. Brand has hedged part of its pension commitments in Pensionskassen under Alm. Brand A/S.		
Discount rate, beginning of year	2.50%	3.12%
Expected return on plan assets, beginning of year	3.50%	4.00%
Present value of commitment, beginning of year	– 153	– 152
Interest expenses	– 4	– 4
Benefits paid	14	14
Actuarial gains/losses on commitment	– 12	– 11
Present value of commitment, year end	– 155	– 153
Fair value of plan assets, beginning of year	161	162
Expected return on plan assets	6	6
Benefits disbursed	– 14	– 14
Actuarial gains/losses on plan assets	9	7
Fair value of plan assets, year end	162	161
Present value of commitment	– 155	– 153
Fair value of plan assets	162	161
Net asset recognised in the balance sheet, beginning of year	7	8
Interest expenses	– 4	– 4
Expected return on plan assets	6	6
Actuarial gains/losses recognised	– 3	– 4
Costs recognised in the income statement	– 1	– 2
Net asset, beginning of year	8	10
Costs recognised in the income statement	– 1	– 2
Net asset recognised in the balance sheet, year end	7	8
Expected return on plan assets	6	6
Actuarial gains/losses on plan assets	9	7
Actual return on plan assets	15	13

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Note 8 Loans and advances										
Loans and advances		8,900			8,900		7,376		24	7,400
Leases		594			594		528		0	528
		9,494			9,494		7,904		24	7,928
Impairment, etc.		– 212			– 212		– 216		0	– 216
		9,282			**9,282**		**7,688**		**24**	**7,712**
Note 9 Investment properties										
Carrying amount, beginning of year	19		1,236		670	17		1,385		797
Additions during the year	0		33		21	3		17		8
Disposals during the year	0		0			0		– 156		– 132
Value adjustments	1		42		32	– 1		– 10		– 3
Carrying amount, year end	**20**		**1,311**		**723**	**19**		**1,236**		**670**
Average return, office property	7.39%		6.29%		6.42%	7.63%		6.60%		6.74%
Average return, residential property	0.00%		5.00%		4.69%	0.00%		6.00%		5.55%
Total average return	6.43%		6.25%		6.32%	6.67%		6.60%		6.68%

Some of the life group's investment properties are used by the group as owner-occupied properties, so the properties are classified as owner-occupied properties in the consolidated balance sheet. See note 2.

Note 10 Investment assets										
Government bonds	217	532	4,560	502	5,811	392	207	4,848	929	6,376
Mortgage bonds	6,048	4,335	5,214	3	15,600	4,946	2,962	4,036	6	11,950
Mortgage deeds	0	1,446	0	0	1,446	0	1,226	0	0	1,226
Other fixed-rate instruments	53	133	177	28	391	52	56	101	45	254
Other floating-rate instruments	83	0	7	389	479	82	0	7	415	504
Listed shares	6	667	715	11	1,353	7	282	506	15	810
Unlisted shares	14	73	149	12	248	21	25	111	15	172
Shares in collective investments	0	0	74	0	74	0	0	83	0	83
Other	1	0	0	0	1	4	0	258	3	265
	6,422	**7,186**	**10,896**	**945**	**25,403**	**5,504**	**4,758**	**9,950**	**1,428**	**21,640**
Derivatives										
Interest rate instruments										
- Options	1	2	145	0	146	2	– 5	181	0	183
- Interest rate swaps	0	– 27	0	0	– 27	0	– 38	0	0	– 38
Equity instruments										
- Options	0	0	175	0	175	0	4	64	0	64
Currency instruments										
- Forward exchange contracts	– 2	24	– 2	3	– 1	0	11	2	3	5
- Currency swaps	0	9	0	0	9	0	0	0	0	0
	– 1	8	318	3	320	2	– 27	247	3	252

The group's holding of listed and unlisted shares had a market value of DKK 1,675 million at 31 December 2005. A significant part of the group's equity exposure is achieved through the use of derivatives such as options and futures. The aggregate equity exposure, including derivatives, was DKK 2,169 million at 31 December 2005. The bank's portfolio of financial instruments is recognised under other assets and other liabilities. Please refer to the bank's annual report for further details on the positions.

Note 11 Balances due from credit institutions and central banks										
Balances at notice with central banks		977		0	977	0	203	0	0	203
Balances due from credit institutions		930		984	1,789	154	1,487	140	690	2,121
		1,907		**984**	**2,766**	**154**	**1,690**	**140**	**690**	**2,324**
By term to maturity:										
Balances at call		219		0	219	0	208	0	0	208
Up to and including 3 months		1,647		984	2,506	154	1,432	140	590	2,066
Over 3 months and up to and including 1 year		41		0	41	0	50	0	100	50
		1,907		984	2,766	154	1,690	140	690	2,324

DKKm	2005	2004
Note 12 Consolidated shareholders' equity		
Share capital	1,788	1,788

The share capital consists of 22,350,000 shares of DKK 80 each.

The following shareholder has announced that it holds more than 5% of the share capital:
Alm. Brand af 1792 fmba
Midtermolen 7
DK-2100 Copenhagen Ø
Denmark

DKKm	2005	2004	2003	2002	2001
Share capital, beginning of year	1,788	1,788	1,788	1,500	750
Capital increase	0	0	0	288	1,130
Capital reduction	0	0	0	0	– 380
Share capital, year end	1,788	1,788	1,788	1,788	1,500

The share capital represents the original financial figures for Alm. Brand A/S without adjustments for business combinations and mergers.

Reference is made to the statement of changes in equity on page 74.

DKKm	2005	2004
Solvency		
Tier 1 capital after deductions	4,659	3,635
Capital base and short-term supplementary capital after deductions	3,574	2,554
Weighted assets outside trading portfolio	12,079	9,374
Weighted assets subject to market risks, etc.	4,696	2,939
Total weighted assets	16,775	12,313
Tier 1 capital after deductions as a percentage of total weighted assets	27.8%	29.5%
Solvency ratio in accordance with section 124(1) of the Danish Financial Business Act	21.3%	20.7%

Calculated in accordance with the executive order issued by the Danish Financial Supervisory Authority on capital adequacy rules for banks and certain credit institutions.

Treasury shares		
Carrying amount, beginning of year	0	0
Value adjustment	22	9
Acquired during the year	102	57
Sold during the year	– 124	– 66
Carrying amount, year end	0	0
Nominal value, beginning of year	35	40
Acquired during the year	36	29
Sold during the year	– 45	– 34
Nominal value, year end	26	35
Holding (number of shares), beginning of year	439,052	497,881
Acquired during the year	453,524	362,913
Sold during the year	– 572,744	– 421,742
Holding (number of shares), year end	319,832	439,052
Percentage of share capital	1.4%	2.0%

DKKm	Non-life	Bank	Life	Other	2005 Total	Non-life	Bank	Life	Other	2004 Total
Note 13 Subordinated debt										
Variable rate bullet loans in DKK maturing 3 May 2009		100			100		200			200
Variable rate bullet loans in DKK maturing 9 May 2012		100			100		100			100
Variable rate bullet loans in DKK maturing 9 May 2013		100			100		0			0
		300			**300**		**300**			**300**
Interest on subordinated debt		14			14		14			14
Extraordinary instalments		100			100		100			100

The entire subordinated debt may be included in the statement of the capital base.

Note 14 Provisions for insurance contracts									
Unearned premium provisions	1,567	0	0	1,567	1,447	0	2	1,449
Life insurance provisions	0	11,027	0	11,027	0	10,413	0	10,413
Outstanding claims provisions	4,045	75	2,152	6,272	3,624	38	2,298	5,960
Collective bonus potential	0	314	0	314	0	94	0	94
Other technical provisions	0	0	13	13	0	0	16	16
	5,612	**11,416**	**2,165**	**19,193**	**5,071**	**10,545**	**2,316**	**17,932**
Unearned premium provisions								
Beginning of year	1,447		2	1,449	1,414		8	1,422
Exchange rate adjustment	0		6	6	0		7	7
Premiums received	4,179		29	4,208	4,139		16	4,155
Premiums recognised as income	– 4,079		– 37	– 4,116	– 4,143		– 29	– 4,172
Discounting	20		0	20	37		0	37
	1,567		0	1,567	1,447		2	1,449

DKKm	2005	2004
Life insurance provisions		
Life insurance provisions, beginning of year	10,413	9,776
Accumulated value adjustments, beginning of year	– 766	– 327
Retrospective provisions, beginning of year	9,647	9,449
Change in share of provisions in Forenede Gruppeliv	0	– 2
Gross premiums	747	723
Interest	432	424
Claims and benefits	– 739	– 829
Expense supplement after addition of expense bonus	– 89	– 89
Risk gain after addition of risk bonus	– 44	– 36
Change as a result of changes in the level of interest rates and mortality rates (annuities)	28	8
Other	0	– 1
Retrospective provisions, year end	9,982	9,647
Accumulated value adjustments, year end	1,045	766
Life insurance provisions, year end	11,027	10,413
Guaranteed benefits	9,457	8,676
Bonus potential on future premiums	1,156	1,252
Bonus potential on paid-up policy benefits	414	485
	11,027	10,413

DKKm	2005 Guaranteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Total	2004 Guaranteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Total
Life insurance provisions per basis								
G82 2%	562	775	308	1,645	182	784	302	1,268
G82 3%	1,250	173	76	1,499	1,096	228	146	1,470
G82 3.49%	2,087	110	76	2,273	1,864	116	115	2,095
G82 5%	5,092	98	– 46	5,144	5,078	124	– 78	5,124
G82 8%-16%	15	0	0	15	16	0	0	16
L66 4.5%	1	0	0	1	2	0	0	2
Portfolios with bonus entitlement	9,007	1,156	414	10,577	8,238	1,252	485	9,975
L66 13.6%	2	0	0	2	3	0	0	3
U74 12%-20%	248	0	0	248	240	0	0	240
Non-guaranteed	200	0	0	200	195	0	0	195
Portfolios without bonus entitlement, year end	450	0	0	450	438	0	0	438
	9,457	1,156	414	11,027	8,676	1,252	485	10,413
Discount rate applied in calculating life insurance provisions				2.94%				3.35%

DKKm	2005	2004
Guaranteed benefits include a supplement pursuant to section 66(5) of the executive order on the presentation of financial reports by insurance companies, to the effect that the minimum value provided being equal to the guaranteed surrender value.		
The supplement has been calculated taking into account the probability of surrender and totals	39	13
Without taking into account the probability of surrender, the supplement amounts to	39	35
When calculating life insurance provisions at market value, a risk premium has been included, which amounts to	5.00%	5.00%

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Outstanding claims provisions										
Beginning of year	3,624		38	2,298	5,960	3,308		39	2,895	6,242
Exchange rate adjustments	0		0	231	231	0		0	– 166	– 166
Claims paid	– 3,229		– 714	– 350	– 4,293	– 2,703		– 831	– 450	– 3,984
Claims for the year	3,536		751	– 27	4,260	2,882		830	19	3,731
Discounting	114		0	0	114	137		0	0	137
	4,045		75	2,152	6,272	3,624		38	2,298	5,960

Inflation factor applied 3.25%

The discount rates applied on the outstanding claims provisions correspond to the given duration of the line of business in question in accordance with the group's accounting policies.

