ALM. BRAND A/S · MIDTERMOLEN 7 · DK-2100 COPENHAGEN Ø · REGISTRATION (CVR) NO. 77 33 35 17

ALM. BRAND A/S

ANNUAL REPORT 2008



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COMPANY INFORMATION

BOARD OF DIRECTORS



Henning Kaffka
Employee representative
Born 1965
Member of the Board
since 2006

Boris N. Kjeldsen*
Born 1959
Member of the Board
since 2003

Henrik Stenbjerre
Born 1940
Member of the Board
since 2006

Christian N.B. Ulrich*
Chairman
Born 1939
Member of the Board
since 1991

Jørgen S. Larsen*
Born 1949
Member of the Board
since 1996

Jørgen H. Mikkelsen*
Deputy Chairman
Born 1954
Member of the Board
since 1994

Lone Clausen
Employee representative
Born 1955
Member of the Board
since 1998

Susanne Larsen
Employee representative
Born 1964
Member of the Board
since 2006

Niels Kofoed*
Born 1962
Member of the Board
since 2000

* Elected by the principal shareholder



Chief Executive
Søren Boe Mortensen
Joined Alm. Brand in 1987
Appointed to the Management Board in 1998
Chief Executive since December 2001
Born 1955



Deputy Chief Executive
Henrik Nordam
Joined Alm. Brand in 1986
Appointed to the Management Board on 1 January 2000
Deputy Chief Executive since December 2001
(Chief Executive of Alm. Brand Bank)
Born 1951

AUDITORS
Deloitte,
Statsautoriseret Revisionsaktieselskab

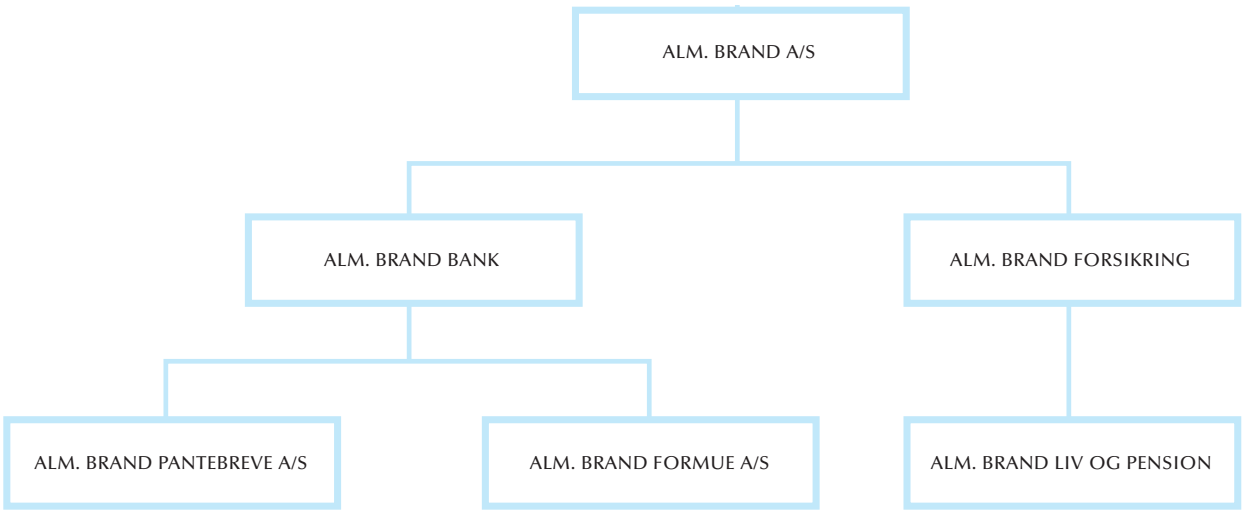
REGISTRATION
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Company reg. (CVR) no. 77333517

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GROUP STRUCTURE

The Alm. Brand A/S Group 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 in the ordinary course of its operations.



THE ALM. BRAND A/S GROUP ACTIVITIES AND IDEA

Activities
Alm. Brand A/S is a Danish financial services group consisting of a listed holding company and a number of commercial subsidiaries. The group's activities comprise non-life insurance, banking and life and pension insurance. In addition, the group operates an investment business as a natural part of its ordinary operations.

Idea and vision
Alm. Brand aims to be a one-stop-shop covering the full range of its customers' financial needs and offering high-quality products and services.

Based on the vision "We take care of our customers", the group strives to ensure a high degree of customer satisfaction. Combined with significant premium savings offered to customers who consolidate all their financial business with the group, this approach ensures a high degree of customer loyalty. This is crucial to the group's profitability.

Customers
The group's core customers in all three business areas are private and agricultural customers as well as small and medium-sized businesses.

The group's loyalty-enhancing multi-product customer concept is developing favourably, and today the group has more than 25,000 multi-product customers. Surveys show that these customers are very satisfied and loyal and that they source most of their new financial services products from the group.

Distribution
Alm. Brand distributes its products through a number of shared distribution channels across all business areas. This approach supports the group's cross-sales strategy and the overall service provided to customers.

The group is divided into five geographical regions, each headed by a regional manager who has overall sales and service responsibility. Distribution is effected through 35 branch offices and stores across Denmark and through other channels. Sales and service are further supported by centralised customer service centres and through the group's website. The overall sales force counts some 600 employees, including 300 insurance agents.

The group's sales are supported by new sales and IT systems, which are expected to give the group a competitive edge in the future.

The group markets its products and services for each individual business area and for the group as a whole, thereby achieving economies of scale and increased brand awareness.

Investments
The Alm. Brand Group pursues a conservative investment strategy in all three business areas. Accordingly, the group has placed the majority of its investments in short-duration Danish government and mortgage bonds. The group has concluded an asset management agreement with Alm. Brand Bank A/S.

FINANCIAL HIGHLIGHTS AND KEY RATIOS FOR ALM. BRAND A/S

	DKKm	2008	2007	2006	2005	2004
GROUP	**Income**					
	Non-life insurance	4,769	4,578	4,279	4,079	4,143
	Banking	1,718	1,444	980	786	689
	Life insurance	747	750	736	747	723
	Copenhagen Re	14	17	11	37	29
	Investments etc.	928	932	849	840	855
	Total income	**8,176**	**7,721**	**6,855**	**6,489**	**6,439**
	Profit/loss excluding minority interests					
	Non-life insurance	262	647	724	375	354
	Banking	– 532	196	167	222	126
	Life insurance	43	104	81	144	71
	Copenhagen Re	286	71	60	38	3
	Other activities	– 15	– 32	– 26	– 32	– 62
	Profit before tax	**44**	**986**	**1,006**	**747**	**492**
	Tax	– 73	– 281	– 195	– 56	– 95
	Profit/loss after tax	**– 29**	**705**	**811**	**688**	**397**
	Consolidated profit/loss					
	Consolidated profit/loss before tax	**– 164**	**980**	**1,037**	**852**	**540**
	Tax	– 53	– 266	– 190	– 56	– 99
	Consolidated profit/loss after tax	**– 217**	**714**	**847**	**796**	**441**
	Total provisions for insurance contracts	17,714	18,331	18,718	19,193	17,932
	Consolidated shareholders' equity	4,800	5,446	5,432	4,935	4,074
	Share attributable to minority interests	282	504	520	474	323
	Total assets	45,777	47,886	42,992	42,550	36,262
	Average no. of employees	1,898	1,862	1,718	1,625	1,567
	Return on equity before tax	0.9%	18.0%	20.0%	18.9%	14.0%
	Return on equity after tax	– 0.6%	13.1%	16.3%	17.7%	11.5%
PARENT COMPANY	**Profit/loss before tax**	**– 36**	**694**	**783**	**660**	**472**
	Tax	9	12	24	29	– 73
	Profit/loss after tax	**– 27**	**706**	**807**	**689**	**399**
	Total assets	4,776	5,065	5,531	5,001	4,404
	Total investment assets	4,700	4,991	5,459	4,923	3,797
	Share capital	1,476	1,668	1,788	1,788	1,788
	Shareholders' equity	4,510	4,932	4,901	4,454	3,743
	Payables	220	87	579	496	579
	Return on equity before tax*	1.0%	20.1%	21.5%	18.3%	14.1%
	Return on equity after tax*	– 0.6%	14.3%	17.3%	16.8%	11.2%
	Earnings per share of DKK 80	– 2	35	37	31	18
	Diluted earnings per share of DKK 80	– 2	35	37	31	18
	Net asset value per share of DKK 80	264	260	234	199	168
	Share price at 31 December	69	286	400	267	208
	Price/NAV	0.26	1.10	1.71	1.34	1.24
	No. of shares at year-end (in thousands)	17,073	18,966	20,929	22,030	21,911
	Average no. of shares (in thousands)	17,971	20,182	21,644	21,987	21,882
	No. of shares bought back (in thousands)**	2,133	1,981	1,452		
	Average price of shares bought back, DKK**	186	328	344		
	Total pay-out ratio**	30%	14%	6%		

** Return on equity in the parent company is calculated before tax in subsidiaries.*

*** Measured at the expiry date of the share buyback programme at 31 January 2009.*

ALM. BRAND A/S 2008 - AN OVERVIEW

Performance
The Alm. Brand A/S Group posted a profit of DKK 44 million before tax in 2008. The performance was not satisfactory but in line with the most recent guidance.

The performance was attributable to the severe and sudden economic slowdown in the financial markets, which resulted in substantial losses on investment assets, particularly in the form of losses on mortgage bonds and other interest-bearing assets, and led to large losses and writedowns on the bank's portfolio of loans and advances, especially on property and security-related lending.

In addition, higher average building and house contents claims in the private customer segment and many major claims in the agricultural segment caused the group's non-life insurance performance to fall somewhat short of the guidance provided at the beginning of 2008. However, due to an improved investment result, the performance was stronger than anticipated in the most recent forecast.

Falling equity markets also had the effect that the group was unable to book any risk premium from its life insurance operations and, accordingly, the performance of the life insurance company was not satisfactory either. The lack of return was transferred to the shadow account for recognition at a later date.

As a result of the unsatisfactory performance, the group has launched a number of activities to enhance its financial results and lower its risk exposure. These activities include a reduction of the bank's lending portfolio in terms of size and risk, price increases on the group's banking and insurance products where necessary, and a number of cost-saving measures. In addition, the group will adjust its growth targets to the new economic setting.

Share buyback programme
Alm. Brand's share buyback programme of DKK 400 million was largely completed, with only DKK 4 million of the 2008 programme still outstanding. Accordingly, treasury shares worth a total of DKK 396 million were bought back in 2008.

Business
The group's non-life insurance operations generated a profit of DKK 262 million. The less than satisfactory performance was attributable to higher claims expenses as a result of higher prices on building repair work, more valuable house contents and a higher frequency of housebreaking. In addition, the number of major claims in the agricultural segment rose significantly. This brought the combined ratio to 96.5. As a result of these developments, the group will increase premiums in a number of areas and tighten its conditions in a combined move.

The bank recorded a loss of DK 532 million. The unsatisfactory performance was attributable to the economic downturn and the resulting need to recognise substantial impairment losses, capital losses and growing funding costs. As a result of the difficult market conditions, the bank adjusted its strategy by lowering its risk exposure and reducing its portfolio of loans and advances. Concurrently, the bank lowered the risk on its investment assets, including the exposure to subsidiaries, and reduced its costs. Moreover, the bank will continue to increase the interest margin to the extent possible.

In the fourth quarter of 2008, the bank received subordinated loan capital in the amount of DKK 550 million from the parent company.

The bank expects to apply for injection of hybrid tier 1 capital under the second bank package corresponding to an amount of just over DKK 900 million.



The group's life insurance operations generated a profit of DKK 43 million, which was an improvement relative to the most recent profit guidance of DKK 25 million. This improvement was attributable to falling interest rates and the resulting capital gains on the company's equity. The company's shadow account stood at DKK 81 million at 31 December 2008. As a result of a DKK 300 million capital injection from the parent company, the company was able to retain its investment assets and refrain from selling at low prices. Due to falling equity prices in 2008, the group applied the bonus potential on paid-up policies. However, the amount was relatively moderate as compared with the opportunities gained, and the company's transfer and surrender charge was 3.0% at 31 December 2008.

The profit from the group's other activities, including corporate expenses and reinsurance activities in run-off, amounted to DKK 271 million before tax against the forecast of DKK 75 million. The highly satisfactory results were attributable to a significantly better than expected performance by the reinsurance company's commutation activities.

Group

Return on equity before tax was 1%. Earnings per share were negative at DKK 2, and the share price was DKK 69 at 31 December 2008, corresponding to 26% of the net asset value of 264.

The group's total income amounted to DKK 8 billion.

Outlook

The group expects to generate an overall profit before losses, writedowns and tax of DKK 400 million in 2009.

The profit from non-life operations is expected to total DKK 300 million before tax. The combined ratio is expected to be 96. The outlook is influenced by the high claims ratio and by the fact that the initiatives launched to enhance the company's financial results will not take full effect until year-end 2010.

The profit from banking operations is expected to total DKK 50 million before losses and writedowns. As a result of the general economic conditions in Denmark and internationally, the forecast level of losses and writedowns is subject to significant uncertainty. Therefore, the forecast for the bank's financial results in 2009 is announced before losses and writedowns.

The profit from life insurance operations is expected to amount to DKK 50 million. The life insurance company does not expect to be able to book any risk premium in 2009 either.

Other activities are expected to generate a break-even result.

The group's total income is expected to be DKK 8 billion.

No material events have occurred during the period from 1 January 2009 until the date the financial statements were signed which would be of material importance for the financial statements.



THE PLATFORM FOR ENHANCED PROFITABILITY IS IN PLACE

The Alm. Brand Group was off to a good start in 2008. The group was on the right track to achieving Alm. Brand's five strategic goals, and optimism bloomed. Later in the year, we witnessed the onset of a financial storm, which hardly requires further presentation.

In more than one way, the year 2008 was the epitome of an annus horribilis. Alm. Brand was compelled to downgrade its profit forecast three times last year as the global economic crisis escalated. The year 2008 placed heavy demands not only on Alm. Brand's ability to adapt but also on most other businesses in the financial sector and elsewhere.

It is important to emphasise that Alm. Brand builds on a strong foundation, in terms of capital, employees and customers, which forms the bedrock of the group's future growth and sustained attainment of Alm. Brand's strategy. Nonetheless, we are neither satisfied with our 2008 performance nor, speaking on behalf of our shareholders, with the price performance of the company's shares throughout 2008.

Strategy and risk

The current market conditions require an adjustment of Alm. Brand's growth targets. Market conditions have changed drastically since the group defined its targets in 2005. Of course I am thinking especially of 2008. Against this backdrop, Alm. Brand's pension and insurance activities are expected to see weaker growth in the next couple of years, although we retain our expectations of generating real growth. As far as Alm. Brand Bank is concerned, we are making a dedicated effort to reduce the bank's lending portfolio.

In 2008, we were able to document satisfactory results from our multi-product customer concept (the *dobbelt*KUNDE concept). This concept supports the group's overall business activities and aims to enhance customer loyalty and increase the number of products sourced by each individual customer. In addition, the concept contributes to achieving our customer satisfaction targets. Out of our some 500,000 customers, measured in terms of households, just over 25,000 are today multi-product customers, an increase of almost 20% on 2007. We enjoy a sustained increase in the number of multi-product customers and make a dedicated effort to leverage on this business potential.

Alm. Brand pursues a cautious risk policy in terms of the group's portfolio investments, characterised, for example, by underweighting equities. Alm. Brand has had no direct or indirect exposure to the US sub-prime market. However, the group has incurred a number of losses as a result of the surprisingly large capital losses on Danish mortgage bonds, price falls on investment properties and the general effects of the economic downturn.

Alm. Brand's activities

In 2008, we launched a number of far-reaching initiatives to strengthen the group's platform for profitable growth going forward. We completed the implementation of a new, comprehensive customer and administrative system for our insurance operations to the effect that, today, the group's IT system is based on a user-friendly and up-to-date system. The new IT system is expected to enhance case processing productivity, thereby over time contributing to reducing Alm. Brand's expense ratio. In addition, we launched a number of cost-reducing initiatives, which, among other things, led to a staff reduction of approximately 5%. Accordingly, the number of employees today reflects the general decline in the level of activity in our industry.

Growth in non-life insurance remained strong in 2008, although the increase in our market share was more subdued as compared with recent years due to reduced customer mobility. Our non-life insurance operations were adversely affected by an impaired claims experience, attributable in particular to major claims in the agricultural segment and rising average claims on building and household comprehensive insurance. However, Alm. Brand has launched initiatives in the form of relevant premium increases and enhanced price/risk

monitoring. Finally, centralisation of selected decisions within our non-life activities entailed enhanced efficiency, optimised claims monitoring and improved customer service. Our targeted focus on costs in 2008 resulted in a reduced expense ratio, which supports our ambition that the non-life business should be one of the most profitable in the Danish insurance industry in terms of combined ratio.

Alm. Brand Bank plays a key role in our multi-product customer concept. As the rest of the banking sector, Alm. Brand Bank was adversely impacted by a number of external factors. The bank was negatively affected by expensive external financing as a result of the general shortage of capital in society, a squeezed interest margin, impaired payment ability among the bank's lending customers, particularly within commercial construction and investment portfolio financing, and a decline in the value of the bank's security in these types of assets as 2008 wore on. In 2008, the bank took steps to introduce very strict monitoring of selected lending commitments and to wind up commitments in a controlled process in situations where this would be deemed to be in the bank's interest. As a result, Alm. Brand Bank expects to reduce its lending portfolio in 2009 relative to 2008. In addition, the bank will primarily support the Alm. Brand multi-product customer concept going forward. Because Alm. Brand Bank is part of a strong financial services group, and because around half of its external funding is secured until 2012, the bank is well positioned to fill this role.

In 2008, Alm. Brand's life insurance operations were adversely affected by developments in the securities markets, albeit recording a relatively smaller reduction of the value of its securities portfolio than some of its peers as a result of its conservative investment strategy with a relatively moderate exposure to equities. On this basis, the company was able to maintain a positive earnings performance.

The group's reinsurance activities in run-off significantly outperformed expectations. Moreover, the company's risk exposure was substantially reduced.

The years ahead

As I mentioned earlier, Alm. Brand builds on a strong foundation providing an excellent platform for future growth and attainment of the targets we have defined. Alm. Brand's group of owners is dominated by a financially strong principal shareholder which supports the group's long-term strategy. This makes Alm. Brand resilient to the current global economic downturn. In addition, our competent employees, new and future-orientated IT systems and multi-product customer concept seem to give us a competitive edge in a very competitive industry characterised by low customer loyalty. Finally, our customer satisfaction surveys of the insurance industry show that Alm. Brand's customers are some of the most satisfied customers in the financial sector.

We are holding the course we charted when we defined our strategy in 2005. We will use these difficult times for the global economy to trim our business and position our company strongly in relation to our customers and the competition until normalised market conditions enable us to reap the full benefits of our up-to-date business setup at some point in the future. In 2009, we will commission our new IT platform and implement the business adjustments launched in our non-life business and in Alm. Brand Bank. From 2010, we will be able to reap the fruits of these initiatives for the benefit of our shareholders, customers and employees.



Søren Boe Mortensen
Chief Executive

FOLLOW-UP ON OUR GOALS

THE ALM. BRAND GROUP'S GOALS GOING FORWARD TO 2010

Return on equity: 10% plus CIBOR(3)

Generating reasonable equity returns is an important criterion for success at Alm. Brand. The goal is defined as an average goal seen over an economic cycle.

Since 2003, the group has generated an average return of 14%, which is in excess of the goal defined. The group has successfully achieved this while investing substantial amounts in developing its business, including in new IT systems.

Nevertheless, the return generated in 2008 was not satisfactory. We have launched a number of initiatives, including price increases, risk adjustments and cost-savings, in order to improve our bottom-line performance and return.

Growth: 50% from 2005 to 2010

In 2005, Alm. Brand defined a number of ambitious growth targets for its business in order to win back market share and, by extension, achieve corresponding economies of scale.

Up to and including 2008, this target was achieved, and the group has generated growth in all business areas.

The drastic change in economic conditions in Denmark in 2008 caused a noticeable decline in customer mobility in the insurance industry and a sharp increase in the risk inherent in banking activities. As a result, the group has adjusted its growth targets to reflect the new economic reality.

Accordingly, the group expects continued, albeit weaker, growth in its non-life and pension operations, whereas the bank will adapt to the new economic conditions and trim and focus its portfolio accordingly.

Image: Among the top two in the industry

The group's corporate image is measured among non-customers of insurance companies throughout the year. Alm. Brand has the fourth best image and is thus still some way from its target.

A company's corporate image is an essential means of attracting new customers and employees. At the same time, surveys indicate that existing customers and employees also become more loyal and satisfied when the company has a good image.

The group's corporate image has been constant throughout the period. At the same time, peer group companies have seen their image deteriorate. Accordingly, the group is approaching its target, although not in the way expected or intended. However, Alm. Brand has been able to retain its corporate image in an otherwise negative setting, thereby improving its image by relative standards.

The group's efforts to enhance its corporate image continue and include planning a new marketing campaign, while strengthening communication with the general public and its customers. The goal is to increase awareness about the group's vision of taking care of its customers and to ensure that non-customers perceive the Alm. Brand Group as positively as the group's customers do, and they are very satisfied with the company.

Customer satisfaction: 90% satisfied, 50% very satisfied

Customer satisfaction is the ultimate criterion of success for a service provider such as Alm. Brand. Satisfied customers are loyal customers, who source more products and are the best ambassadors for our business. Since 2005, Alm. Brand has made targeted efforts to ensure customer satisfaction. These efforts have been successful; satisfaction rates have risen year by year and are approaching the 2010 target.

Accordingly, the most recent survey shows that 83% of customers are satisfied with Alm. Brand, while 48% are very satisfied.

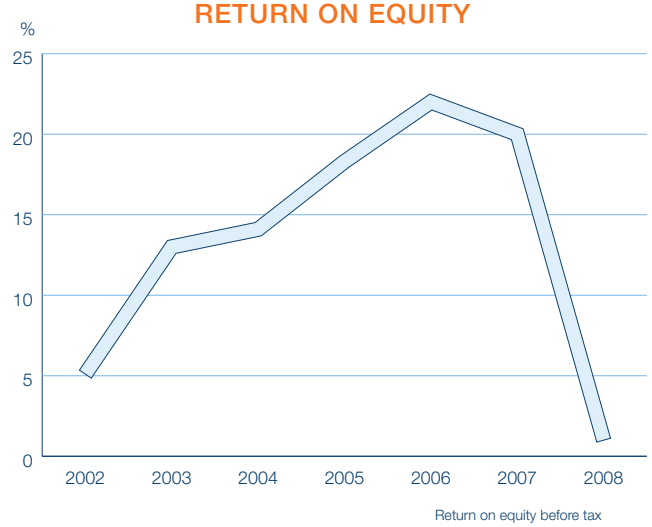
Employee satisfaction: 90% satisfied, 50% very satisfied

Satisfied employees are a prerequisite for satisfied customers. Satisfied employees provide better service and advice. At the same time, satisfaction has a spill-over effect; it rubs off on colleagues, customers and the employees' relations outside their workplace. We therefore give a high priority to employee satisfaction.

Our efforts have been successful: In 2008, 93% of our employees were satisfied or very satisfied with working at Alm. Brand, which is considered to be a high and very satisfactory rate. The results were achieved in spite of a very difficult year with many negative announcements about cost-savings, weak financial performance and implementation of new systems.

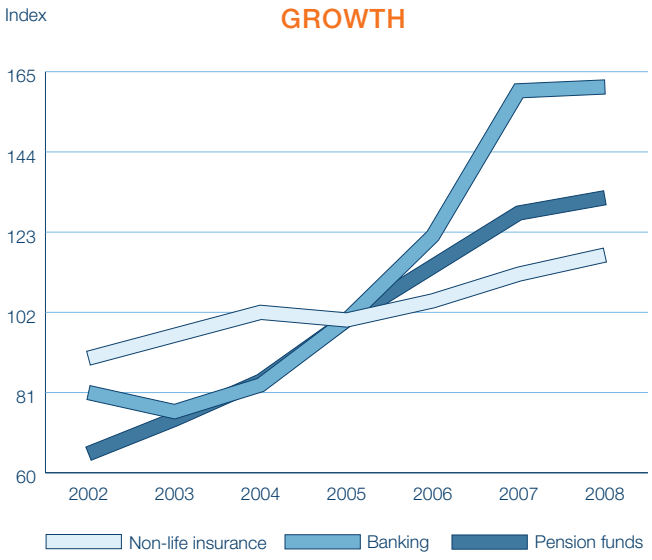
In order to retain this high rate, the group intends to continue its intensive efforts to secure high customer satisfaction, including by refocusing on management development and involving its employees in planning and performing tasks.

RETURN ON EQUITY



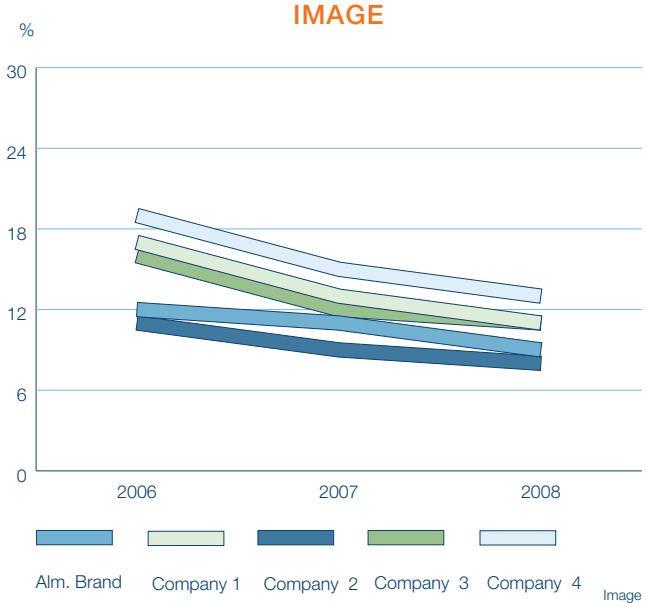
Return on equity before tax

GROWTH



Growth in the group

IMAGE



Image

CUSTOMER SATISFACTION



Customer satisfaction

EMPLOYEE SATISFACTION



Employee satisfaction



NON-LIFE INSURANCE

Alm. Brand Forsikring A/S is the fourth largest non-life insurer in Denmark with an estimated market share of 10%. The non-life activities, which are nationwide, comprise the private, commercial and agricultural segments. The company offers just about every type of insurance policy within the selected segments, and we are focused on customers with "ordinary common sense".