DKKm	2000	2001	2002	2003	2004	2005	Total
Run-off triangle, gross							
Estimated accumulated claims							
Financial year							
2000	2,252						
2001	2,094	2,727					
2002	2,048	2,411	3,119				
2003	2,186	2,411	3,048	2,668			
2004	2,220	2,442	3,069	2,653	2,889		
2005	2,225	2,448	3,086	2,647	2,897	3,515	
	2,225	2,448	3,086	2,647	2,897	3,515	16,818
Paid to date	2,083	2,266	2,823	2,204	2,133	2,017	13,526
	142	182	263	443	764	1,498	3,292
Discounting effect	19	26	28	36	37	17	163
Provisions from 1999 and prior years						590	590
Gross outstanding claims provisions, year end							4,045
Run-off triangle, net of reinsurance							
Estimated accumulated claims							
Financial year							
2000	2,009						
2001	1,833	2,693					
2002	1,778	2,375	3,074				
2003	1,910	2,362	2,979	2,648			
2004	1,936	2,396	2,999	2,636	2,853		
2005	1,951	2,411	3,011	2,640	2,822	2,727	
	1,951	2,411	3,011	2,640	2,822	2,727	15,562
Paid to date	1,813	2,234	2,762	2,199	2,085	1,438	12,531
	138	177	249	441	737	1,289	3,031
Discounting effect	19	26	28	36	36	16	161
Provisions from 1999 and prior years						584	584
Outstanding claims provisions, year end, net of reinsurance							3,776

Claims paid in the run-off triangle show claims expenses net of the discounting effect, and this effect has therefore been added.

	2005					2004				
DKKm	Non-life	Bank	Life	Other	Total	Non-life	Bank	Life	Other	Total
Collective bonus potential										
Beginning of year			94		94			79		79
Provisions during the year through the income statement			220		215			15		15
Transferred from revaluation reserves										
from shareholders' equity			0		5			0		0
			314		314			94		94
Other technical provisions										
Beginning of year				16	16				26	26
Exchange rate adjustment				2	2				– 2	– 2
Premiums recognised as income				– 23	– 23				– 34	– 34
Premiums received				18	18				26	26
				13	13				16	16

Calculation of outstanding claims provisions
For all lines, with the exception of children's dental damage and workers' compensation, the future inflation is estimated and recognised implicit in the provision models. For children's dental damage and workers' compensation, the expected future inflation is built into the provision models determined on the basis of the most recent index figures for the individual areas, possibly with the addition of a safety margin. For outstanding claims provisions on children's dental damage, a summary wage index is used for the private sector, without a safety premium, while for workers' compensation we use the adjustment percentage for the regular payments with the addition of a safety premium.

For the part of the claims in which 15% or more of the disbursements are made after one year from the date of the claim, the provisions are discounted. The outstanding claims provisions are divided into homogenous groups for which the average duration has been calculated, and the provisions are discounted on the basis thereof. The discount rate applied is the maturity-dependent discount rate stipulated by the Danish Financial Supervisory Authority for the given duration.

Sensitivity of provisions
Social inflation may have a great impact on our results and the size of outstanding claims provisions. Social inflation can be a tendency for the courts to increase claims payments, changed case handling procedures with the public authorities which lead to higher claims and legislative changes that affect benefit levels, also with retroactive effect.

Social inflation has a particular impact on claims levels within workers' compensation, vehicle and liability insurance.

When discounted provisions are made, expectations to the future inflation and discount rates on long-tail business are sensitive to changes.

Adequacy of provisions
The outstanding claims provisions are calculated using actuarial methods and with due consideration to avoiding run-off losses and run-off gains. At the time they are calculated, the provisions represent the best estimate of future claims expenses in respect of the current and earlier claims years. The outstanding claims provisions are recalculated every month, which means that the level is considered adequate at all times.

	2005					2004				
DKKm	**Non-life**	**Bank**	**Life**	**Other**	**Total**	**Non-life**	**Bank**	**Life**	**Other**	**Total**
Note 15 Other provisions										
Other provisions	56	2		226	284	56	0		224	264
Provisions for jubilees, severance payment, etc.	39	10		0	49	37	10		0	47
	95	**12**		**226**	**333**	**93**	**10**		**224**	**311**

Other provisions cover provisions for:
Rent commitments for Copenhagen Re's London offices.
Provisions have been made in Copenhagen Re for the purpose of retaining employees still with the company and to provide an incentive for them in the quality of their work.
Provisions have been made for various legal disputes.

Note 16 Deferred tax liabilities										
Deferred tax liabilities				51	51				55	55
				51	**51**				**55**	**55**
Note 17 Other liabilities										
Reinsurance deposits	0	0	0	108	108	0	0	0	71	71
Payables to policyholders	11	0	0	0	11	6	0	0	0	6
Payables related to direct insurance	0	0	6	0	6	0	0	8	0	8
Payables related to reinsurance	10	0	0	228	238	11	0	0	291	302
Payables to subsidiaries	10	44	10	3	0	4	0	10	29	0
Negative market value of derivatives	0	563	0	0	563	0	464	0	0	464
Other payables	196	421	85	78	754	191	786	58	75	1,086
Accruals and deferred income	0	6	1	4	11	0	0	0	4	4
	227	**1,034**	**102**	**421**	**1,691**	**212**	**1,250**	**76**	**470**	**1,941**

DKKm	Non-life	Bank	Life	Other	2005 Total	Non-life	Bank	Life	Other	2004 Total
Note 18 Deposits										
Deposits at call		6,136			5,903		6,099			5,762
At notice		1,134			1,134		1,278			1,278
Time deposits		1,147			1,022		1,228			878
Special categories of deposits		573			573		580			580
		8,990			**8,632**		**9,185**			**8,498**
Note 19 Payables to credit institutions and central banks										
Central banks		0			0	0	450	0	0	450
Credit institutions		7,415			7,415	2	2,376	223	100	2,701
		7,415			**7,415**	**2**	**2,826**	**223**	**100**	**3,151**
Of which falling due after more than five years		2,239					0			
Note 20 Premium income										
Gross premiums	4,179		747	29	4,955	4,139		723	16	4,878
Change in unearned premium provisions	– 100		0	8	– 92	4		0	13	17
	4,079		**747**	**37**	**4,863**	**4,143**		**723**	**29**	**4,895**
Direct insurance is exclusively written in Denmark										
Premium income, life insurance										
Regular premiums			683		683			673		673
Single premiums			64		64			50		50
			747		747			723		723
Individually written insurance			396		396			393		393
Insurance written in employment relationship			228		228			212		212
Group life schemes			123		123			118		118
			747		747			723		723
Number of policies ('000)										
Individually written insurance			99		99			101		101
Insurance written in employment relationship			9		9			9		9
Group life schemes			68		68			67		67
All policies written include a bonus arrangement. The life insurance company only writes direct Danish insurance.										
Note 21 Interest income, etc.										
Equity investments	0	0	16	1	17	0	0	5	0	5
Bonds	237	110	408	54	809	206	108	434	81	829
Loans secured by mortgages	0	83	0	0	83	0	94	0	0	94
Other loans	0	371	0	0	371	0	322	0	0	322
Deposits in credit institutions	8	42	5	39	81	4	29	4	18	42
Other investment assets	23	11	5	13	52	21	– 1	5	22	47
	268	**617**	**434**	**107**	**1,413**	**231**	**552**	**448**	**121**	**1,339**
Interest receivable from genuine purchase and resale transactions:										
Balances due from credit institutions and central banks		23					13			
Loans, advances and other receivables		1					0			

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Note 22 Other income from investment activities										
Rental income	2		111		63	2		117		66
Operation and maintenance - occupied leases	– 1		– 34		– 21	– 2		– 38		– 22
Operation and maintenance - vacant leases	0		– 2		– 1	0		– 2		– 3
	1		**75**		**41**	**0**		**77**		**41**
Note 23 Profit from investments in joint ventures										
EDC-udvikling a/s				**1**	**1**				1	1
Note 24 Other income										
Income related to building surveyors	18	0			18	5	0		0	5
Other	0	9			9	0	14		26	40
	18	**9**			**27**	**5**	**14**		**26**	**45**
Note 25 Claims incurred										
Claims paid	– 3,229		– 714	– 350	– 4,293	– 2,701		– 831	– 450	– 3,982
Change in outstanding claims provisions	– 307		– 38	377	32	– 158		1	431	274
	– 3,536		**– 752**	**27**	**– 4,261**	**– 2,859**		**– 830**	**– 19**	**– 3,708**
Run-off result, gross	– 10			61	51	– 1			8	7
Run-off result, ceded business	37			5	42	6			62	68
	27			66	93	5			70	75
Claims and benefits paid, life insurance										
Insurance sums on death			– 86		– 86			– 82		– 82
Insurance sums on critical illness			– 10		– 10			– 10		– 10
Insurance sums on disability			– 8		– 8			– 8		– 8
Insurance sums on expiry			– 158		– 158			– 121		– 121
Pension and annuity benefits			– 257		– 257			– 242		– 242
Surrenders			– 132		– 132			– 309		– 309
Cash bonus payments			– 63		– 63			– 59		– 59
			– 714		– 714			– 831		– 831
Note 26 Interest expenses										
Credit institutions and central banks	0	– 93	0	– 4	– 97	0	– 43	– 17	– 4	– 64
Deposits and other payables	0	– 167	0	0	– 154	0	– 166	0	0	– 153
Issued bonds	0	0	0	0	0	0	– 1	0	0	– 1
Subordinated debt	0	– 14	0	0	– 14	0	– 14	0	0	– 14
Other interest expenses	0	– 1	– 1	0	– 2	0	0	– 1	– 13	– 14
Discounting	– 91	0	0	0	– 91	– 73	0	0	0	– 73
	– 91	**– 275**	**– 1**	**– 4**	**– 358**	**– 73**	**– 224**	**– 18**	**– 17**	**– 319**
Interest payable on genuine sale and repurchase transactions:										
Payables to credit institutions and central banks		17					9			
Deposits and other payables		1					0			