MARKET

Private customers

In spite of recent years' decent growth and continued investments in distribution, growth in the group's non-life activities subsided, particularly towards the end of 2008, due to the general economic slowdown and gloomy atmosphere, which resulted in reduced customer mobility. However, the growth rate of the non-life business is estimated to be higher than the growth rates generated by Alm. Brand's peers.

Primarily in the last three months of the year, the propensity of customers (existing and prospective) to change insurer declined significantly due, among other things, to a fall in the number of change-over situations (car and home purchases). The business partnership with the EDC chain of estate agents continued to generate an inflow of new customers, although this inflow declined substantially over the year as a result of the slowdown in the housing market.

In mid-2008, the company's household comprehensive insurance was adjusted in terms of price and scope, and at year-end 2008 the company adjusted its building insurance as well. New and significantly more segmented pricing is intended to ensure that Alm. Brand remains competitive in respect of the most attractive customers.

Commercial customers

The target group of the company's commercial segment consists of small and medium-sized businesses, a few major commercial customer groups, particularly local authorities, and agricultural customers ranging from hobby farmers and full-time commercial farmers to specialist farmers and large estates and manors.

Alm. Brand's many insurance agents enable the company to attract the desired customer segments and provide qualified advice and to maintain an ongoing dialogue about risk factors and insurance.

Alm. Brand has also positioned itself in the large customer segment, where insurance policies for the public sector in particular have become increasingly important to the company's commercial portfolio.

In spite of highly competitive market conditions within commercial insurance, it is estimated that Alm. Brand won market share in 2008.

Alm. Brand has a leading position as an insurance provider to Danish agriculture with an estimated market share of more than 30%. The company estimates that this market share increased in 2008.

In 2008, the agricultural market continued the structural changes implying a reduction of the number of farms in favour of fewer but larger and more specialised units.

In the second half of 2008, the financial crisis adversely affected the agricultural sector. As a result, access to funding for agricultural investments deteriorated, leading to an abrupt slowdown in the ongoing structural changes. Accordingly, the transactions completed were primarily family-related, whereas the number of other transactions was very limited, especially in the second half of the year.

Concurrently with the slowdown in the number of property transactions, investments in equipment and expansions declined in number. In addition to the financial crisis, the reason is the slow process of obtaining environmental approvals for new stables and expansion of livestock breeding following the establishment of the new administrative regions in Denmark. The overall slowdown in agricultural investments had an adverse impact on Alm. Brand's opportunities for retaining growth momentum in this area.

Competition is expected to intensify further in 2009. Alm. Brand will stay focused on identifying the desired customer segments and offering insurance solutions that meet customer requirements and fulfil Alm. Brand's risk management objective.

In general, the effects of the financial crisis on Danish trade and industry in the form of a slowdown in investments and expansions will translate into an impaired demand for insurance and reduced customer mobility relative to previous years.

GOALS

We aim to have satisfied and loyal customers with whom we can develop long-term business relationships. Our vision of taking care of our customers implies focus on providing quality in our advice and services and on facilitating fast and fair claims handling.

Return

The non-life activities should generate a pre-tax return on equity of at least the money market rate plus 18 percentage points. The return on equity was 15% in 2008. In order to ensure a higher return, the company has launched measures to increase premiums, adjust conditions and save costs.

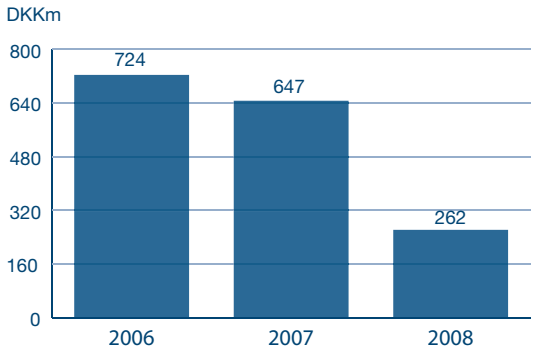
Growth

The goal is for non-life gross premium income to grow by 50% to DKK 5.8 billion by 31 December 2010. Until 2008, the growth performance was according to plan. However, as a result of the financial crisis, rising claims expenses and reduced customer mobility, due, among other things, to reduced spending, the company does not expect to achieve the growth target within the strategy period.

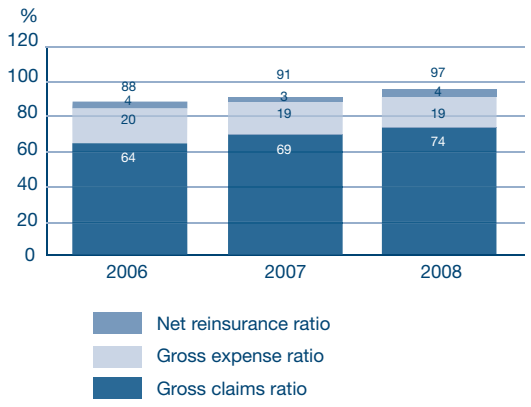
Satisfaction

Like for the group as a whole, our goal is to have 90% satisfied and 50% very satisfied customers. In 2008, non-life customer satisfaction was on a par with 2007, with 87% of customers being satisfied and 53% being very satisfied. Although the target for very satisfied customers has already been achieved, we will direct even more attention to customer service and customer satisfaction going forward.

PROFIT BEFORE TAX



COMBINED RATIO





STRATEGY AND PRODUCTS

Alm. Brand's strategy going forward to 2010 builds on the "We take care of our customers" vision.

The group regularly conducts quality tests of customer-oriented processes, including policy issuance, claims handling and other points of contact with customers. Combined with regular customer surveys, these tests contribute to bringing quality and how customers perceive our claims handling into focus. Each individual measuring result entails adjustments to our service concept and processes to ensure continuous improvement and efficiency enhancement of these elements.

Taking care of our customers also means that our customers pay the right price and that they regularly receive information about new products or opportunities for saving money by switching to a different product.

In mid-2008, Alm. Brand introduced a new household comprehensive insurance based on significantly more risk parameters than the previous product. Measured on the portfolio as a whole, the new pricing implies an average price increase of 6%.

In the autumn of 2008, Alm. Brand introduced roadside assistance as an additional cover option on motor insurance policies at a fixed low price. The product was well received by our motor insurance policyholders.

At 31 December 2008, the company introduced a new building insurance product with more deductible intervals and completely new additional cover options. The new product also implies a significantly more segmented building insurance tariff based on more risk parameters than previously. The new tariff will entail an average price increase of 11%.

Taking care of our customers in claims situations implies that customers experience friendly and competent employees and quick and correct customer service. In 2008, Alm. Brand launched a number of initiatives which have improved customer service and processing times, including "AB Byg", which targets the private customer segment, ensures quick and cost-efficient damage repair through a permanent network of craftsmen and requires a minimum of effort on the part of the customer.

The group's strategic business project "New Commercial/ Agriculture" was launched in 2008. In addition to enhancing the efficiency of the group's sales and administrative processes and making the processes more customer-orientated, the project has resulted in simpler and more uniform products. The new products also entail a new tariff structure, which is expected to enhance Alm. Brand's opportunities for attracting the desired commercial and agricultural customer segments.

PERFORMANCE

Non-life operations reported a pre-tax profit of DKK 262 million, as compared with the most recent profit guidance of DKK 200 million. In 2007, non-life operations generated a profit of DKK 647 million.

As a result, the return on equity was 15%, which was less than satisfactory.

The technical result amounted to DKK 293 million against DKK 507 million in 2007. The investment return after technical interest amounted to a loss of DKK 16 million in 2008 against a profit of DKK 153 million in 2007.

Gross premiums rose by DKK 191 million to DKK 4,769 million against DKK 4,578 million in 2007, an increase of 4.2%. Motor premium reductions in 2007 lowered gross premiums by 1.9 percentage point in 2008.

The performance fell slightly short of the announced forecast of growth at the rate of 5%, but it is nevertheless considered satisfactory given the current market conditions. The market share relative to the total market is estimated to have remained unchanged relative to 2007.

In 2008, the claims ratio was 73.9 against 69.0 in 2007. Total gross claims expenses were DKK 3,523 million compared with DKK 3,156 million in 2007.

The performance was mainly attributable to higher claims expenses for building and household comprehensive claims in the private customer segment and building and contents claims in the commercial segment, including agricultural customers.

Major claims totalled DKK 460 million in 2008 against DKK 337 million in 2007 and an original forecast of DKK 310 million. The most recent forecast included major claims in the amount of DKK 377 million. The higher frequency and amount of major claims increased the claims ratio by 2.6 percentage points relative to 2007.

	DKKm	2008	2007	2006	2005	2004
INCOME STATEMENT	Gross premiums	4,769	4,578	4,279	4,079	4,143
	Technical interest	125	112	88	45	63
	Claims expenses	– 3,523	– 3,156	– 2,735	– 3,536	– 2,859
	Bonus payments and premium discounts	–	–	–	–	– 1
	Insurance operating expenses	– 905	– 898	– 877	– 779	– 791
	Reinsurance profit/loss	– 173	– 129	– 157	590	– 133
	Technical result	**293**	**507**	**598**	**399**	**422**
	Interest and dividends, etc	376	338	267	269	231
	Capital gains and losses	– 76	98	93	– 129	– 130
	Management expenses relating to investment business	– 15	– 15	– 14	– 16	– 13
	Return on technical provisions	– 301	– 268	– 209	– 136	– 136
	Return on investment after technical interest	**– 16**	**153**	**137**	**– 12**	**– 48**
	Other ordinary items	– 15	– 13	– 11	– 12	– 20
	Profit before tax	**262**	**647**	**724**	**375**	**354**
	Tax	– 67	– 185	– 186	– 152	– 20
	Profit after tax	**195**	**462**	**538**	**223**	**334**
	Run-off gains/losses	– 34	85	45	27	5
BALANCE SHEET	Total provisions for insurance contracts	6,260	5,930	5,719	5,612	5,071
	Insurance assets	67	104	142	269	78
	Total shareholders' equity	1,610	2,338	2,169	1,801	1,288
	Total assets	8,436	8,786	8,224	7,821	6,666
KEY RATIOS	Gross claims ratio	73.9%	69.0%	63.9%	86.7%	69.0%
	Gross expense ratio	19.0%	19.6%	20.5%	19.1%	19.1%
	Net reinsurance ratio	3.6%	2.8%	3.7%	–14.5%	3.2%
	Combined ratio	96.5%	91.4%	88.1%	91.3%	91.3%
	Operating ratio	94.0%	89.2%	86.3%	90.3%	89.9%
	Relative run-off result	– 0.8%	2.2%	1.0%	0.8%	0.2%
	Return on equity before tax	15.4%	30.3%	37.2%	22.2%	31.6%
	Return on equity after tax	11.5%	21.6%	27.6%	13.2%	29.8%
	Solvency ratio*	2.7	3.0	3.0	2.7	2.8

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation of financial reports by insurance companies and profession-specific pension funds.

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

Motor premium reductions in 2007 lowered the overall claims ratio by 1.8 percentage point in 2008 as compared with 2007.

Expenses for weather-related claims amounted to DKK 92 million, almost DKK 60 million below the normal level. In 2007, the company recorded weather-related claims in the amount of DKK 198 million. Weather conditions reduced the claims ratio by 2.4 percentage points relative to 2007.

The expense ratio totalled 19.0 in 2008 compared with 19.6 in 2007. The expense reduction was satisfactory and attributable to our increased focus on enhancing process efficiency. The expense ratio for 2009 is expected to be at the level of 19.

The combined ratio was 96.5 in 2008 against 91.4 in 2007. The table below breaks down the combined ratio into underlying result, major claims, weather-related claims and run-off.

	2005	2006	2007	2008
Combined ratio excl weather-related claims and major claims	80.3	81.4	81.6	84.2
Major claims	6.7	5.6	7.4	9.7
Weather-related claims	5.0	2.2	4.3	1.9
Run-off result	– 0.7	– 1.1	– 1.9	0.7
Combined ratio	91.3	88.1	91.4	96.5

Due to its large market share in the agricultural, single-family house and small and medium-sized business segments, Alm. Brand is relatively heavily exposed to weather-related claims. The major claims experience is volatile, as only a few additional claims in a single year may have a large impact on the group's performance. By deducting all claims expenses related to weather-related claims and major claims we arrive at the combined ratio of the underlying business. In 2008, the combined ratio rose to 84.2 from 81.6 in 2007, primarily attributable to developments in the building and contents businesses and to motor premium reductions.

The run-off result net of reinsurance amounted to a loss of DKK 34 million in 2008 as compared with a DKK 85 million gain in 2007.

The net reinsurance ratio for the year was 3.6 against 2.8 in 2007. In 2007, a settlement was reached with a reinsurer, which reduced the net reinsurance ratio by 0.8 percentage point.

The non-life investment assets are predominantly placed in interest-bearing assets with an overweight of government and mortgage bonds. Throughout 2008, the interest-bearing assets had a weighted duration of around three years. The non-life equity exposure totalled approximately 1% of the investment assets in 2008.

The investment return after value adjustment of provisions, but before transfer to the technical result, amounted to DKK 285 million in 2008. The return was DKK 421 million in 2007.

In terms of government bonds, the investment return fell short of expectations in 2008, primarily because the yield spread between mortgage bonds and government bonds widened in 2008 and because most of the assets were placed in mortgage bonds. At the same time, the discount rates used for discounting of provisions fell during the period, which, when seen in isolation, contributed to a loss on value adjustments in 2008.