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Note 27 Impairment of loans, advances and receivables, etc.										
Individual assessment:										
Impairment and value adjustments, respectively, during the year		– 67			– 67		– 80			– 80
Reversal of impairment in previous years		52			52		69			69
		– 15			– 15		– 11			– 11
Group assessment:										
Impairment and value adjustments, respectively, during the year		– 27			– 27		– 19			– 19
Reversal of impairment in previous years		34			34		9			9
		7			7		– 10			– 10
Losses not previously provided for		– 13			– 13		– 26			– 26
Bad debts recovered		16			16		17			17
Other losses and provisions		0		3	3	– 1	0		– 26	– 27
		– 5		**3**	**– 2**	**– 1**	**– 30**		**– 26**	**– 57**
Note 28 Acquisition costs and administrative expenses										
Acquisition commission, etc.	– 197	0	– 6	– 3	– 206	– 231	0	– 7	– 2	– 240
Other acquisition costs	– 85	0	– 24	0	– 109	– 73	0	– 22	0	– 95
Administrative expenses	– 497	– 369	– 37	– 106	– 974	– 487	– 362	– 41	– 136	– 990
	– 779	**– 369**	**– 67**	**– 109**	**– 1,289**	**– 791**	**– 362**	**– 70**	**– 138**	**– 1,325**
Salaries and wages					– 884					– 878
Pension					– 104					– 95
Payroll tax, etc.					– 76					– 73
					– 1,064					– 1,046
Average number of employees					1,625					1,567
From this:										
Remuneration to the Management Board (DKK'000)										
Salaries					8,859					7,016
Pension plans					1,445					1,388
					10,304					8,404
Remuneration to the Board of Directors (DKK'000)										
Directors' fees					1,538					1,449
					1,538					1,449
Audit fees (DKK'000)										
Deloitte - Audit	1,393	1,393	468	1,084	4,338	1,304	339	499	3,064	5,206
Deloitte - Non-audit services	135	595	114	1,450	2,294	251	19	130	612	1,012
	1,528	1,988	582	2,534	6,632	1,555	358	629	3,676	6,218
KPMG - Audit	0			0	0	430	1,413	140	549	2,532
KPMG - Non-audit services	27			138	165	115	992	0	55	1,162
	27			138	165	545	2,405	140	604	3,694
Note 29 Other costs										
Provisions for legal disputes	0				0	– 16				– 16
Expenses relating to building surveyors	– 30				– 30	– 9				– 9
	– 30				**– 30**	**– 25**				**– 25**

Part of the payroll expenses for the year have been allocated as claims handling costs and are therefore included under claims incurred.

Salaries to members of the Management Board include the bonus earned in 2005, which will be paid in 2006. Remuneration to the Management Board comprises Søren Boe Mortensen, Chief Executive Officer, and Henrik Nordam, Deputy Chief Executive Officer.

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Note 30 Profit/loss from business ceded										
Reinsurance premiums ceded	– 250		– 33	1	– 282	– 195		– 33	– 14	– 242
Reinsurers' share received	646		23	67	736	62		38	92	192
Change in reinsurers' share of insurance contracts	191		2	– 60	133	– 5		0	– 20	– 25
Commissions and profit commissions from reinsurance companies	3		4	– 3	4	5		4	3	12
	590		**– 4**	**5**	**591**	**– 133**		**9**	**61**	**– 63**
Note 31 Change in life insurance provisions										
Guaranteed benefits			– 782		– 782			– 1,030		– 1,030
Bonus potential on future premiums			97		97			197		197
Bonus potential on paid-up policy premiums			71		71			197		197
Change in share of provisions in Forenede Gruppeliv			0		0			– 2		– 2
			– 614		**– 614**			**– 638**		**– 638**
Note 32 Value adjustments										
Investment assets										
Equity investments	7	169	287	5	466	7	55	48	5	115
Unit trust units	0	27	0	0	27	0	8	0	0	8
Bonds	– 74	17	400	– 8	335	– 35	– 1	466	– 21	409
Shares in collective investments	0	0	14	0	14	0	0	30	0	30
Loans secured by mortgages	0	6	0	0	6	0	30	0	0	30
Other investment assets	– 17	– 53	– 4	1	– 73	0	– 8	– 1	– 6	– 15
Exchange rate adjustments	0	17	0	– 17	0	0	3	0	– 9	– 6
	– 84	183	697	– 19	775	– 28	87	543	– 31	571
Land and buildings										
Investment properties	1	0	42	0	32	0	0	7	0	7
Owner-occupied properties	– 2	0	0	0	4	0	0	0	0	0
	– 85	183	739	– 19	811	– 28	87	550	– 31	578
Discounting	– 44	0	0	0	– 44	– 102	0	0	0	– 102
	– 129	**183**	**739**	**– 19**	**767**	**– 130**	**87**	**550**	**– 31**	**476**
Note 33 Tax on pension investment returns										
Tax on pension investment returns regarding prior years			3		3			– 4		– 4
Tax on pension investment returns regarding current year			– 175		– 175			– 146		– 146
Change in deferred tax on pension investment returns			0		0			7		7
			– 172		**– 172**			**– 143**		**– 143**
Exemption rate			5.0%		5.0%			5.4%		5.4%
Note 34 Tax										
Estimated tax on operating profit for the year	– 86	– 50	50	86	0	0	– 6		– 8	– 14
Prior-year adjustment	– 2	0	0	– 6	– 8	0	0		0	0
Adjustment of deferred tax	– 64	– 13	89	– 60	– 48	– 20	0		– 65	– 85
	– 152	**– 63**	**139**	**20**	**– 56**	**– 20**	**– 6**		**– 73**	**– 99**
Effective tax rate:										
Current tax rate	28.0%	28.0%	28.0%	28.0%	28.0%					30.0%
Adjustment of deferred tax (30% to 28%)	5.5%	3.9%	0.0%	56.5%	4.3%					0.0%
Adjustment of deferred tax	– 0.2%	– 0.4%	0.0%	– 88.3%	– 0.9%					15.7%
Prior-year adjustment	0.5%	0.1%	0.0%	71.6%	0,7%					0.0%
Tax-related adjustment on non-capitalised deferred tax	6.8%	– 12.7%	– 124.5%	– 413.3%	– 25.7%					– 27.4%
Charge on provisions	0.0%	0.2%	0.0%	0.0%	0.0%					0,0%
	40.6%	19.0%	– 96.5%	– 345.5%	6.5%					18.3%

DKKm	2005 Non-life	Bank	Life	Other	Total	2004 Non-life	Bank	Life	Other	Total
Note 35 Share of profit attributable to minority shareholders										
Share of profit before tax attributable to minority interests										
Alm. Brand Formue A/S		102			100		39			39
Alm. Brand Pantebreve A/S		5			5		9			9
		107			105		48			48
Share of profit after tax attributable to minority interests										
Alm. Brand Formue A/S		107			105		37			37
Alm. Brand Pantebreve A/S		3			3		7			7
		110			108		44			44

Note 36 Technical result - non-life

	Health and accident insurance	Workers' compen-sation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, commercial	Liability insurance	Other direct insurance	2005 Total	2004 Total
Gross premiums	378	275	507	908	899	946	84	182	4,179	4,140
Gross premium income	363	261	479	879	882	964	85	166	4,079	4,143
Gross claims incurred	– 281	– 270	– 477	– 383	– 719	– 1,218	– 47	– 142	– 3,537	– 2,859
Bonus payments and premium discounts								0	– 1	
Gross operating expenses	– 70	– 49	– 52	– 205	– 167	– 189	– 16	– 31	– 779	– 791
Profit/loss from business ceded	– 1	– 3	– 5	0	166	431	3	0	591	– 133
Investment return on insurance business, net of reinsurance	3	– 8	6	10	15	14	1	4	45	63
Total underwriting result	**14**	**– 69**	**– 49**	**301**	**177**	**2**	**26**	**– 3**	**399**	**422**
Number of claims	8,777	3,982	13,099	37,810	84,372	47,230	1,484	15,253	213,007	181,908
Frequency of claims	0,027	0,129	0,048	0,140	0,200	0,310	0,038	0,116	0,129	0,113
Average damages paid for claims incurred, DKK'000	29	65	35	11	9	27	17	7	17	15

Direct insurance is written only in Denmark

DKKm	2005	2004
Note 37 Actual result - life insurance		
Technical result of life insurance activities	121	36
Transfer of investment return	23	35
Tax on pension investment return	172	143
Change in collective bonus potential	220	15
Result of portfolios without bonus entitlement	13	– 15
Addition of bonus	109	100
Return equity deposit	– 23	– 35
Actual result	635	279
Return requirement for shareholders' equity		
Unconditional shares:		
Actual investment return before tax on pension investment return	23	35
Result of portfolios without bonus entitlement	– 13	16
Result of health and accident insurance	– 16	– 19
	– 6	32
Conditional shares:		
Risk premium 4% / 2%	40	38
20% of cost and risk result	14	10
	54	48
Total return requirement for shareholders' equity	48	80
Transferred from shadow account	80	–
Forfeiture of return requirement	0	– 28
Profit for the year before tax including health and accident insurance	128	52
Profit for the year before tax excl. health and accident insurance	144	71
Shadow account, beginning of year	77	73
Interest on shadow account	3	4
Reversal of shadow account	– 80	0
Shadow account, year end	0	77

DKKm	2005 Total	2004 Total
Note 38 Contingent liabilities, guarantees and leasing		
Guarantee commitments	2,518	1,702

In specific cases, Alm. Brand A/S has provided guarantees for subsidiaries' obligations deriving from their operating activities and has declared its intention to make cash funds available to cover ordinary operations in a number of subsidiaries.