Financial results for the fourth quarter of 2008

Non-life operations generated a profit of DKK 66 million before tax in Q4 2008, as compared with a profit of DKK 195 million in the same period of last year. The most recent projection included a profit forecast of DKK 5 million before tax. The investment return in the fourth quarter outperformed expectations, as a result of the decline in interest rates during the period, changed calculation principles for the discount rate and other factors.

The technical result amounted to a profit of DKK 44 million against DKK 164 million in 2007. As compared with the year-earlier period, the technical result was affected by many major claims and a higher number of and more expensive minor claims.

Gross premiums were DKK 1,204 million, an increase of DKK 27 million, or 2.3%, from DKK 1,177 million in 2007.

The final part of the year saw a slowdown in investments in equipment and machinery in the business sector, including the agricultural sector. Moreover, real property and car transactions remained at a low level. This resulted in weaker, albeit continued growth.

The claims ratio totalled 78.6 in Q4 2008 against 67.0 in the same period of 2007.



Total gross claims expenses amounted to DKK 946 million as compared with DKK 789 million in 2007, corresponding to an increase of DKK 157 million, or 19.9%.

Major claims totalled DKK 174 million, an increase of DKK 92 million relative to Q4 2007. Accordingly, major claims affected the claims ratio in Q4 by 14.5 percentage points.

Expenses for weather-related claims were negative at DKK 5 million, against DKK 13 million in 2007. The fourth quarter of 2008 saw few weather-related claims, and weather-related claims were lower in the third quarter than anticipated in the Q3 interim financial statements.

The expense ratio was 17.6 against 16.8 in the year-earlier period.

The company recorded a run-off gain net of reinsurance of DKK 4 million in Q4 2008 as compared with a run-off gain of DKK 15 million in 2007. The run-off gain was primarily attributable to motor and workers' compensation insurance.

The combined ratio was 98.5 against 88.1 in Q4 2007.

In the fourth quarter, the investment return after value adjustments of provisions, but before transfer to the technical result, amounted to a profit of DKK 90 million. The performance corresponded to the interest income on interest-bearing assets, as the capital gain on investment assets largely matched the capital loss resulting from the discounting of provisions using a lower discount rate during the period.

With effect from 31 October 2008, the Danish Insurance Association signed a stability agreement with the Danish Ministry of Economic and Business Affairs which entailed a new method for calculating the discount rate. The new method to some extent makes allowance for developments in the spread between mortgage bonds and government bonds, and it is therefore better supports the investment strategy pursued by the non-life operations than the previous method did. All other things being equal, the change resulted in a capital gain of DKK 31 million in Q4.

The investment return after transfer to the technical result amounted to DKK 22 million against DKK 32 million in the same period of 2007.

PRIVATE CUSTOMER SEGMENT

Premium income for the full year 2008 rose by 1.5% to DKK 2,477 million. Growth in the private customer segment was affected by motor premium reductions in 2007. Growth excluding motor insurance was 6.8%.

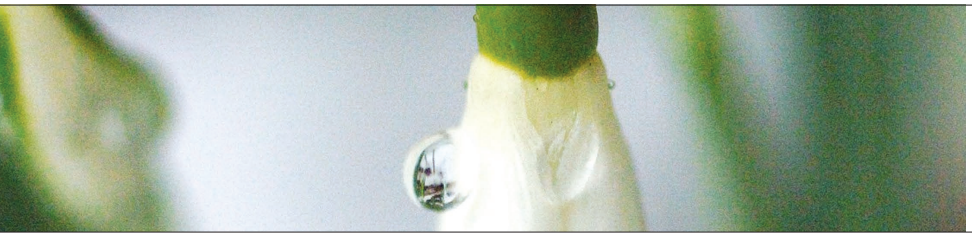
The combined ratio totalled 97.9 against 92.2 in 2007. The claims ratio rose to 74.5 as compared with 69.2 in 2007.

The claims ratio for the motor business increased by 6.4% in 2008, which was slightly better than expected when including the effect of the premium reduction. Increased traffic density and higher speeds drove up the motor claims frequency by around 2% in 2008. On the other hand, growth in average claims was successfully dampened relative to 2007. The motor premium reduction increased the claims ratio in the private customer segment as a whole by approximately 3.5 percentage points.

In 2008, the building insurance business was influenced by higher claims expenses for minor claims, particularly attributable to an increase of 28% in average expenses for minor claims. In order to reverse this negative trend, Alm. Brand implemented a new tariff in the fourth quarter, which is based on several new tariff criteria intended to ensure enhanced risk segmentation. The tariff entails an average price increase of around 11%. The new tariff will be introduced for the entire portfolio from mid-2009 and on an ongoing basis until the new tariff has been applied to the entire portfolio.

DKKm	2008	2007
Gross premium income	2,477	2,440
Gross claims expenses	–1,845	–1,690
Insurance operating expenses	–520	–517
Reinsurance loss	–58	–44
Technical result*)	54	189
Run-off result	2	97
Gross claims ratio	74.5%	69.2%
Gross expense ratio	21.0%	21.2%
Net reinsurance ratio	2.4%	1.8%
Combined ratio	97.9%	92.2%

*) Excluding technical interest



According to statistics compiled by the Danish Insurance Association, the year 2008 saw a significant increase in the number of thefts from Danish flats and houses, including holiday homes. Accordingly, the number of break-ins rose by 21% relative to 2007.

This trend also impacted claims in relation to the household comprehensive business, as the claims ratio for small claims rose by 26% relative to 2007. The largest increases were seen on break-ins and theft coverage with an increase in the number of claims of 22% and an increase in average claims in excess of 17%.

In the second quarter of 2008, Alm. Brand implemented a new household comprehensive insurance product based on a price structure that better reflects the risk exhibited by the individual customer. Prices have been raised by 6% on average, but individual premiums may have changed considerably depending on the risk of the individual policyholder. To date, the new tariff has only been applied to new business written, but it will be applied to the portfolio as a whole on an ongoing basis from mid-June 2009.

In addition to the premium increases on building and household comprehensive insurance already mentioned, Alm. Brand intensified its efforts to improve the claims experience of the customers who file the most claims.

Major claims remained unchanged as compared with 2007. Weather-related claims amounted to DKK 47 million against DKK 112 million in 2007. The decline in weather-related claims reduced the 2008 claims ratio by 2.8 percentage points.

By and large, costs kept steady in 2008, and the expense ratio in the private customer segment fell to 21.0.

Net of reinsurance, the company recorded a run-off gain of DKK 2 million in 2008 against a DKK 97 million gain in 2007. The 2008 run-off gain comprises run-off gains on motor and personal accident insurance and run-off losses on building and household comprehensive insurance.

COMMERCIAL CUSTOMER SEGMENT

This segment comprises small and medium-sized businesses and all agricultural customers, from hobby farmers and full-time commercial farmers to specialist farmers and large estates and manors.

Gross premium income from the commercial customer segment rose by DKK 155 million to DKK 2,292 million, an increase of 7.3%, which was satisfactory.

The combined ratio totalled 95.0 against 90.5 in 2007, and the claims ratio was 73.2 as compared with 68.7 in 2007.

Major claims amounted to DKK 387 million against DKK 249 million in 2007. Relative to 2007, major claims increased the claims ratio by 5.3 percentage points.

DKKm	2008	2007
Gross premium income	2,292	2,137
Gross claims expenses	–1,678	–1,468
Insurance operating expenses	–385	–381
Reinsurance loss	–115	–85
Technical result*)	114	203
Run-off loss	–36	–12
Gross claims ratio	73.2%	68.7%
Gross expense ratio	16.8%	17.8%
Net reinsurance ratio	5.0%	4.0%
Combined ratio	95.0%	90.5%

*) Excluding technical interest

Major claims from the agricultural sector were thoroughly analysed with the aim of finding general causal explanations. Although there is no characteristic pattern in the sequence of claims events, there are some similarities. Alm. Brand has therefore launched a number of initiatives to limit the number of major claims for the benefit of customers and Alm. Brand alike. These initiatives are based on a number of loss prevention measures directed at the customers.

In 2008, the number of multiple building and contents claims in the commercial and agricultural segment increased. The claims ratio for small claims rose by 5% relative to 2007. The trend in small claims entails selective measures aimed at selected business types in order to enhance profitability.

Workers' compensation insurance performed well in 2008. Relative to 1 January 2008, provisions for workers' compensation fell by DKK 37 million as a result of a drop in inflation. The group hedged approximately half of the inflation risk. Overall, the drop in inflation translated into a gain of DKK 16 million in 2008.

In connection with the implementation of the new IT system for the commercial and agricultural segment, new tariffs were determined. The change-over of the old portfolio to the new tariffs will be initiated in mid-2009.

Weather-related claims amounted to DKK 45 million in 2008 as against DKK 86 million in 2007. The lower level of weather-related claims reduced the claims ratio by 2.0 percentage points relative to 2007.

The run-off result net of reinsurance totalled a loss of DKK 36 million against a loss of DKK 12 million in 2007.

The company recorded run-off gains on workers' compensation and motor insurance and run-off losses on building and contents insurance and liability insurance.

The efforts to enhance process efficiency reduced the gross claims ratio to 16.8 in 2008 from 17.8 in 2007.

BALANCE SHEET

At 31 December 2008, the equity allocated to non-life operations was DKK 1.6 billion. Alm. Brand Forsikring A/S had a solvency ratio of 2.7 at 31 December 2008.

Total technical provisions amounted to DKK 6.3 billion at 31 December 2008, against DKK 5.9 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 2008 by a fair margin.

MAJOR EVENTS

Project New Commercial/Agriculture

The important business project New Commercial/Agriculture, involving new processes, products, organisational changes and a new IT platform, was launched in the spring of 2008 following two years' development efforts. The new system will be used to serve Alm. Brand's many commercial and agricultural customers. The conversion to the new system completed the transfer of all portfolios from Alm. Brand's old mainframe IT platform to an up-to-date server-based IT platform. The new system is expected to deliver substantial competitive advantages for the group.

New household comprehensive insurance

In mid-2008, the company launched a new household comprehensive insurance policy based on significantly more risk parameters than the previous product. This means that the price of the household comprehensive policy falls as the customer grows older, and the customer may opt to add quite attractive additional coverage (for example electronic devices coverage) at a competitive price. The new pricing implies an average price increase of 6%.

Alm. Brand Vejhjælp

Since the autumn of 2008, Alm. Brand has offered roadside assistance coverage at a fixed low price. Roadside assistance coverage is an optional supplementary insurance offered on attractive terms to the group's motor insurance policyholders.

New building insurance

At year-end 2008, Alm. Brand launched a new building insurance product tariffed on the basis of significantly more criteria than the previous product, thereby ensuring a more precise price/risk level. In addition, customers are offered more deductible intervals and completely new additional cover options (for example cosmetic damage cover). Accordingly, the customer may determine the specific price/risk level they desire. The new pricing implies an average price increase of about 11%.

OUTLOOK

Overall, non-life operations are expected to generate profit before tax at the level of DKK 300 million in 2009, corresponding to a combined ratio of around 96.

Activities launched to enhance the portfolio price/risk relationship will have a relatively moderate effect in 2009, as large parts of the portfolio only permit notification on expiration of the policy.

Accordingly, the full effect is expected to feed through at year-end 2010. The claims ratio is therefore only expected to improve marginally in 2009 relative to 2008. Moreover, a low level of interest rates in 2009 is expected to result in a low investment return.

Costs are expected to be at the level of 19% in 2009.

The ongoing recession is expected to have an adverse impact on premium income in 2009. In addition, the intensified efforts to ensure a better balance between price and risk will limit growth. The group thus expects premium growth at the level of 3% in 2009.

BANKING

In order to increase the transparency of Alm. Brand Bank A/S' financial statements, the bank publishes pro rata consolidated figures. The figures are set out in the financial highlights and key ratios and, unless otherwise indicated, the comments provided in the text below are for pro rata figures. Banking group figures are commented on only when found relevant.

Alm. Brand Bank A/S ranks among the largest banks in Denmark. The bank is wholly owned by Alm. Brand A/S. The bank offers products covering a typical Danish family's requirements for banking services and well as services to agricultural customers and small and medium-sized enterprises. The bank also provides savings, consultancy and financing solutions to selected segments. Moreover, the bank has activities within bond, equity, mortgage deed and currency trading and research and asset management.

MARKET

In 2008, turbulence in the financial sector escalated in Denmark. Several years of high activity were replaced by rising unemployment, negative growth rates and falling housing prices in 2008. All factors signalling substantial changes in the economic setting.

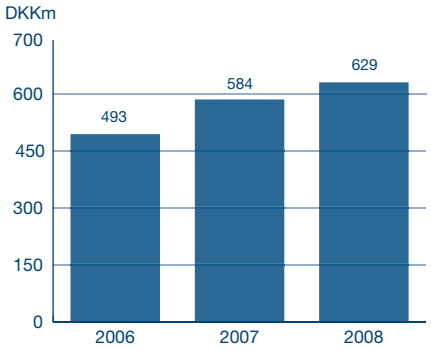
For Alm. Brand Bank, the fourth quarter of 2008 was characterised by impaired payment ability of some of the bank's more cyclical customer arrangements. In addition, the bank recorded declining customer asset values. As a result of these and other developments, the bank chose to stop new activities within property development and trading in commercial mortgage deeds.