The group's companies have made lease and rental agreements for computer equipment and premises with total annual payments of DKK 24 million. The biggest agreements cover periods of over 10 years.

The Alm. Brand Group has made forward currency contracts to hedge foreign exchange and interest rate risk.

As a professional and international reinsurer, the group is constantly involved in a number of disputes and/or legal proceedings relating to insurance. The expected outcomes of these disputes/legal proceedings are reflected in the annual report. Naturally, the final outcome is subject to uncertainty. The outcome of these legal proceedings is not expected to materially affect the group's financial position.

Alm. Brand Bank A/S has not recognised guarantee commitments consisting of financial guarantees, loss guarantees for mortgage loans, etc. totalling DKK 2 billion.

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

Forsikringsselskabet Alm. Brand Liv og Pension A/S, Copenhagen, has a VAT adjustment obligation in respect of properties totalling DKK 3 million.

Forsikringsselskabet Alm. Brand Liv og Pension A/S, Copenhagen, has a contribution obligation in respect of units in unit trusts totalling DKK 1million.

Alm. Brand A/S has provided a guarantee to ILU covering contracts written on behalf of The Copenhagen Reinsurance Company (U.K.) Ltd. (Cop Re UK Ltd.), Copenhagen Re's UK subsidiary. The guarantee covers insurance contracts relating to Marine Aviation and Transport (MAT) written through ILU in the period from 3 April 1989 to 1 July 1997. The guarantee commitments are believed to materialise only in case of insolvency or any other situation preventing payment, including as a result of insufficient reserves, on the part of Cop Re UK Ltd.

Alm. Brand A/S has issued a guarantee commitment in respect of Pensionskassen under Alm. Brand af 1792 (pensionsafviklingskasse). Alm. Brand A/S has issued a commitment to pay any such ordinary and extraordinary contributions as may be determined in the pension scheme regulations or as agreed with the Danish Financial Supervisory Authority. In connection with the transfer, Alm. Brand af 1792 G/S provided a guarantee to Alm. Brand A/S in respect of these obligations.

Alm. Brand A/S is jointly and severally liable with the other jointly taxed and jointly registered group companies for the total tax liability of these companies for income years up till 2004. As from 2005, Alm. Brand A/S is only jointly and severally liable for the indirect tax liability.

	2005					2004				
DKKm	Non-life	Bank	Life	Other	Total	Non-life	Bank	Life	Other	Total
Note 39 Collateral security										
Carrying amounts of assets provided as collateral security for technical provisions										
Cash	67		87	147	301	206		286	168	660
Bonds	4,937		10,060	226	15,223	4,193		9,138	201	13,532
Equity investments and units in unit trusts	20		233	10	263	28		26	10	64
Shares in collective investments	0		74	0	74	0		0	0	0
Interest receivable	142		115	0	257	135		107	0	242
Properties, mortgage deeds	0		84	0	84	0		84	0	84
Loans guaranteed by insurance companies	0		131	0	131	0		121	0	121
Loans to group enterprises	0		116	0	0	0		0	0	0
Investments in subsidiaries	112		956	0	0	257		961	0	0
Other assets	1		0	0	1	2		182	0	184
	5,279		**11,856**	**383**	**16,334**	**4,821**		**10,905**	**379**	**14,887**

At year end 2005, the bank provided bonds as collateral security vis-à-vis central banks at a market value of DKK 528 million (2004: DKK 980 million).

Note 40 Related parties

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

- Alm. Brand af 1792 fmba (parent company)
- EDC-Udvikling ApS (joint venture)
- Alm. Brand Formue A/S (subsidiary, not wholly owned)
- Alm. Brand Pantebreve A/S (subsidiary, not wholly owned)
- Investeringsselskabet af 6/10 1998 A/S (associate)
- The Management Board and Board of Directors of Alm. Brand A/S

Related parties also include related family members of the Management Board and Board of Directors as well as companies in which these persons have significant interests.

The Alm. Brand Group handles administrative tasks for Alm. Brand af 1792 fmba.

An agreement has been made on interest accruing on accounts between Alm. Brand af 1792 fmba and the Alm. Brand A/S Group on an arm's length basis.

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

The Alm. Brand Group maintains cross-cutting functions that solve joint administrative tasks for the group's companies. The consideration paid for this administrative function is fixed on an arm's length basis or, where there is no specific market, on a cost-recovery basis.

Alm. Brand Bank is the Alm. Brand Group's primary banker. This involves the conclusion of a number of agreements between the bank and the group's other enterprises, and a number of transactions are regularly made between the company and the rest of the group. All agreements and transactions between the group and the bank are made on an arm's length or cost-recovery basis in accordance with applicable legislation for intra-group transactions.

In addition, the Alm. Brand Group has made an asset management agreement with Alm. Brand Bank, according to which a substantial proportion of the group's assets are under management with the bank.

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

Reference is made to the note concerning acquisition costs and administrative expenses, which sets out further details on remuneration paid to the group's Board of Directors, Management Board and other senior executives.

In addition to the remuneration paid to members of the Board of Directors, Management Board, etc. In the financial year, the following transactions took place between the Alm. Brand Group and the related parties:

DKKm	Alm. Brand af 1792 fmba	Alm. Brand subsidiaries (not wholly owned)	Joint Ventures	Management Board and Board of Directors of A/S	2005 Companies controlled by members of the Board of Directors
Sale of services	1	654		5	2
Purchase of services	0	525		0	0
Interest and fee income	0	74		0	0
Interest and fee expenses	6	0		0	0
Receivables	0	1,499		6	20
Debt	183	0		25	3
Collateral	0	0		0	7

DKKm					2004
Sale of services	1	440	0	3	18
Purchase of services	0	479	0	0	0
Interest and fee income	0	48	0	0	0
Interest and fee expenses	6	0	0	0	0
Receivables	0	852	0	0	0
Debt	192	0	1	22	0
Collateral	0	0	0	0	4

The buying and selling of services, which comprise insurance services and the supply of banking products such as loans, guarantees, credits and the buying and selling of mortgage deeds, etc., is conducted on an arm's length basis. Debt comprises deposits in the bank, pension deposits in the bank and life, etc. No losses were recognised or impairment charged to balances with related parties in this or earlier financial years.

Note 41 Fair value

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

The Alm. Brand Group applies the following methods and assumptions when determining the fair values of financial assets and liabilities.

Loans and advances:

Loans, advances and other receivables at amortised cost, in which hedge accounting has been effected as part of the risk management process, are measured at fair value based on a valuation model that estimates the net present value of expected future cash flows.

Investment assets:

The fair value of listed bonds and shares is based on listed closing prices.

The fair value of mortgage deeds is calculated using a valuation model that estimates the net present value of expected future cash flows.

For the portfolio of unlisted shares, the fair value is estimated using recognised valuation methods. For the unlisted shares, managed externally, the investment manager calculates an estimated market value using a valuation model that estimates the net present value of expected future cash flows. This estimated value is used as the fair value for the externally managed unlisted shares.

The fair value of derivatives is calculated based on the value of the underlying assets and other market parameters. The calculation of the fair value is made using recognised financial valuation models.

Amounts due from credit institutions and central banks

The carrying amount corresponds to the fair value of the receivables.

Cash in hand and balances at call

The carrying amount corresponds to the fair value of the receivables.

					2005
DKKm	**Non-life**	**Bank**	**Life**	**Other**	**Total**
Change in fair values based on valuation models and recognised in the income statement					
Mortgage deeds	0	– 8	0		– 8
Unlisted shares	– 1	3	49		51
Investment properties	1	0	42		32
Owner-occupied properties	– 2	0	0		4
	– 2	**– 5**	**91**		**79**

DKKm	Non-life	Bank	Life	Other	2005 Total

Note 42 Interest rate risk

Interest rate risk on interest-bearing instruments 2005:

Financial assets at fair value with value adjustment through the income statement	68	28	986	7	1,089
Loans, advances and receivables	0	25	0	0	25
Deposits	0	21	0	0	21

The above interest rate risks represent the sensitivity in case of a 1 percentage point change in interest rates. However, the shareholders' equity of the Alm. Brand Group is only subject to a risk of approximately DKK 80 million.A201

Contractual expiry dates/interest-reset dates for interest-bearing assets and liabilities.
Assets and liabilities are stated at their carrying amounts at 31 December 2005.

Financial assets at fair value with value adjustment through the income statement					
Expiry within 1 year	605	701	227	693	2,226
Expiry between 1 year and 5 years	5,168	1,833	1,303	229	8,533
Expiry after more than 5 years	628	4,219	8,428	0	13,275
	6,401	6,753	9,958	922	24,034
Loans, advances and receivables					
Expiry within 1 year		5,127		984	5,986
Expiry between 1 year and 5 years		3,603		0	3,603
Expiry after more than 5 years		2,459		0	2,459
		11,189		984	12,048
Deposits					
Expiry within 1 year		11,643			11,643
Expiry between 1 year and 5 years		2,233			1,875
Expiry after more than 5 years		2,529			2,529
		16,405			16,047

The actual expiry dates may deviate from the contractual expiry dates as the issuers of the specific instruments may be entitled to repurchase the instrument before it expires.

Effective interest rates for financial assets and liabilities					
Financial assets at fair value with value adjustment through the income statement	3.2%	4.7%	3.8%	4.6%	3.8%
Loans, advances and receivables		4.3%			4.3%
Deposits		2.1%			2.1%

DKKm	Non-life	Bank	Life	Other	2005 Total
Holding of financial assets and liabilities					
Exposure to fair value interest rate risk					
Financial assets at fair value with					
value adjustment through the income statement	5,926	6,753	9,795	533	23,007
Exposure to cash flow interest rate risk					
Financial assets at fair value with					
value adjustment through the income statement	475	0	163	389	1,027
Loans, advances and receivables	0	11,189	0	984	12,048
Deposits	0	16,405	0	0	16,047
	475	27,594	163	1,373	29,122
Financial assets and liabilities not exposed to interest rate risk					
Financial assets at fair value with					
value adjustment through the income statement	18	1,003	934	26	1,936
Note 43 Credit risk					
Credit risk by type of financial asset					
Mortgage deeds	0	1,446	0	0	1,446
Loans, advances and receivables	0	11,400	0	984	12,259
Credit bonds	83	0	65	48	196
	83	12,846	65	1,032	13,901

The group's exposure to credit risk primarily involves financial receivables such as mortgage deeds and other loans and advances as well as credit risk on the portfolio of credit bonds.

Unweighted and weighted credit risks on financial assets
The calculation of credit risks on financial assets follows the provisions on capital adequacy of the Danish Financial Business Act.

The amounts are allocated according to the degree of security on each individual account, expressed by weights.

Unweighted amount					
Weight - 0,0	0	1,280	0	0	1,280
Weight - 0,1	0	1	0	0	1
Weight - 0,2	0	1,406	0	984	2,265
Weight - 0,5	0	858	0	0	858
Weight - 1,0	83	9,301	65	48	9,497
	83	12,846	65	1,032	13,901
Risk-weighted amount					
Weight - 0,2	0	281	0	197	453
Weight - 0,5	0	429	0	0	429
Weight - 1,0	83	9,301	65	48	9,497
	83	10,011	65	245	10,379

The Alm. Brand Group has substantial amounts due from policyholders and reinsurers on an ongoing basis. The risk on amounts due from policyholders is spread on a very large group of receivables. The risk on receivables from reinsurers is limited on the basis of the minimum rating requirement.

DKKm	Non-life	Bank	Life Share-holders' equity	Other	2005 Total	% of Share-holders' equity
Note 44 Sensitivity information						
Sensitivity information, group						
Risk on shareholders' equity in case of specific events:						
Interest rate increase of 0.7 pct. point	36	– 23	– 9	– 4	0	0.0%
Interest rate fall of 0.7 pct. point	– 38	25	9	4	0	0.0%
Equity price fall of 12%	– 8	– 89	0	– 3	– 100	2.0%
Fall in property prices of 8%	– 4	0	0	0	– 4	0.1%
Maximum exchange rate loss of 99.5% probability of 10 days	– 1	– 9	0	– 3	– 13	0.3%
Loss on counterparties of 8%	– 22	– 17	– 3	– 34	– 76	1.5%
Catastrophic events:						
- one "100-year event"	– 250	0	0	0	– 250	5.1%
- two "100-year events"	– 400	0	0	0	– 400	8.1%

The risks described above represent the most significant risks in the Alm. Brand Group. The order of the risk factors is not an indication of the size or importance of each risk factor. The risk factors relating to the life group's shareholders' equity do not include risks related to securities used to hedge technical provisions in the life group.

Sensitivity information, life company

Event	Minimum effect on capital base DKK '000	Maximum effect on collective bonus potential DKK '000	Maximum effect on bonus potential on paid-up policy benefits before change in applied bonus potential on paid-up policy benefits DKK '000	Maximum effect on applied bonus potential on fripoliceydelser paid-up policy benefits DKK '000
Interest rate increase of 0.7 pct. point	– 9,968	– 75,129	221,505	0
Interest rate fall of 0.7 pct. point	9,967	– 71,091	– 171,671	0
Equity price fall of 12%	0	– 133,942		0
Fall in property prices of 8%	0	– 76,926		0
Exchange rate risk (VaR 99.5%)	0	– 1,648		0
Loss on counterparties of 8%	– 2,529	– 36,499		0
Fall in mortality intensity of 10%	– 10,416	– 41,663	7,083	0
Increase in mortality intensity of 10%	9,174	36,695	– 6,282	0
Increase in disability intensity of 10%	– 4,109	– 16,436	– 5,377	0

Note 45 Transition to IFRS

As stated in accounting policies, the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as approved by the EU (IFRS). Consequently, the accounting policies for the group have been changed in a number of areas.

Relative to the previously announced equity changes, in connection with the preparation of the annual report for 2005, figures for the recognition of loans and advances, etc. and discounting of outstanding claims provisions were changed as at 1 January 2004. The changes were caused by a re-assessment of the previously made estimates in connection with the initiatives to implement supportive systems and business procedures. As a result of the changed measurement of loans and advances, etc., equity at 1 January 2005 was increased by DKK 7 million, while the changed measurement of outstanding claims provisions increased equity at 1 January 2005 by DKK 18 million. In total, shareholders' equity at 1 January 2005 has been increased by DKK 25 million from DKK 4,049 million to DKK 4,074 million.

In addition, Pensionskassen under Alm. Brand A/S is recognised as a net investment, instead of being fully consolidated in the group. The change had no effect on shareholders' equity.

The accounting effect of the transition to IFRS is as follows:

Reconciliation of shareholders' equity at 31 December 2004 and results for 2004:

DKKm	Shareholders' equity 01/01/2004	Profit/loss 2004	Shareholders' equity 31/12/2004
2004 policies	**3,190**	**433**	**3,632**
Minority interests	277	44	323
Consolidation of Pensionskassen under Alm. Brand A/S	10	– 2	8
Equalisation provisions	45	18	63
Discounting of insurance contracts	40	10	50
Recognition of claims handling costs	– 142	0	– 142
Provisions for insurance contracts in respect of health and accident insurance	– 27	– 14	– 41
Employee benefits	– 38	– 9	– 47
Recognition of loans and advances	26	– 5	21
Amortisation of fees	– 6	1	– 5
Recognition of interest rate swaps at fair value	– 37	9	– 28
Fair value hedging of fixed-rate loans	14	0	14
Other changes	– 4	0	– 4
Deferred tax on contingency funds	– 55	0	– 55
Change of tax asset	329	– 44	285
IFRS policies	**3,622**	**441**	**4,074**

CHANGES TO THE ACCOUNTING POLICIES ARE DESCRIBED BELOW:

Consolidation
All group companies in which Alm. Brand exercises a controlling influence are fully consolidated. Accordingly, the financial statements of the Alm. Brand Bank Group, for which single line consolidation was previously used, are consolidated in full. A controlling influence is achieved by directly or indirectly holding or having the disposal of more than 50% of the voting rights or otherwise controlling the relevant enterprise.

Intra-group income, expenses, intra-group accounts, shareholdings and dividends and gains and losses on transactions between the consolidated enterprises are eliminated.

Presentation and comparative figures
In addition to the changed accounting policies, certain reclassifications and layout changes have been made. Comparative figures in respect of 2004 have been restated to reflect the new layout and accounting policies. The consolidated balance sheet is arranged in increasing order of liquidity.

Land and buildings
Land and buildings classified as owner-occupied properties may no longer be stated as investment properties at group level, but are presented and treated as owner-occupied properties.

Owner-occupied properties are stated at the revalued amount corresponding to the fair value at the revaluation date less depreciation. The revalued amount is calculated using a yield method in accordance with the guidelines issued by the Danish Financial Supervisory Authority.

Value adjustments of owner-occupied properties shall be taken directly to equity, however, a reduction in value which does not correspond to a previous revaluation shall be carried through the income statement.

Revaluation of the Alm. Brand Group's owner-occupied properties which is attributable to the policyholders' share of the investment assets is, however, transferred to the collective bonus potential.

Depreciation is calculated with due consideration to the expected useful life and residual value and is recognised in the income statement over the useful lives of the assets.

No rent is calculated on owner-occupied properties at group level. Accordingly, expenses related to owner-occupied properties only comprise operating expenses and depreciation and write-downs.

Furniture and equipment, computers, cars, etc.
Furniture and equipment, computers, cars etc. are recognised at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets taking into account the expected residual value.
- Cars, 5 years
- Furniture and equipment, 3-5 year
- Computers, 3-5 years

Previously, the expected residual value was not included in the calculation of depreciation.

Recognition of loans and advances etc.
The banking group's loans and advances are generally measured at amortised cost including fees etc. less impairment. The banking group's portfolio of mortgage deeds, which was previously measured at amortised cost, is measured at fair value.
Impairment of loans and advances is determined based on an objective indication of impairment of the individual loan or loan portfolio.

Amortisation of fees etc.
Fees etc. forming part of the effective rate of return are amortised as an integral part of the related loans and liabilities. Fees etc. were previously recognised at the time of payment.

Interest rate swaps
Interest rate swaps are recognised at fair value. Previously, interest rate swaps were not recognised in the financial statements but used to hedge interest rate risk on fixed-rate loans and mortgage deeds.

Fair value hedging of fixed-rate loans
Hedge accounting will still be used to account for part of the fixed-rate loans where interest rate swaps hedge the interest rate risk. The hedge accounting rules have been changed to the effect that value adjustments of the instrument employed for hedging as well as of the hedged loans are recognised.

Unearned premium provisions
Unearned premium provisions are stated as the best estimate of future claims for the part of the insurance period not yet run off, including all direct and indirect administrative and claims handling expenses. Unearned premium provisions will, however, as a minimum correspond to an accrual of the premiums collected.

Unearned premium provisions relating to health and personal accident insurance are made up according to market value principles. They are calculated as the difference between the value in use of the company's liabilities and the value in use of the premiums to be paid by policyholders in the future using a best estimate of insurance risk, costs incurred in managing insurance and the rate of return obtainable in the market.

Previously, unearned premium provisions were made up at the share of premiums which became due for payment during the financial year but whose insurance cover continued into the following year.

Outstanding claims provisions
All direct and indirect expenses related to claims handling form part of claims expenses, as opposed to previously when such expenses were partly included in administrative expenses, and are therefore included in the statement of outstanding claims provisions. Previously, all direct and indirect claims handling expenses were recognised in the year in which they were paid.

Equalisation provisions
Equalisation provisions relating to annuities in workers' compensation insurance are recognised in the statement of outstanding claims provisions. Other equalisation provisions are transferred to shareholders' equity.

Discounting of provisions
Unearned premium provisions and outstanding claims provisions are stated at their discounted value if such discounting materially affects the size of the provisions. Discounting is subject to a variable interest rate structure as determined by the Danish Financial Supervisory Authority from time to time.

Deferred tax
Deferred tax is recognised on contingency reserves, and this represents a change as compared with previously.