GOALS

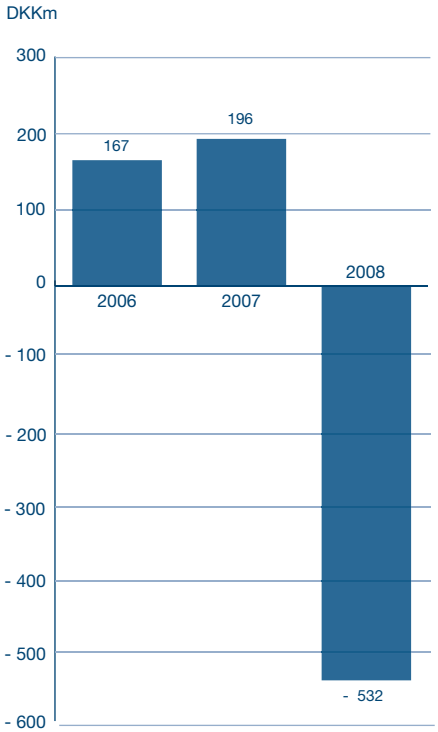
Alm. Brand Bank has pursued a growth strategy during recent years' favourable economic conditions. This strategy was defined to ensure increased earnings from the bank's activities. The goal is for the bank to generate an average return on equity of the money market rate plus 13 percentage points over a given period of time.

As a result of significantly changed economic conditions, the goal of achieving growth in lending has changed to the effect that the bank will continue to serve its existing customers, but it will focus its future lending growth on the retail customer segment and the market for small businesses.

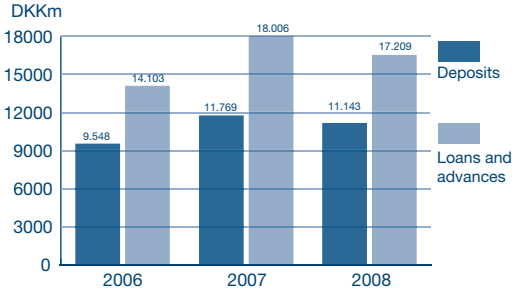
NET INTEREST AND FEE INCOME



PROFIT/LOSS BEFORE TAX



DEPOSITS, LOANS AND ADVANCES



		PRO RATA		CONSOLIDATED FIGURES				
	DKKm	**2008**	**2007**	2008	2007	2006	2005	2004
INCOME STATEMENT	Interest receivable	1,498	1,206	1,523	1,237	823	617	552
	Interest payable	– 1,066	– 832	– 1,077	– 842	– 464	– 275	– 224
	Net interest income	**432**	**374**	**446**	**395**	**359**	**342**	**328**
	Net fees and commissions receivable and dividends, etc.	197	210	195	207	157	169	137
	Net interest and fee income	**629**	**584**	**641**	**602**	**516**	**511**	**465**
	Value adjustments	– 290	70	– 535	52	75	183	85
	Other operating income	14	12	14	12	10	9	14
	Profit before expenses	**353**	**666**	**120**	**666**	**601**	**703**	**564**
	Expenses and depreciation/amortisation	– 525	– 515	– 532	– 521	– 439	– 369	– 362
	Andre udgifter	– 24	-	– 25	-	-	-	-
	Writedowns of loans, advances and receivables, etc.	– 340	50	– 340	50	27	– 5	– 30
	Profit/los from equity investments	4	– 5	4	– 5	11	-	3
	Profit/loss before tax	**– 532**	**196**	**– 773**	**190**	**200**	**329**	**174**
	Tax	104	– 48	127	– 33	– 34	– 63	– 6
	Profit/loss after tax	**– 428**	**148**	**– 646**	**157**	**166**	**266**	**168**
	Share attributable to minority interests	-	-	218	– 9	– 39	– 110	– 44
	Profit/loss after tax excluding minority interests	-	-	**– 428**	**148**	**127**	**156**	**124**
	Profit/loss before tax excluding minority interests	-	-	*– 532*	*196*	*167*	*222*	*126*
BALANCE SHEET	Loans and advances	17,209	18,006	17,292	17,116	13,128	10,745	8,914
	Deposits	11,143	11,769	11,141	11,758	9,548	8,989	9,185
	Shareholders' equity	937	1,365	1,237	1,917	1,785	1,609	1,166
	Share attributable to minority interests	-	-	300	552	569	520	323
	Total assets	24,228	25,048	24,708	25,785	20,165	19,425	14,737
KEY RATIOS	Average no. of employees (full-time equivalents)	380	374	381	374	338	276	278
	Interest margin *	-	-	1.8%	1.7%	2.0%	2.3%	2.6%
	Income/cost ratio	0.40	1.42	0.14	1.40	1.49	1.88	1.44
	Impairment ratio	1.8%	– 0.3%	1.7%	– 0.3%	– 0.2%	0.0%	0.3%
	Solvency ratio *	-	-	12.6%	11.7%	12.1%	11.5%	12.4%
	Return on equity before tax	– 45.4%	15.2%	– 45.4%	15.2%	14.5%	23.0%	15.7%
	Return on equity after tax	– 37.2%	11.5%	– 37.2%	11.5%	11.1%	16.1%	15.4%
	Return in excess of the money market rate	– 50.8%	10.7%	– 50.8%	10.7%	11.3%	20.8%	13.5%

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 accounting policies were changed in 2005.

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

The bank thereby supports Alm. Brand Forsikring's customer portfolio and contributes to ensuring that customers of the Alm. Brand Group get an overview of all matters relating to financing, risk and investment. At the same time, the bank supports the group's multi-product customer strategy. In addition, this change will contribute to ensuring increased diversification of the bank's lending portfolio and, by extension, to reducing the bank's exposure.

Despite increased focus on the group's core customers and the multi-product customer concept, the bank's overall lending portfolio is expected to decline in the years ahead. Accordingly, the bank expects to reduce the portfolio with respect to certain cyclical customer arrangements, including the property segment, commercial mortgage deeds and security financing.

At the same time, deposits are expected to increase, thereby improving the balance between deposits and lending.

These goals should be achieved, for example, by becoming the principal banker for more of the group's approximately 500,000 customers.

Customer satisfaction is a crucial part of the bank's goals and strategy and, as for the remaining group, the bank's aim is to have 90% satisfied and 50% very satisfied customers. Satisfaction among the bank's customers has improved strongly in recent years. An average of the most recent four surveys shows that 87% of the respondent customers are satisfied and 50% are very satisfied. The satisfaction rate continues to trace an upward trend.

STRATEGY

Alm. Brand Bank enables the group to offer customers full-service advice on all matters relating to financing, risk and investment. The activities of the bank are organised in the retail bank, the wholesale bank and Alm. Brand Finans A/S. The bank also holds stakes in Alm. Brand Pantebreve A/S and Alm. Brand Formue A/S.

In 2008, the bank refocused on lowering its credit risk and reducing its exposure to a further deterioration of economic conditions with the aim of steering the bank through the current economic downturn in the best possible way.

In 2008 and early 2009, the bank adjusted its organisation to reflect the new market conditions and the reduced level of activity in parts of the bank's administrative and advisory functions.

The bank has submitted an application to the Danish Financial Supervisory Authority to be approved as an IRB-F institution, and the bank's credit functions will thus be strengthened through the implementation of the IRB-F method under Basel II. The bank already applies rating models for approximately 80% of the portfolio and expects to apply rating models for more than 99% of the lending portfolio by 31 March 2009.

PERFORMANCE

Alm. Brand Bank posted a loss of DKK 532 million before tax against an expected loss of DKK 250 million, compared with a profit of DKK 196 million before tax in 2007.

The loss corresponds to a negative return on equity of 45% before tax in 2008.

The performance for the year was adversely affected by significant cyclical impairment and developments in the financial markets, including higher financing costs and negative value adjustments.

The performance was not satisfactory.

Net interest and fee income

Alm. Brand Bank recorded net interest and fee income of DKK 629 million in 2008 compared with DKK 584 million in 2007.

The bank's net interest income rose to DKK 432 million from DKK 374 million in 2007 in spite of rising financing costs and a declining lending portfolio. The net interest income performance was favourably affected by an increasing customer interest margin and adversely impacted by the return on the bank's own portfolio. The parent company interest margin rose by 0.2 percentage point, while the banking group interest margin rose by 0.1 percentage point.

The bank's net fees and dividends amounted to DKK 197 million in 2008, a slight reduction of DKK 13 million relative to 2007. The decline was attributable to developments in the fourth quarter of 2008, characterised by a lower level of activity than in the three previous quarters of the year.



Value adjustments
The bank's value adjustments totalled a loss of DKK 290 million in 2008, as compared with a gain of DKK 70 million in 2007.

A substantial part of the value adjustments in 2008 concerned capital losses on other loans, advances and receivables at fair value (mortgage deeds), on which the bank took a DKK 99 million credit writedown. Moreover, the bank realised losses in the amount of DKK 25 million on its mortgage deed portfolio.

A widening spread between Danish mortgage bonds and government bonds inflicted significant capital losses on the bank in 2008. Overall, the negative value adjustments on bonds and interest rate instruments totalled DKK 93 million in 2008.

In 2008, the bank recorded negative value adjustments on shares and share instruments of DKK 56 million against a capital gain of DKK 85 million in 2007.

The bank aims to the greatest possible extent to hedge its equity exposure through its subsidiary Alm. Brand Formue. Due to difficult market conditions, the bank was unable to fully hedge this exposure in 2008. During the period, the exposure was larger than intended, as a planned capital reduction could not be implemented.

Costs
The bank's total costs amounted to DKK 525 million in 2008 against DKK 515 million in 2007. Growth in the bank's costs was thus moderate and below the rate of inflation. During 2008, the bank implemented significant cost-saving measures, as a result of which the bank's costs traced a downward trend throughout the year. This trend is expected to continue in 2009.

Impairment of loans, etc.
Impairment of loans, advances and receivables, etc. amounted to an expense of DKK 340 million in 2008 against an income of DKK 50 million in 2007. In addition, the bank incurred credit losses and writedowns on its mortgage deed portfolio totalling DKK 124 million in 2008. Credit losses and writedowns on mortgage deeds are recognised under value adjustments. Total writedowns of losses on the lending and guarantee portfolio thus amounted to an expense of DKK 464 million, including losses and writedowns on mortgage deeds, in 2008.

Out of the total impairment of loans, advances and receivables, etc., realised losses amounted to DKK 31 million in 2008, as compared with DKK 19 million in 2007. Realised losses on the mortgage deed portfolio were DKK 25 million in 2008 against DKK 2 million a year earlier.

The total amount of losses and writedowns of DKK 464 million included a loss of DKK 19 million in connection with the bank's membership of the Private Contingency Association, which concerns Roskilde Bank and EBH Bank.

Financial results for the fourth quarter of 2008
The bank posted a pre-tax loss of DKK 392 million in Q4 2008, as compared with a profit of DKK 18 million in the year-earlier period. The performance fell significantly short of the forecast announced in connection with the release of the Q3 interim financial statements as a result of the substantial deterioration of economic conditions in the fourth quarter, which increased the need for writedowns and inflicted negative value adjustments on the bank.

Alm. Brand Bank recorded net interest and fee income of DKK 146 million in Q4 2008 compared with DKK 148 million in the same period of 2007.

The bank's net interest income totalled DKK 111 million in Q4 2008, as against DKK 93 million in Q4 2007, while net fees and dividends amounted to DKK 35 million in Q4 2008 compared with DKK 55 million in the year-earlier period.

The bank's value adjustments totalled a loss of DKK 79 million in Q4 2008 against a DKK 5 million gain in the same period of 2007, primarily attributable to negative value adjustments on equities and equity instruments in the amount of DKK 44 million.

The bank's total costs were DKK 128 million in Q4 2008 against DKK 141 million in Q4 2007, corresponding to a decline of 9%.

In the fourth quarter of 2008, the bank incurred other operating expenses in the amount of DKK 24 million, related to the guarantee commission for the bank's participation in the Private Contingency Association (the first bank package).

Impairment of loans, advances and receivables, etc. totalled



an expense of DKK 301 million in Q4 2008, as compared with an income of DKK 8 million in the year-earlier period. In addition, the bank incurred credit losses and writedowns of the mortgage deed portfolio totalling DKK 61 million in Q4 2008 against a credit loss of DKK 1 million in Q4 2007. Total writedowns and losses on the lending and guarantee portfolio thus amounted to an expense of DKK 362 million in Q4 2008 compared with an income of DKK 7 million in the same period of 2007.

The large writedowns in the fourth quarter were attributable to the very significant and sudden economic slowdown, which initially hit in particular the property market and the financial markets. As the bank's lending portfolio is significantly exposed to these markets, these developments entailed a need to take additional large writedowns specifically on investment and property commitments, including commercial mortgage deeds. A detailed review of the lending portfolio and credit losses is provided below.

BALANCE SHEET

The bank's loans and advances amounted to DKK 17.2 billion at 31 December 2008, which was DKK 0.8 billion lower compared with 31 December 2007. Out of the total lending portfolio decline, an amount of DKK 0.3 billion was attributable to losses and writedowns.

The bank's deposits amounted to DKK 11.1 billion at 31 December 2008 against DKK 11.8 billion at the year-earlier date. The bank's total deposits remained unchanged in the fourth quarter.

The bank's debt to credit institutions fell from DKK 8.7 billion at 31 December 2007 to DKK 8.4 billion at 31 December 2008.