With effect from 2005, IAS/IFRS prescribe that such tax must be provided, notwithstanding that Alm. Brand does not expect to dissolve its contingency reserve so as to trigger a tax liability. The full amount of deferred tax on the contingency reserve is recognised separately under liabilities.

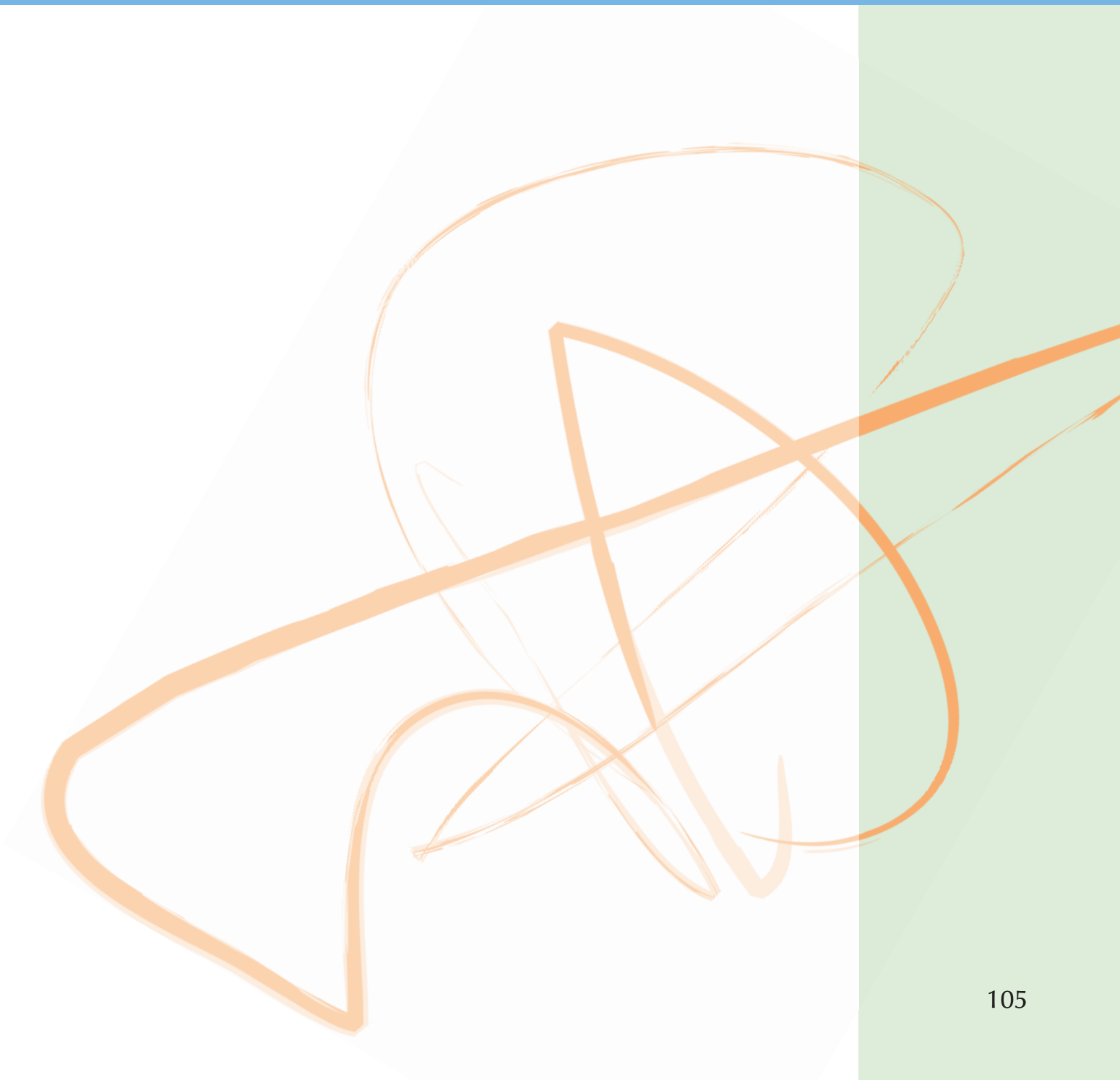
Employee benefits
Provisions are recognised for long-term employee benefits, which were previously expensed at the time of payment.

Dividend
Dividends are recognised as a liability in the financial statements at the time of adoption by the shareholders at the annual general meeting. Proposed dividends in respect of the financial year are stated as a separate line item under shareholders' equity.

Minority interests
The proportionate shares of the results and equity of subsidiary undertakings attributable to minority interests are recognised as integral parts of the profit/loss for the year and shareholders' equity. Previously, the proportionate share of minority interests of the profit/loss was deducted before the parent company's share of the Group's profit/loss.



FINANCIAL STATEMENTS PARENT COMPANY



ACCOUNTING POLICIES

GENERAL

The annual report is presented in compliance with the Danish Financial Business Act, including the Executive Order on financial reports presented by insurance companies and profession-specific pension funds and Danish accounting standards. In addition, the annual report has been presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial companies.

The consolidated financial statements of Alm. Brand A/S are prepared in accordance with the International Financial Reporting Standards as approved by the EU. With respect to recognition and measurement, the accounting policies of the parent company Alm. Brand A/S are identical to those described for the group, with the exception that:

Investments in subsidiaries are recognised and measured at the parent company's share of the subsidiaries' net asset value on the balance sheet date.

The 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.

BALANCE SHEET

DKKm	Note	Parent company 2005	2004
ASSETS			
Investments in group enterprises	1	4,749	3,591
Investments in associates	2	21	21
Total investments in group enterprises and associates		**4,770**	**3,612**
Equity investments		0	1
Other loans and advances		2	2
Deposits with credit institutions	3	125	150
Cash in hand and balances at call	4	26	32
Total other financial investment assets		**153**	**185**
Total investment assets		**4,923**	**3,797**
Receivables from group enterprises		5	0
Other receivables		21	17
Total receivables		**26**	**17**
Current tax assets		28	0
Deferred tax assets	5	24	587
Total other assets		**52**	**587**
Interest receivable	6	0	3
Total prepayments and accrued income		**0**	**3**
Total assets		**5,001**	**4,404**
LIABILITIES AND EQUITY			
Share capital		1,788	1,788
Retained earnings		2,666	1,955
Total shareholders' equity	7	**4,454**	**3,743**
Deferred tax liabilities	8	51	55
Other provisions		0	26
Total provisions		**51**	**81**
Payables to credit institutions		0	100
Payables to group enterprises		428	421
Other payables		68	59
Total payables		**496**	**580**
Total liabilities and equity		**5,001**	**4,404**
Contingent liabilities, guarantees and leases	9		
Staff costs	10		
Auditors' fees	11		
Related parties	12		
Transition to IFRS	13		

INCOME STATEMENT

		Parent company	
DKKm	**Note**	**2005**	2004
Income from group enterprises	14	789	537
Income from associates	15	1	1
Interest income and dividends, etc.	16	7	6
Value adjustments	17	1	0
Interest expenses	18	– 15	– 16
Administrative expenses related to investment activities	19	– 34	– 59
Total return on investments		**749**	469
Other ordinary income	20	0	25
Profit before tax		**749**	494
Tax	21	– 60	– 95
Profit for the year		**689**	399
Proposed allocation of profit:			
Retained earnings		689	399

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Retained earnings	Share-holders' equity
Shareholders' equity at 1 January 2005	**1,788**	**1,844**	**3,632**
Accounting policy changes:			
Equalisation provisions		63	63
Discounting of insurance contracts		50	50
Recognition of claims handling costs		– 142	– 142
Provisions for insurance contracts in respect of health and accident insurance		– 41	– 41
Employee benefits		– 47	– 47
Recognition of loans and advances		21	21
Amortisation of fees		– 5	– 5
Recognition of interest rate swaps at fair value		– 28	– 28
Fair value hedging of fixed-rate loans		14	14
Other changes		– 4	– 4
Total change in group enterprises		– 119	– 119
Deferred tax on contingency funds		– 55	– 55
Change of tax asset		285	285
Total accounting policy changes		**111**	**111**
Adjusted shareholders' equity at 1 January 2005	**1,788**	**1,955**	**3,743**
Profit for the year		689	689
Sale of treasury shares		22	22
Shareholders' equity at 31 December 2005	**1,788**	**2,666**	**4,454**

NOTES

DKKm	2005	2004
Note 1 Investments in group enterprises		
Cost, beginning of year	6,042	6,047
Disposals	0	– 5
Cost, year end	6,042	6,042
Revaluation and impairment, beginning of year	– 2,941	– 3,449
Dividend received	– 104	– 50
Disposals	0	5
Revaluation during the year	562	0
Profit for the year	700	515
Remission of loans, subsidiaries	173	29
Revaluation and impairment of treasury shares in subsidiaries	1	9
Revaluation and impairment, year end	– 1,609	– 2,941
Set off against receivables and capital base	316	490
Carrying amount, year end	**4,749**	**3,591**
Specification of carrying amount:		
Alm. Brand Bank A/S	1,087	842
Alm. Brand Forsikring A/S	3,219	2,388
Asgaard Finans A/S	0	0
Finansieringsselskabet Balder A/S	368	357
Finansieringsselskabet af 9/10 1992 A/S	75	4
	4,749	**3,591**
Note 2 Investments in associates		
Cost, beginning of year	60	60
Cost, year end	60	60
Revaluation and impairment, beginning of year	– 39	– 40
Dividend received	– 1	0
Profit for the year	1	1
Revaluation and impairment, year end	– 39	– 39
Carrying amount, year end	**21**	**21**
Specification of carrying amount:		
EDC-udvikling a/s, ownership interest 50%	21	21
	21	**21**
Note 3 Deposits with credit institutions		
Term deposits, Alm. Brand Bank	125	150
	125	**150**
Note 4 Cash in hand and balances at call		
Deposits held at call, Alm. Brand Bank	24	29
Escrow account, Alm. Brand Bank	2	1
Deposits, other banks	0	2
	26	**32**

DKKm	2005	2004
Note 5 Deferred tax assets		
Deferred tax on tax loss carried forward	2	35
Deferred tax on equipment	0	63
Deferred tax on goodwill	0	175
Deferred tax on loans and advances	0	62
Deferred tax on lease assets	0	175
Deferred tax on provisions	22	77
	24	**587**
Note 6 Interest receivable		
Interest receivable, Alm. Brand Bank	0	3
	0	**3**
Note 7 Shareholders' equity		
Share capital	1,788	1,788

The share capital consists of 22,350,000 shares of DKK 80 each.