The bank's contingent liabilities and other commitments amounted to DKK 2.0 billion at 31 December 2008, which was DKK 0.3 billion higher than at 31 December 2007.

The bank did not raise any new funding in the international loan markets during 2008.

Bonds worth DKK 1,350 million fall due for repayment in September 2009. The bank expects to be able to attract liquidity through the Danish deposit market. Combined with run-off of parts of the lending portfolio, the bank will be able to redeem the bonds without impacting its liquidity position.

Capitalisation

The banking group's equity stood at DKK 1.2 billion at 31 December 2008. The capital base totalled DKK 2.3 billion, while the solvency ratio was 12.6 and the tier 1 ratio was 6.8.

Alm. Brand A/S has undertaken to convert DKK 300 million of the subordinated capital contributed to the bank in the fourth quarter of 2008 into share capital at the annual general meeting of Alm. Brand Bank A/S to be held in April 2009. Following the conversion, the banking group will have a tier 1 ratio of 8.5.

In addition, the bank intends to apply for injection of hybrid tier 1 capital through the second bank package. The bank expects to be eligible for a capital injection of slightly more than DKK 900 million.

RETAIL BANKING

The retail bank offers a comprehensive advisory services concept with respect to deposits and lending as well as with respect to investments and pensions to private customers in the Danish market. In addition, the retail bank targets agricultural customers and small and medium-sized enterprises in the Danish market.

Major events

New business partnership with Totalkredit

In mid-2008, the bank signed a collaborative agreement with Totalkredit. The change to Totalkredit opens up new opportunities for offering the bank's customers shorter processing times on advisory services and a more complete range of advisory services than before. Totalkredit's advisory services platform, Xportalen, can be integrated into the bank's existing IT system, thereby enabling the bank's customer advisers to provide customers with an overview of the implications of buying a home or rescheduling debt within one and the same system. For the bank, the change has also resulted in a financial gain, as the integrated systems entail a not insignificant reduction of the administrative workload associated with providing home finance advisory services. The business partnership with Totalkredit also ended the bank's collaboration with the EDC chain of estate agents. However, Alm. Brand Forsikring's close collaboration with EDC continues.

Enhancing customer profitability

In 2008, the retail bank launched a number of initiatives to enhance customer profitability, including by increasing the customer interest margin and by enhancing the efficiency of

administrative processes in relation to the bank's customer service.

Moreover, the bank has experienced an inflow of customers from the Alm. Brand Group's other business areas. Particularly multi-product customers are characterised by a high degree of satisfaction with Alm. Brand, and loyal full-service customers with longstanding customer relationships contribute to increasing the bank's customer profitability.

Therefore, efforts to expand even more of the Alm. Brand Group's customer relations to the bank will be intensified. The bank will take the initiative to expanding customer relations with customers in the group's other business legs and intensify efforts to make additional sales to existing customers. This will enable the bank to provide enhanced advisory and other services to customers and also offer them the group's loyalty concept, the *dobbelt*KUNDE concept.

Increased customer satisfaction
Satisfaction among the bank's retail customers has improved strongly in recent years. An average of the most recent four surveys shows that 87% of the respondent customers are satisfied and 50% are very satisfied. The satisfaction rate continues to trace an upward trend.

The bank's agricultural customers also express significant satisfaction with the advice, products and service provided by the bank. Accordingly, 99% of respondent agricultural customers are satisfied, while around 45% say they are very satisfied.

WHOLESALE BANKING

The wholesale bank covers the bank's operations in the markets and asset management field, as well as other business with the bank's major customers. The wholesale bank consists of the following business segments: Project funding, Mortgage deeds and Alm. Brand Markets.

The wholesale bank's loans and advances are expected to continue the declining trend that has characterised recent quarters. In particular, certain cyclical customer arrangements, including commercial mortgage deeds and security financing, will be wound up.

Major events
Alm. Brand Markets performing strongly
In spite of difficult market conditions, Alm. Brand Markets performed strongly in 2008 on the back of satisfactory earnings and a strong customer portfolio. The primary customer groups include local banks, small and medium-sized institutional investors, agricultural customers and wealthy private customers. In addition, Alm. Brand Markets is responsible for the asset management of the Alm. Brand Group's own securities portfolios. As a result of the generally lower level of activity in the securities markets in 2008, Alm. Brand Markets adjusted its organisation by implementing a 10% staff reduction.

Slowdown in mortgage deeds
In 2008, the mortgage deed market was hit by an abrupt slowdown as a result of the negative property market developments and the high number of bankruptcies among large property investors. These developments hit the market for commercial mortgage deeds particularly hard. As a result, the bank has ceased to buy commercial mortgage deeds, and since mid-2008, the commercial mortgage deed portfolio has been in a controlled winding-up process. A specific unit has been set up to handle this winding-up task. Ordinary residential mortgages, which make up the largest part of the bank's mortgage deed operations, were not affected by the negative developments to the same degree as the commercial market. The bank will carry on its activities in the residential mortgages market, but it has substantially reduced the level of activity and significantly tightened its credit terms. The bank's mortgage deed organisation was adjusted to reflect the changed market conditions, and the staff was therefore reduced by 10% during the year.

Difficult market for investment properties
For a number of years, the bank has enjoyed a strong position within financing of investment properties, primarily focused on fully developed properties with a strong cash flow. In addition, the bank financed property development projects on a small scale. The investment property market was characterised by very low turnover and substantial price falls in 2008. Especially the sale of project properties ground to a halt. As a result of these developments, the bank will not, for the time being, finance any new property projects, and it will only finance ongoing projects pursuant to agreements already made. In order to lower its exposure to the property market, the bank also aims to further reduce loans for investment properties in the upcoming year.



ALM. BRAND FINANS A/S

Alm. Brand Finans is wholly owned by Alm. Brand Bank. Its activity is entering into leasing and funding agreements, mainly for cars, with private and corporate customers.

Alm. Brand Finans offers competitive solutions designed to meet the funding requirements of financially strong businesses with respect to cars.

The pre-tax profit for 2008 totalled DKK 19 million against DKK 38 million in 2007. The performance was adversely affected by increasing funding costs. In 2008, efforts were made to adjust the interest margin to the new market conditions. Moreover, the company recorded an increase in delinquencies and a decline in payment ability in 2008. Combined with a fall in the price of second hand cars, this led to increased losses. A number of measures were implemented in the car dealer, grant and debt collection areas in 2008 to minimise future losses. The accumulated impairment ratio totalled 2.0%, as compared with 2.4% in 2007.

ALM. BRAND PANTEBREVE A/S

Alm. Brand Pantebreve is a listed investment company with a wide group of owners. The company, which was established in 1998, invests in mortgage deeds, and Alm. Brand Bank owns 22.0% of the share capital and 62.7% of the votes and exercises a controlling interest in the company.

Alm. Brand Pantebreve posted a pre-tax loss of DKK 38 million in 2008 against a profit of DKK 22 million in 2007. The bank's share of the loss amounted to DKK 8 million before tax. The company's performance was adversely affected by falling prices in the property market, large losses as a result of forced sales and writedowns on the company's portfolio of commercial mortgage deeds. As part of the company's debt financing is raised in Swiss francs (CHF) by way of forward currency transactions, the appreciation of CHF against DKK adversely affected the company's performance. On the other hand, the decline in short term interest rates had a favourable impact on the value of the mortgage deed portfolio.

The company had an equity gearing of 6.5 at 31 December 2008. The aim is to reduce the company's gearing in 2009.

ALM. BRAND FORMUE A/S

Alm. Brand Formue A/S is a listed company investing in the equity and bond markets. The company was established in 2003 at the initiative of Alm. Brand Bank in collaboration with a number of other banks. The bank holds 41.9% of the share capital and 68.7% of the votes and exercises a controlling interest in the company.

Alm. Brand Formue recorded a pre-tax loss of DKK 365 million in 2008 against a loss of DKK 38 million in 2007. The bank's share of the loss amounted to DKK 153 million before tax. The performance was below expectations as most recently announced in November 2008 due to an acceleration of the negative developments in the financial markets in the latter part of 2008.

The company's exposure was significantly reduced in 2008. Accordingly, the company's gearing was reduced from 3.8 to 2.2, while its total assets were reduced from DKK 2.6 billion to DKK 631 million.

Alm. Brand Bank's pursues a policy of hedging its exposure to Alm. Brand Formue. In 2008, the hedging efforts were insufficient in terms of interest-bearing assets, and the bank therefore restructured its hedging instruments in 2008 in order to better hedge its exposure.

New act on taxation of investment companies

On 5 February 2009, a new act was adopted which changes the company's tax status. Under the new act, the company is no longer subject to taxation with effect from 1 January 2009. On the other hand, the company's shareholders will be subject to tax on a current basis on changes in the market value of the company's shares. The overall effect will depend on the tax situation of each individual shareholder. The company will assess whether the new tax rules should give rise to any changes in the company's strategy.

OUTLOOK

The bank expects to generate profit in the region of DKK 50 million before impairment and tax in 2009. This forecast includes a total expense of around DKK 200 million to cover the bank's share of the Private Contingency Association (the first bank package) and expected expenses relating to the second bank package.

If the slowdown in the Danish economy continues, the bank expects to recognise substantial impairment losses in 2009. As the current economic setting is subject to a high degree of uncertainty with respect to the amount of such impairment losses, the bank has chosen to announce its financial guidance before impairment.

LENDING PORTFOLIO, CREDIT LOSSES AND WRITEDOWNS

Total writedowns and losses on the lending and guarantee portfolio amounted to an expense of DKK 464 million in 2008. Out of this amount, credit losses and writedowns on mortgage deeds accounted for DKK 124 million recognised under value adjustments. Moreover, writedowns relating to the bank's membership of the Private Contingency Association totalled DKK 19 million. Total losses amounted to 2.6% of the average lending and guarantee portfolio in 2008. In 2007, losses and writedowns amounted to a total income of DKK 48 million.

The significant increase in impairment was attributable to the economic downturn, which accelerated in the fourth quarter in particular. Losses and writedowns in the final quarter of 2008 alone thus totalled DKK 362 million against DKK 102 million in the first three quarters of the year.

DKKm	Lending 30 June 2008	Lending 31 December 2008	Share of portfolio	Losses and writedowns 2008 1H	Q3	Q4	YTD	Loss rate
Retail lending	3,216	3,524	20.5%	6	1	4	11	0.3%
Car finance	1,378	1,276	7.4%	-9	-3	3	-9	-0.7%
Agriculture	1,057	1,081	6.3%	-8	-3	16	5	0.5%
Other commercial lending	1,092	1,234	7.2%	4	6	31	41	3.8%
Security financing	5,097	4,570	26.6%	1	27	159	187	3.7%
Lending to subsidiaries **)	1,926	1,287	7.5%	0	0	0	0	0.0%
Investment properties	2,460	2,291	13.3%	-2	0	58	56	2.3%
Residential mortgage deeds	1,078	1,028	6.0%	6	11	3	20	1.9%
Commercial mortgage deeds	377	309	1.8%	26	20	58	104	27.6%
Property development projects	433	609	3.5%	12	7	11	30	6.9%
The Private Contingency Association	-	-	-	0	0	19	19	-
Total	18,114	17,209	100.0%	36	66	362	464	2.6%

*) Losses and writedowns for the year as a percentage of the portfolio at 30 June 2008
**) Alm. Brand Pantebreve A/S and Alm. Brand Formue A/S

The table shows a segment-by-segment breakdown of the bank's lending portfolio. The statement is made on a pro rata consolidated basis. The performance of the individual lending segments is discussed in the following sections.

Retail lending
Retail lending includes lending to the bank's private customers. The portfolio has more than 16,000 private customers and is well diversified geographically across Denmark. Home loans account for about 80% of retail lending. A total of 62% of the home loan portfolio has a loan-to-value ratio of less than 60% at the transaction date and another 20% has a loan-to-value ratio of 60–80%. The bank applies credit scoring models in the retail segment, and the credit quality of the portfolio remains at a satisfactory level.

The delinquency rate on the portfolio was at a stable low level at year-end 2008, and the fourth quarter also saw very moderate writedowns on the portfolio.

Car finance
The car finance portfolio is operated by Alm. Brand Finans A/S, which offers car financing through car dealers. The portfolio consists mainly of marketable standard cars, typically with a 20% down payment. Alm. Brand Finans has extensive knowledge of the car market, and the portfolio is characterised by being well diversified on more than 15,000 customer relationships.

The company recorded an increase in delinquencies and a decline in payment ability in 2008. Combined with a fall in the price of second hand cars, this led to a slight increase in losses. A number of measures were implemented in the car dealer, grant and debt collection areas in 2008 to minimise future losses.

Agriculture
The bank has built up its agricultural portfolio over the last seven years using the substantial market position and industry know-how available to the Alm. Brand Group in the agricultural sector. The target group is large, productive farms in the traditional lines of pig and cattle breeding and plant growing. The distribution among the three lines is about 50%, 35% and 15%, respectively. The bank pursues a selective credit policy and only approves loans to farms with good efficiency ratios.

The bank did not incur any losses on the agricultural portfolio in 2008, but due to the difficult market conditions in the agricultural sector in the fourth quarter of 2008, the bank increased its writedowns on the portfolio. In the preceding quarters of 2008, the bank recorded a net reversal of writedowns on agricultural facilities which had transferred to another bank or on which the bank's exposure had otherwise been reduced.

Other commercial lending
The bank is currently building its commercial lending portfolio, having been an active player in this market for only the last three years. The portfolio consists in part of loans to small businesses typically anchored in Alm. Brand Bank's branches and in part of large syndicated loans to medium-sized Danish businesses. In most cases, the latter type of loans has been established as part of the bank's strategic cooperation with Dansk Merchant Capital A/S. In addition, the portfolio consists of car and equipment leases established with Alm. Brand Finans A/S.

The portfolio is generally performing satisfactorily, except for the loans relating to the real estate agent industry. The abrupt slowdown in the property market has led to significantly impaired earnings in this industry, which resulted in losses and writedowns.

Security financing
This portfolio consists of investment commitments secured against bonds, equities or mortgage deeds. Mortgage deed facilities account for approximately 78% of this portfolio, and commercial mortgage deeds total around 25% of the mortgage deeds.

The bank requires overcollateralization by an amount that varies with the quality of the securities involved and their expected volatility. The bank's risk management function monitors all commitments on an ongoing basis. In the event that overcollateralization falls to an insufficient level, debtors are required to post supplementary security or to sell securities.

The adverse developments in the securities markets combined with low marketability for many types of securities led to significant writedowns on a few large investment facilities. These primarily included losses in connection with mortgaging of moderately liquid shareholdings and commercial mortgage deeds. The increased impairment needs were primarily confined to the fourth quarter of 2008.

Lending to Alm. Brand Formue and Alm. Brand Pantebreve
These loans are granted to the bank's two partly-owned listed subsidiaries. The loans indicated reflect the share of the bank's lending attributable to minority shareholders. At 31 December 2008, minority interests had 58% ownership of Alm. Brand Formue and 78% ownership of Alm. Brand Pantebreve. Both investment companies were affected by the economic downturn, but they continue to display financial strength. See the companies' annual financial statements on their respective websites for additional information about the companies. There is a link from www.almbrand.dk under the section "About us / Facts about the group".

Investment properties
The portfolio consists of loans for investment properties with focus on good location and reliable tenants, primarily within retail trade and rental housing. Danish properties make up some 75% of the portfolio, while 25% is made up of German properties with Danish debtors.

Developments in the investment property market, not least in the fourth quarter, adversely affected the value of the mortgaged property. In addition, the financial crisis led to significant liquidity and refinancing difficulties for a number of large property investors in the bank's customer base. As a result, the bank increased its writedowns on this lending portfolio in the fourth quarter. The writedowns primarily concerned the financing of German properties.



Residential mortgage deeds
This category represents the bank's trading portfolio of marketable mortgage deeds secured against single-family houses, freehold flats and summer houses. The portfolio is well diversified geographically as well as in terms of property types and debtors. Generally, the mortgage deeds are acquired in collaboration with estate agents throughout Denmark. The portfolio of mortgage deeds is marked to market on a current basis using a cash flow-based pricing model, which considers factors such as estimated early redemptions and credit losses.

The model is based on a scenario of increased losses in the years ahead followed by an assumption of gradual normalisation of the losses. Moreover, individual writedowns are taken on all mortgages in arrears or showing well-known signs of weakness. The delinquency rate on the portfolio increased in 2008, which is reflected in the valuation of the portfolio.

Losses and writedowns on residential mortgage deeds totalled around 1.9% in 2008 after hovering at a very low level for a number of years.

Commercial mortgage deeds
This is portfolio is being wound up, as the bank will no longer be participating in the market for large commercial mortgage deeds going forward. This portfolio consists largely of mortgage deeds secured mainly against residential rental property and to a minor extent against actual commercial properties (offices, trade and industry). This is a trading portfolio generally acquired through other players in the mortgage deed market. This portfolio has a lower turnover rate than the portfolio of residential mortgage deeds does.

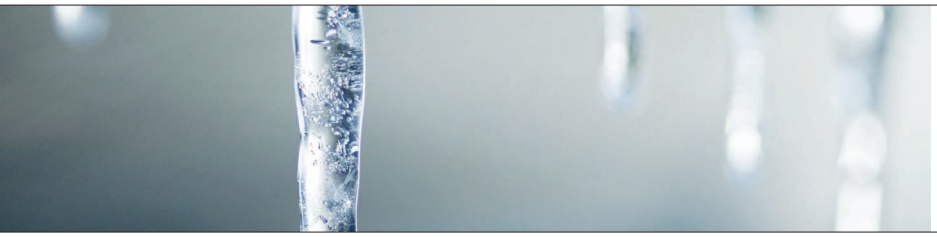
Market terms deteriorated substantially during 2008. A large part of the debtors in this market have been affected by a combination of rising market rates, falling property prices and impaired financing opportunities.

As a result of the adverse developments, significant writedowns were taken in the fourth quarter of 2008, thereby bringing losses and writedowns on this portfolio for the full year to DKK 104 million.

Property development projects
This portfolio consists of a limited number of projects established within the last couple of years. It consists exclusively of prime-location freehold flat projects with small proportions of commercial property. Projects are only started up when a substantial part of the flats has been sold. Historically, this portfolio has accounted for a relatively small share of the bank's loans and advances.

As a result of the economic downturn in the market for property projects, the bank will not, for the time being, participate in the financing of new property projects, but it will only finance the completion of ongoing projects pursuant to agreements already made. Against this backdrop, the bank expects a small increase in loans and advances in this segment in 2009. In 2008, the bank increased its writedowns on this portfolio, as the sales potential of completed properties deteriorated as the year progressed.

The Private Contingency Association
As a result of its membership of the Private Contingency Association, the bank had to recognise writedowns and provisions in the amount of DKK 19 million in the fourth quarter of 2008. The amount was attributable to the winding up of Roskilde Bank and EBH Bank.



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 Pension business unit. However, the financial results from the banking activities are included in the bank's financial statements.

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

Market share

Alm. Brand Liv og Pension A/S has 108,000 insurance contracts, of which 74,000 pay regular premiums. A contract may comprise both life insurance and health and personal accident insurance.

In terms of regular payments made to tax-deductible insurance schemes distributed on private schemes and employer schemes, the life group has the following approximate market shares:

Private capital pension schemes	9%
Private instalment pension schemes	3%
Employer schemes	<1%

GOALS

The life company's target for return on equity before tax is the money market rate plus 7 percentage points.

The aim for the group's pension operations is to grow by 50% in 2005–2010 in terms of the bank's total pension assets and customer funds in the life insurance company, excluding policies with 4.5% returns.

As for the group overall, the goal is to have 90% satisfied and 50% very satisfied customers and employees.

In addition, the aim is at least to balance the expense results while keeping the company's expense loading competitive. Moreover, we have a goal of achieving a positive insurance risk result. We therefore maintain an acceptance policy requiring disclosure of personal health information, while limiting the risk at the personal customer level.

STRATEGY

Alm. Brand is working to expand its position as an attractive pension provider focusing on providing personal advice to customers, giving them an understanding of and the freedom to choose across the traditional lines separating the banking and insurance industries.

The group's pension operations are focused on individual schemes and on small and medium-sized corporate schemes. Our target groups are private individuals, owners and employees of small businesses and farmers who are all offered a pension concept tailored to their specific needs. The group has opted not to offer labour market pensions per se.

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.

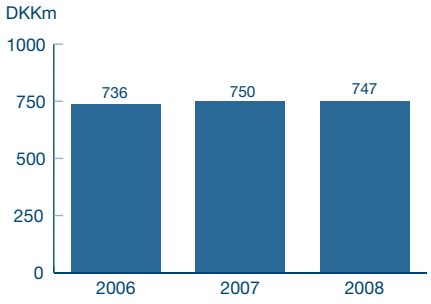
The life insurance company offers all essential types of insurance cover and savings types, and we review the product offering on a regular basis. We also offer an average rate principle with guaranteed benefits. The guarantee for new schemes is based on a rate of 1.5%.

More and more customers of the Alm. Brand Group prefer to place their pension savings in unguaranteed or market rate products, including in the Alm. Brand Investment Scheme, which allows them to adapt the investments to their own personal circumstances and preferred risk profile.

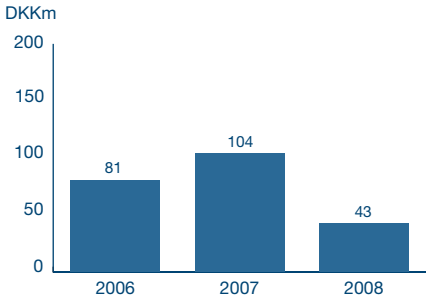
The bank offers securities custody accounts in which the individual customer holds the securities directly. The most important part of the savings is conducted through the Alm. Brand Investment Scheme in which the customer may choose to let Alm. Brand manage investments, etc. The customer may also choose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

Products are distributed through the Alm. Brand Group's insurance agents and advisers. We have opted not to conduct sales through brokers, primarily because the life group's target group lies outside the customer segment typically represented by the brokers.

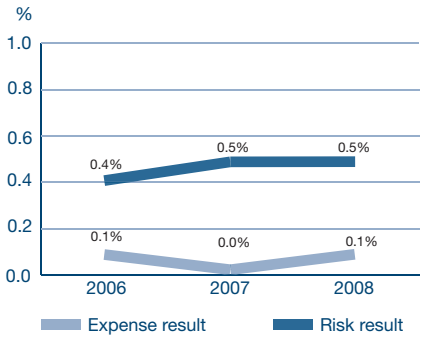
GROSS PREMIUMS



PROFIT BEFORE TAX



KEY FIGURES





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

Investment of customer pension funds takes account of the nature of the products and the guaranteed benefits provided. The average return product is directed at customers with relatively low risk tolerance. Funds are invested mainly in bonds, shares and real property. The proportion of shares is expected to be 12–18% of overall investments for customer funds. Real property is expected to be in the range of 13–20%. The bond portfolio is comprised of government and mortgage bonds etc. with due regard to long-term returns and the composition of commitments. A small part is placed in credit bonds and emerging market bonds.

Regardless of fluctuations in the market return, the aim is to fix a rate on policyholders' savings that does not change substantially from one year to the next. The rate of policyholders' savings is fixed before the beginning of each year. If necessary, Alm. Brand Liv og Pension may, however, change the announced rate on policyholders' savings during the period.

In a few areas, the life group has chosen, based on competitive or financial considerations, to use business partners instead of offering the product/service in-house. For example, hospital insurance is offered through ihi Bupa.

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.

The return on equity principle for Alm. Brand Liv og Pension A/S is to achieve a return on equity corresponding to the investment return on the assets making up the company's shareholders' equity plus a risk premium of 0.5% of the average life insurance provisions inclusive of the collective bonus potential plus the full expense result net of reinsurance and 25% of the risk result net of reinsurance.

Based on this profit principle, Alm. Brand will charge any losses against the expense result and, similarly, receive any profits. That serves to separate costs from investment return. In other words, the new principle provides better transparency for customers and it forms part of the company's other efforts to create greater openness and transparency.

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 the investment return and the release of additional provisions to be higher than the average rate of interest on which the guaranteed benefits provided to customers are based. At 31 December 2008, this rate of interest was 3.12%.

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

The rules for transfers from the shadow account to shareholders' equity applying to Alm. Brand Liv og Pension have been adjusted with effect from 2009:

- 20% of the maximum allowable amount is reversed in accordance with the Executive Order on the Contribution Principle when a collective bonus potential constitutes at least 1% of the provisions with bonus entitlement.
- 100% of the maximum allowable amount is reversed when a collective bonus potential equals at least 3% of provisions with bonus entitlement.

As compared with the previous rules, this makes for a somewhat faster than expected reversal, but the rules still reflect a cautionary approach.

At 31 December 2008, the shadow account had a balance of DKK 81 million, the full amount being attributable to the transfer for the year.

	DKKm	2008	2007	2006	2005	2004
INCOME STATEMENT	Premiums	747	750	736	747	723
	Investment return after allocation of interest	37	57	91	1.031	857
	Insurance benefits	– 981	– 918	– 806	– 752	– 830
	Change in life insurance provisions	– 156	188	256	– 614	– 638
	Change in collective bonus potential	413	61	– 160	– 220	– 15
	Insurance operating expenses	– 72	– 82	– 77	– 67	– 70
	Profit/loss on reinsurance	12	17	17	– 4	9
	Technical result	**0**	**73**	**57**	**121**	**36**
	Return on investment allocated to equity	43	31	24	23	35
	Profit before tax	**43**	**104**	**81**	**144**	**71**
	Tax	– 17	– 35	– 15	139	0
	Profit after tax	**26**	**69**	**66**	**283**	**71**
BALANCE SHEET	Total provisions for insurance contracts	10,801	11,049	11,294	11,416	10,545
	Total shareholders' equity	1,079	903	1,114	1,278	995
	Total assets	12,101	12,168	12,482	12,796	11,839
KEY RATIOS	Return before tax on pension returns	1.1%	0.8%	1.0%	10.6%	9.6%
	Return on customer funds before tax on pension returns	0.8%	0.6%	0.9%	11.4%	10.1%
	Return on equity funds before tax on pension returns	6.2%	3.3%	2.2%	2.3%	3.9%
	Return after tax on pension returns	0.9%	0.7%	0.9%	9.1%	8.3%
	Expense ratio on premiums	9.7%	10.9%	10.3%	8.9%	9.6%
	Expense ratio on provisions	0.7%	0.8%	0.8%	0.7%	0.7%
	Expenses per individual insured (rounded to nearest DKK)	748	824	708	577	585
	Expense result	0.1%	0.0%	0.1%	0.2%	0.2%
	Insurance risk result	0.5%	0.5%	0.4%	0.5%	0.4%
	Bonus rate	0.0%	4.0%	4.7%	3.1%	1.0%
	Equity reserves	11.9%	10.2%	11.2%	12.8%	10.5%
	Capital base reserves*	7.2%	4.2%	3.3%	5.2%	7.1%
	Solvency ratio*	252%	193%	165%	198%	236%
	Return on equity before tax	4.4%	11.6%	7.0%	12.7%	7.4%
	Return on equity after tax	2.7%	7.7%	5.8%	24.9%	7.4%
	Return on customer funds after deduction of expenses before tax	1.2%	– 0.6%	0.3%	9.3%	9.3%
	Return on subordinated loan capital before tax	– 5.7%	– 4.6%			

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation of financial reports by insurance companies and profession-specific pension funds.