DKKm	2005	2004	2003	2002	2001
Share capital, beginning of year	1,788	1,788	1,788	1,500	750
Capital increase	0	0	0	288	1,130
Capital reduction	0	0	0	0	– 380
Share capital, year end	**1,788**	**1,788**	**1,788**	**1,788**	**1,500**

The share capital represents the original financial figures for Alm. Brand A/S without adjustments for business combinations and mergers.

Reference is made to the statement of changes in equity on page 110.

DKKm	2005	2004
Solvency		
Tier 1 capital after deductions	4,430	3,330
Capital base and short-term supplementary capital after deductions	3,044	1,949
Weighted assets outside trading portfolio	3,443	2,387
Weighted assets subject to market risks, etc.	468	447
Total weighted assets	3,911	2,834
Tier 1 capital after deductions as a percentage of total weighted items	113.3%	117.5%
Solvency ratio in accordance with section 124(1) of the Danish Financial Business Act	77.9%	68.8%

Calculated in accordance with the executive order issued by the Danish Financial Supervisory Authority on capital adequacy rules for banks and certain credit institutions.

Treasury shares		
Carrying amount, beginning of year	0	0
Value adjustment	22	0
Sold during the year	– 22	0
Carrying amount, year end	**0**	**0**
Nominal value, beginning of year	34	34
Sold during the year	– 9	0
Nominal value, year end	25	34
Holding (number of shares), beginning of year	430,000	430,000
Sold during the year	– 118,628	0
Holding (number of shares), year end	311,372	430,000
Percentage of share capital, year end	1.4%	1.9%

DKKm	2005	2004

Note 8 Deferred tax liabilities

Deferred tax on contingency funds in group enterprises	51	55
Deferred tax on retaxation balance	0	0
	51	55

The company is liable to pay a possible tax amount in Denmark in respect of recaptured losses in foreign entities. The liability amounts to a maximum of DKK 325 million.

The amount will fall due for payment on taxation of future losses, divestment of the activities at a value that exceeds the carrying amount or if the foreign operations in question exit from the joint taxation group within ten years.

Note 9 Contingent liabilities, guarantees and leases

Guarantee commitments	461	447

In specific cases, Alm. Brand A/S has provided guarantees to third parties for subsidiaries' obligations deriving from their operating activities and has declared its intention to make cash funds available to cover ordinary operations in a number of subsidiaries.

Alm. Brand A/S has provided a guarantee to ILU (Institute of London Underwriters) covering contracts written on behalf of The Copenhagen Reinsurance Company (U.K.) Ltd. (Cop Re UK Ltd.), Copenhagen Re's UK subsidiary. The guarantee covers insurance contracts relating to Marine Aviation and Transport (MAT) written through ILU in the period from 3 April 1989 to 1 July 1997. The guarantee commitments are believed to materialise only in case of insolvency or any other situation preventing payment, including as a result of insufficient reserves, on the part of Cop Re UK Ltd.

Alm. Brand A/S has issued a guarantee commitment in respect of Pensionskassen under Alm. Brand af 1792 (pensionsafviklingskasse). Alm. Brand A/S has issued a commitment to pay any such ordinary and extraordinary contributions as may be determined in the pension scheme regulations or as agreed with the Danish Financial Supervisory Authority. In connection with the transfer, Alm. Brand af 1792 G/S provided a guarantee to Alm. Brand A/S in respect of these obligations.

Alm. Brand A/S is jointly and severally liable with the other jointly taxed and jointly registered group companies for the total tax liability of these companies.

Note 10 Staff costs

Salaries and wages	13	12
Pension	2	2
Payroll tax, etc.	1	1
	16	15
Average number of employees	6	5
Remuneration to the Board of Directors (DKK'000)	1,538	1,449
Remuneration to the Management Board (DKK'000)	10,304	8,404
	11,842	9,853

Remuneration includes the bonus earned in 2005, which will be paid in 2006.

Note 11 Auditors' fees (DKK'000)

Deloitte:		
Audit	309	296
Non-audit services	1,273	446
	1,582	742
KPMG C. Jespersen:		
Audit	0	353
Non-audit services	139	50
	139	403
Total fees	1,721	1,145

Note 12 Related parties

Related parties comprise:

a) Members of the company's Management Board and Board of Directors and their related family members.
b) Companies controlled by members of the Management Board or Board of Directors
c) Other companies in the Alm. Brand Group, and
d) Alm. Brand af 1792 fmba, which exercises a controlling influence on the company.

Related party transactions:

The Alm. Brand Group maintains cross-cutting functions that solve joint administrative tasks for the group's companies. The consideration paid for this administrative function is fixed on an arm's length basis or, where there is no specific market, on a cost-recovery basis.

Alm. Brand Bank is the Alm. Brand Group's primary banker. This involves the conclusion of a number of agreements between the company and the group's other enterprises, and a number of transactions are regularly made between the company and the rest of the group. All agreements and transactions between the company and the bank are made on an arm's length or cost-recovery basis in accordance with applicable legislation for intra-group transactions.

An agreement has been made on interest accruing on accounts between the bank and the other group companies on an arm's length basis.

Other than the above, no material intra-group transactions have taken place.

Note 13 Transition to IFRS

As stated in accounting policies, the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as approved by the EU (IFRS). Consequently, the accounting policies for the group have been changed in a number of areas.

Relative to the previously announced equity changes, in connection with the preparation of the annual report for 2005, figures for the recognition of loans and advances, etc. and discounting of outstanding claims provisions were changed as at 1 January 2004. The changes were caused by a re-assessment of the previously made estimates in connection with the initiatives to implement supportive systems and business procedures. As a result of the changed measurement of loans and advances, etc., equity at 1 January 2005 was increased by DKK 7 million, while the changed measurement of outstanding claims provisions increased equity at 1 January 2005 by DKK 18 million. In total, shareholders' equity at 1 January 2005 has been increased by DKK 25 million from DKK 3,718 million to DKK 3,743 million.

In addition, Pensionskassen under Alm. Brand A/S is recognised as a net investment, instead of being fully consolidated in the group. The change had no effect on shareholders' equity.

The financial impact from the transition to IAS/IFRS etc. is as follows:

Reconciliation of shareholders' equity at 31 December 2004 and results for 2004:

DKKm	Shareholders' equity 01/01/2004	Results 2004	Shareholders' equity 31/12/2004
2004 policies	**3,190**	**433**	**3,632**
Equalisation provisions	45	18	63
Discounting of insurance contracts	40	10	50
Recognition of claims handling costs	– 142	0	– 142
Provisions for insurance contracts in respect of health and accident insurance	– 27	– 14	– 41
Employee benefits	– 38	– 9	– 47
Recognition of loans and advances	26	– 5	21
Amortisation of fees	– 6	1	– 5
Recognition of interest rate swaps at fair value	– 37	9	– 28
Fair value hedging of fixed-rate loans	14	0	14
Other changes	– 4	0	– 4
Total change in group enterprises	– 129	10	– 119
Deferred tax on contingency funds	– 55	0	– 55
Change of tax asset	288	– 46	242
Tax effect of policy changes	41	2	43
IFRS policies	**3,335**	**399**	**3,743**

DKKm	2005	2004
Note 14 Income from group enterprises		
Alm. Brand Bank A/S	154	122
Alm. Brand Forsikring A/S	540	408
Asgaard Finans A/S	0	0
Finansieringsselskabet Balder A/S	11	– 19
Finansieringsselskabet af 9/10 1992 A/S	– 5	4
	700	515
The profit/loss is recognised in the following items:		
Income from group enterprises	789	537
Tax	– 89	– 22
	700	515
Note 15 Income from associates		
EDC-Udvikling a/s	1	1
	1	**1**
The profit/loss is recognised in the following items:		
Income from associates	1	1
Tax	0	0
	1	**1**
Note 16 Interest income and dividends, etc.		
Interest, Alm. Brand Bank	4	5
Other interest	3	1
	7	**6**
Note 17 Value adjustments		
Equity investments	1	0
	1	**0**
Note 18 Interest expenses		
Interest expenses, group enterprises	– 10	– 12
Other interest expenses	– 5	– 4
	– 15	**– 16**
Note 19 Administrative expenses related to investment activities		
Costs, group enterprises	– 18	– 20
Other costs	– 16	– 39
	– 34	**– 59**
Note 20 Other ordinary income		
Reversed provisions on loans	0	25
	0	**25**
Note 21 Tax		
Estimated tax on operating profit for the year	27	– 8
Adjustment of deferred tax	2	– 65
Share of estimated tax in group enterprises	– 89	– 22
	– 60	**– 95**
Effective tax rate		
Current tax rate	28.0%	30.0%
Adjustment of deferrd tax (30% to 28%)	4.9%	0.0%
Adjustment of deferred tax	– 1.0%	15.7%
Prior-year adjustment	0.8%	0.0%
Tax adjustments and adjustment of non-capitalised deferred tax	– 24.7%	– 26.5%
	8.0%	19.2%

FINANCIAL RATIOS

$$\text{Return on equity before tax} = \frac{\text{Profit before tax x 100}}{\text{(Shareholders' equity, beginning of year + Shareholders' equity, year end + Allocated for dividend, year end) / 2}}$$

$$\text{Return on equity after tax} = \frac{\text{Profit for the year x 100}}{\text{(Shareholders' equity, beginning of year + Shareholders' equity, year end + Allocated for dividend, year end) / 2}}$$

In the calculation of return on equity, consideration is made for capital increases in the year and any other equity entries to the effect that such changes are included on a pro-rata basis.

FINANCIAL RATIOS ALM BRAND A/S, PARENT COMPANY

$$\text{Net asset value per share} = \frac{\text{Shareholders' equity x 100}}{\text{Share capital, year end}}$$

$$\text{Earnings per share} = \frac{\text{Profit for the year x 100}}{\text{Share capital, year end}}$$

$$\text{Diluted earnings per share} = \frac{\text{Profit for the year x 100}}{\text{Share capital, year end}}$$

In the calculation of share capital at year end, consideration is made for any share options and warrants.

$$\text{Share price/net asset value} = \frac{\text{Share price}}{\text{Net asset value per share}}$$

FINANCIAL RATIOS, NON-LIFE INSURANCE

Key ratios for non-life insurance have been calculated in accordance with the executive order on financial reports presented by insurance companies and profession-specific pension funds:

$$\text{Gross claims ratio} = \frac{\text{Gross claims incurred x 100}}{\text{Gross premium income}}$$

$$\text{Gross expense ratio} = \frac{\text{Underwriting management expenses x 100}}{\text{Gross premium income}}$$

$$\text{Net reinsurance ratio} = \frac{\text{Profit/loss from business ceded x 100}}{\text{Gross premium income}}$$

$$\text{Combined ratio} = \frac{\text{(Gross claims incurred + Underwriting management expenses + Profit/loss from business ceded) x 100}}{\text{Gross premium income}}$$

$$\text{Operating ratio} = \frac{\text{(Gross claims incurred + Underwriting management expenses + Profit/loss from business ceded) x 100}}{\text{Gross premium income + Investment return on insurance business}}$$

Gross premiums are adjusted to reflect bonus payments and premium rebates.

FINANCIAL RATIOS, BANKING

Key ratios for non-life insurance have been calculated in accordance with the executive order on the preparation of financial reports presented by credit institutions and investment companies, etc.:

$$\text{Interest margin} = \frac{\text{Net interest income}}{\text{Average interest-bearing assets} - \text{Average interest-bearing liabilities}}$$

$$\text{Impairment ratio for the year} = \frac{\text{Impairment for the year x 100}}{\text{Loans and advances + guarantees + impairment}}$$

$$\text{Income/cost ratio} = \frac{\text{Income}}{\text{Costs}}$$

FINANCIAL RATIOS, LIFE INSURANCE

Key ratios for life insurance have been calculated in accordance with the executive order on financial reports presented by insurance companies and profession-specific pension funds.

DIRECTORSHIPS

BOARD OF DIRECTORS

CHRISTIAN N.B. ULRICH, Chairman

Chairman of the Board of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

Member of the Board of Directors of:
Agroinvest A/S

JØRGEN H. MIKKELSEN, Deputy Chairman

Deputy Chairman of the Board of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

Chairman of the Board of Directors of:
DPL Invest A/S
(Investeringsselskabet for Dansk Primær Landbrug)
Ø.A. Byggecenter A/S
Agro Discount A/S
ØA Fyn A/S
Østsjællands Andel amba

Member of the Board of Directors of:
Hesselbjerg Agro A/S
KRAM Madservice A/S
Slovakian Farm Invest A/S
Den Lokale Andel amba

MICHAEL FIORINI, Board member

Member of the Board of Directors of:
Alm. Brand A/S

Directorships outside the Alm. Brand Group

Chairman of the Board of Directors of:
Rambøll Group A/S
Vækstfonden

Member of the Board of Directors of:
Ecco Sko A/S
DMsave A/S
Fondsmæglerselskabet Investering & Tryghed A/S
Unimerco Group A/S
Unimerco A/S
Vesterhavet A/S
J. Lauritzen Fondet

BORIS NØRGAARD KJELDSEN, Board member

Member of the Board of Directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

Chief General Manager of:
DADES A/S

General Manager of:
Det Danske Ejendoms Selskab af 1990 A/S
DAVISTA Komplementarselskab A/S

Chairman of the Board of Directors of:
Sigvald Madsen Holding A/S
Breinholt Consulting A/S
Breinholt Invest A/S
Det Danske Ejendoms Selskab af 1990 A/S
DATEA A/S
Sigvald Madsen Aktieselskab, Håndværkerfirma

Deputy Chairman of the Board af Directors of:
Kemp & Lauritzen A/S

Member of the Board of Directors of:
DAVISTA Komplementarselskab A/S
Benny Johansen & Sønner A/S

NIELS KOFOED, Board member

Member of the Board of Directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

General Manager of:
EDC-Mæglerne Kofoed & Mikkelsen A/S

Member of the Board of Directors of:
EDC-Mæglerne Kofoed & Mikkelsen A/S

JØRGEN S. LARSEN, Board member

Member of the Board af Directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

Chairman of the Board of Directors of:
NETSAM A/S

Member of the Board af Directors of:
TRE-FOR Entreprise A/S

DIRECTORSHIPS

MANAGEMENT BOARD

SØREN BOE MORTENSEN, Chief Executive

Chief Executive Officer of:
Alm. Brand A/S
Alm. Brand af 1792 fmba

General Manager of:
Alm. Brand Invest II A/S
Alm. Brand Holding II A/S
Alm. Brand Rejseforsikring A/S

Chairman of the Board of Directors of:
Alm. Brand Forsikring A/S
A/S Det Kjøbenhavnske Reassurance-Compagni
Finansieringsselskabet Balder A/S
Asgaard Finans A/S
Finansieringsselskabet af 9/10 1992 A/S
Alm. Brand Service ApS

Deputy Chairman of the Board of Directors of:
Alm. Brand Pantebreve A/S
Alm. Brand Formue A/S

Member of the Board of Directors of:
Alm. Brand Invest II A/S
Alm. Brand Holding II A/S
Alm. Brand Rejseforsikring A/S
Alm. Brand Præmieservice A/S
Alm. Brand Ejendomsinvest A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Member of the Board of Directors appointed by the Management Board:
Pensionskassen under Alm. Brand A/S

Directorships outside the Alm. Brand Group

Deputy Chairman of the Board of Directors of:
Forsikringsakademiet A/S

Member of the Board of Directors of:
Forsikring og Pension

HENRIK NORDAM, Deputy Chief Executive Officer

Chief Executive Officer of:
Alm. Brand Bank A/S

Deputy Chief Executive Officer of:
Alm. Brand A/S

General Manager of:
Asgaard Finans A/S

Chairman of the Board of Directors of:
Alm. Brand Bilkredit A/S
Alm. Brand Ejendomsinvest A/S
Alm. Brand Formue A/S
Alm. Brand Holding II A/S
Alm. Brand Invest II A/S
Alm. Brand Leasing A/S
Alm. Brand Pantebreve A/S
Alm. Brand Præmieservice A/S
Alm. Brand Rejseforsikring A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S
Henton Børsmæglerselskab A/S

Member of the Board of Directors of:
Alm. Brand Forsikring A/S
A/S Det Kjøbenhavnske Reassurance-Compagni
Alm. Brand Service ApS
Asgaard Finans A/S
Finansieringsselskabet af 9/10 1992 A/S
Finansieringsselskabet Balder A/S

SENIOR EXECUTIVES

Frank Abel	Regional Manager
Anne Mette Barfod	Chief Executive, Copenhagen Re
Henrik Gundorph	Executive Vice President, Human Resources
Kaj Jensen	Regional Manager
Lars Lysdal Jensen	IT Manager
Ole Joachim Jensen	Chief Financial Officer
Claus Th. Jespersen	Chief Executive, Company Secretary
Jens-Peter Pedersen	Regional Manager
Peter Reedtz	Managing Director, Alm. Brand Bank
Birger Schønfeld	Regional Manager
Bjarne Schønfeld	Regional Manager
Mikael Sundby	Chief Executive, Alm. Brand Liv og Pension
Christian Heick Sørensen	Executive Vice President, Marketing
Jesper Mørch Sørensen	Chief Executive, Alm. Brand Forsikring
Torsten Aa. Juel	Chief Executive, Alm. Brand Bilkredit and Alm. Brand Leasing

GROUP COMPANIES

DKKm	Activity	Profit/loss for the year	Shareholders' equity at year-end	Share of owner-ship
PARENT COMPANY				
Alm. Brand A/S, Copenhagen	Holding	689	4,454	
NON-LIFE INSURANCE				
Alm. Brand Forsikring A/S, Copenhagen	Insurance	540	3,219	100%
Alm. Brand Rejseforsikring A/S, Copenhagen	Insurance	0	9	100%
Alm. Brand Service ApS, Copenhagen	IT operation and development	– 6	47	100%
LIFE INSURANCE				
Forsikringsselskabet Alm. Brand Liv og Pension A/S, Copenhagen	Insurance	267	1,280	100%
Alm. Brand Ejendomsinvest A/S, Copenhagen	Real property	105	999	100%
Alm. Brand Præmieservice A/S, Copenhagen	Financing	0	1	100%
REINSURANCE				
A/S Det Kjøbenhavnske Reassurance-Compagni, Copenhagen	Insurance	34	140	100%
The Copenhagen Reinsurance Company, (U.K.) Ltd., London	Insurance	– 5	469	100%
The Copenhagen Reinsurance Services, (U.K.) Ltd., London	Administration	1	12	100%
BANKING AND FINANCE				
Alm. Brand Bank A/S, Copenhagen	Banking	156	1,089	100%
Alm. Brand Bilkredit A/S, Kgs, Lyngby	Car financing	23	97	100%
Alm. Brand Pantebreve A/S, Copenhagen	Investment	6	130	40.1%
Alm. Brand Leasing A/S, Kgs, Lyngby	Leasing	– 9	216	100%
Alm. Brand Formue A/S, Copenhagen	Investment	122	506	20.5%
Henton Børsmæglerselskab A/S	Stockbroking	3	19	100%
HOLDING				
Alm. Brand Holding II A/S, Copenhagen	Holding	12	1,205	100%
OTHER COMPANIES				
Alm. Brand Invest II A/S, Copenhagen	Investment	0	1	100%
Finansieringsselskabet Balder A/S, Copenhagen	Financing	11	368	100%
Finansieringsselskabet af 9/10 1992 A/S, Copenhagen	Financing	– 5	75	100%
Asgaard Finans A/S, Copenhagen	Holding	173	– 316	100%
Europort Ltd, (Gibraltar), Copenhagen	Currently dormant	3	95	100%
ASSOCIATED COMPANIES				
EDC-udvikling a/s	Sales co-operation	1	41	50%

"Share of ownership" indicates Alm. Brand A/S' direct or indirect ownership interests.

ADDRESSES

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Alm. Brand Sønderborg
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Bank Phone +45 73 12 32 70

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Bank Phone +45 76 40 22 70

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Alm. Brand Aalborg
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