**The capital base is reduced by the amount of proposed dividends.*

PERFORMANCE

The overall pre-tax profit for 2008 was DKK 43 million against DKK 104 million in 2007. In 2008, shareholders' equity only included the unconditional shares and, accordingly, DKK 81 million was transferred to the shadow account. In 2007, shareholders' equity included the full return requirement.

The profit for the year corresponded to a return on equity of 4% against 12% in 2007, which was not satisfactory.

As a result of the investment return performance and accruing interest on policyholders' savings at the rate of 4.5% p.a. after tax on pension return, the collective bonus potential was used up and DKK 131 million of the bonus potential on paid-up policies was applied.

Premiums

Gross premium income amounted to DKK 747 million compared with DKK 750 million in 2007. The life insurance company's premium performance was in line with expectations and reflected the group's growth strategy, providing that more and more of the pension savings be placed in Alm. Brand's investment schemes with the bank.

The total amount of pension contributions, including investment schemes with the bank and the full amount of premium income in the company, was DKK 984 million against DKK 961 million in 2007, an increase of 2.4%.

The performance of total premiums received thus fell short of expectations, partly attributable to the general economic slowdown in the fourth quarter.

Investment return

The return on investment assets attributable to shareholders' equity was DKK 43 million against a return of DKK 31 million in 2007, equivalent to a rate of return of 6.2% in 2008 as compared with 3.3% a year earlier. As compared with the applied basis of comparison consisting of short-term government bonds, the return was not fully satisfactory.

The rate of interest paid to customers' pension savings in 2008 was 4.5% after tax on pension investment returns.

The return on investment assets before tax on pension investment returns attributable to policyholders was DKK 88 million against DKK 66 million in 2007. The rate of return before tax on pension returns was 0.8% in 2008 against 0.6% in 2007. The return for the year and the year-end distribution of investments attributable to policyholders, measured in terms of exposure values, are set out below:

	Share at year-end	Return
Bonds etc.	75%	8.3%
Equities	9%	- 36.4%
Properties	16%	1.0%
Total	100%	0.8%

The return on the equity portfolio was significantly affected by the financial crisis, with October in particular recording substantial losses. The equity return was, however, satisfactory relative to the benchmark. As a result of plunging prices, the share of equities fell below the level determined as the company's long-term goal, although the year saw a limited increase of the portfolio.

The return on the property portfolio was adversely impacted by value adjustments of own properties and capital losses of property stocks.

The return on the bond portfolio was adversely affected by the performance of Danish mortgage bonds and losses on emerging market bonds, which account for some 2% of the portfolio. The return on fixed income investments was not satisfactory relative to the benchmark of government bonds with an average duration of around eight years.

The company expects to maintain a significant share of Danish mortgage bonds and an unchanged level of emerging market bonds, and the shortfall in return/capital loss is therefore expected to be widely offset by a higher future return.

The shortfall in return relative to the applied rate on policyholders' savings and the performance of provisions are financed through the use of collective bonus potential and part of the bonus potential on paid-up policies.

Benefits paid

Benefits paid amounted to DKK 981 million compared with DKK 918 million in 2007. This increase was attributable to an increase in pension benefits.



Life insurance provisions
Life insurance provisions are calculated using a market value principle that applies an expected cash flow discounted by the yield curve published for discounting provisions by the Danish Financial Supervisory Authority.

As a result of the below-mentioned agreement on financial stability, the Danish Financial Supervisory Authority effected a temporary adjustment of the method for determining the yield curve. The method will apply until the end of 2009. The new method to some extent makes allowance for developments in the spread between mortgage bonds and government bonds, and it therefore better supports the investment strategy for bonds pursued by the life group than the previous method did. It would therefore be desirable if this or a similar method would apply after 2009 as well. All other things being equal, the change reduced the life group's total provisions by DKK 36 million.Total provisions increased by DKK 156 million. At 31 December 2008, provisions were reduced by DKK 131 million by using part of the bonus potential on paid-up policies.

Collective bonus potential
The collective bonus potential was reduced by DKK 413 million to DKK 0 in 2008.

Costs
Acquisition costs and administrative expenses totalled DKK 72 million in 2008 against DKK 78 million in 2007. Costs in 2008 were below the expected level as a result of lower administrative expenses in 2008 relative to 2007.

Expense and risk results
The expense result, which expresses the difference between expense loading and expenses incurred, amounted to a profit of DKK 9 million as compared with a loss of DKK 2 million in 2007. The expense ratio (expenses as a percentage of gross premium income) was 9.7% against 10.9% the year before. The expense per individual insured was DKK 748 against DKK 824 in 2007. The expense result net of reinsurance was DKK 12 million.

The improved expense result was primarily attributable to lower expenses. The result was also favourably influenced by improved contribution margins.

The overall expense result for the full year 2008 was extremely satisfactory, but it will not be possible to maintain this level going forward.

The risk result, the difference between risk premiums and claims expenses, amounted to DKK 48 million as compared with DKK 46 million in 2007. The figure consists of the DKK 63 million surplus on death cover and the DKK 18 million loss on disability cover. The loss was due to a greater-than-expected number of permanent disability claims. The risk result net of reinsurance was DKK 63 million. The overall risk result was very satisfactory.

Reinsurance
The reinsurance result amounted to a DKK 12 million gain. Reinsurance received in relation to permanent disability claims influenced the profit for the year.

BALANCE SHEET

As at 31 December 2008, the life group's shareholders' equity was DKK 1,079 million. Capital base reserves amounted to 7.2% at 31 December 2008 with a solvency ratio of 252%.

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 2007 by a fair margin.

MAJOR EVENTS

Implementation of transfer and surrender charge
If the bonus potential on paid-up policies has been wholly or partly used, and/or if shareholders' equity did not qualify for recognition of risk premium, the company may activate a transfer or surrender charge. This charge means that customers leaving the company prematurely by buying back or transferring their scheme will be required to pay their share of any capital losses. Accordingly, the transfer and surrender charge protects customers continuing their agreements until the agreed date of expiry. With effect from 14 October 2008, the company introduced a transfer and surrender charge of 3.8% of the savings amount. This rate will be updated on a regular basis, normally once a month, and totalled 3.0% at 31 December 2008.

Agreement on financial stability and rate on policyholders' savings
With effect from 31 October 2008, the Danish Insurance Association signed a stability agreement with the Danish Ministry of Economic and Business Affairs entailing a new method



for calculating the yield curve, which is used for discounting provisions. As part of the agreement, the companies undertook to exercise caution and generally not to assume commitments in excess of what is deemed necessary. As a result, the life insurance company has defined a preliminary rate on policyholders' savings of 3.0% after tax on pension returns for 2009.

Pensionsinfo
As part of the strategy of offering customers clarity and transparency, the company implemented full integration to Pensionsinfo. This will enable customers to obtain Internet access to a unique overview of insurance and pension matters across pension providers in Denmark. The implementation was carried out at a high quality and is expected to have a favourable impact on customer satisfaction.

Compensation to customers as a result of a new act on tax on pension returns
The Danish Act on Pension Investment Returns (PAL) was amended with effect from 1 January 2008 to the effect that previously untaxed properties and index-linked bonds will now be subject to 15% taxation.

The Alm. Brand life and pension group holds properties, but no index-linked bonds that will be affected by the amended taxation rules, and tax on pension investment returns is expected to rise by about DKK 1.5 million per year. As compensation, the Danish government has paid an amount which, in accordance with the rules of the amended act has been channelled to customers.

For Alm. Brand Liv og Pension, the amount involved was DKK 17.8 million.

Capital contribution
On 28 October 2008, the parent company, Alm. Brand Forsikring A/S, contributed capital to the company. The capital contribution had a nominal value of DKK 10 million at a price of DKK 3,000 per share with a nominal value of DKK 100, amounting to a total contribution of DKK 300 million to Alm. Brand Liv og Pension A/S. The capital contribution was based on a desire to safeguard the continued capital strength and versatility of Alm. Brand Liv og Pension A/S.

OUTLOOK
We expect a pre-tax profit excluding health and personal accident insurance and excluding any risk premium of DKK 50 million in 2009.

The forecast that the group will only achieve a profit corresponding to the unconditional shares in 2009 is based on the fact that the bonus potential on paid-up policies must be re-established before shareholders' equity may qualify for recognition of a risk premium. The bonus potential on paid-up policies is expected to be re-established at year-end 2009 as a result of the reduced rate on policyholders' savings.

Based on the 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 2009.

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 from the life insurance company.

Bonus potential on paid-up policies
The company's investments are marked to market on a current basis. If interest rates go up (or if shares drop), the company incurs a capital loss. In return, the anticipated future return will increase. If the company does not have sufficient collective bonus provisions to cover the losses, the bonus potential on paid-up policies may be used. Applying the bonus potential on paid-up policies implies a temporary reduction of the life insurance provisions for accounting purposes. As and when permitted by future returns, the bonus potential on paid-up policies is reduced again. By using the bonus potential on paid-up policies, the company is able to pursue a prudent long-term investment policy for the benefit of its customers.

OTHER BUSINESS ACTIVITIES

REINSURANCE

The profit for the year was DKK 286 million, making 2008 the fourth consecutive year of positive results for Copenhagen Re. This further strengthened the company's equity. Meanwhile, the company's remaining liabilities were further reduced.

The performance was highly satisfactory.

Goals

Copenhagen Re seeks to solvently settle its liabilities.

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 cash settlement by the reinsurer. Accordingly, any future developments, positive or negative, affecting these liabilities rest with the original insurance carrier.

Performance

The Q4 pre-tax profit was DKK 216 million in 2008, compared with DKK 17 million in the year-earlier period. This brought the year-to-date profit before tax to DKK 286 million against DKK 71 million in 2007.

The improved results were attributable to the successful settlement of a number of insurance liabilities for the benefit of the company. The conclusion of an agreement with the Port Authority of New York and New Jersey favourably impacted the financial performance. Moreover, Copenhagen Re reached agreements with two other business partners in 2008 with whom several lawsuits were pending. This reduced the uncertainty about the outcome and expenses related to pending or threatened litigation. In addition, the agreements significantly enhanced the security concerning the company's receivables from own reinsurers.

The shareholders' equity of Copenhagen Re increased from DKK 261 million at the end of 2007 to DKK 442 million at year-end 2008. Total provisions net of reinsurance amounted to DKK 0.5 billion at 31 December 2008 against DKK 1.0 billion at the year-earlier date. Shareholders' equity thus equalled 83% of total provisions at 31 December 2008.

The company had a solvency ratio of 2.3 at 31 December 2008.

Special risks

Copenhagen Re's risk of being hit by new claims events has been very limited for several years. However, the final outcome of events that have already occurred is still subject to significant uncertainty as is the outcome of contracts in the company's portfolio. This uncertainty may both have positive and negative effects going forward.

World Trade Center (WTC) claims

More than seven years after the event, the size of the final market loss from the WTC disaster is still subject to great uncertainty. In 2008, a number of companies in London, including Copenhagen Re, signed an agreement with the Port Authority of New York and New Jersey (PONY), which finally settled PONY's insurance claims in connection with the attack on WTC in 2001. As a result of this agreement, a large part of Copenhagen Re's exposure to the WTC claim has finally been settled. Several legal actions concerning this claim are still pending before US courts, but Copenhagen Re's involvement in these actions is less important than the involvement in the PONY policy which has now been settled.

Liquidity

The cash position developed satisfactorily in 2008, and in 2009 the company is also expected to have sufficient cash resources to continue the planned activities in relation to commutations. After yet another year's reduction in the Australian insurance provisions, the authorities have allowed the branch capital to be reduced. Following this, the largest amount of capital tied up is in the UK company. As a result of the large decline in insurance provisions in the UK subsidiary, the company will apply for a reduction of the tied-up capital in 2009.

Outlook

In 2009 and onwards, premium income is expected to be insignificant. Copenhagen Re is expected to generate a profit before tax close to break-even in 2009.

MISCELLANEOUS OTHER ACTIVITIES ETC.

Miscellaneous other activities in the group contributed a loss of DKK 15 million before tax, as compared with a loss of DKK 38 million in 2007. Other activities comprise miscellaneous corporate expenses and a number of dormant companies.

Outlook

Miscellaneous other activities are expected to break even in 2009.

OUTLOOK

Overall, reinsurance activities and miscellaneous other activities are expected to generate a break-even result in 2009.

EMPLOYEES AND DEVELOPMENT

SATISFIED EMPLOYEES MAKE A DIFFERENCE

Satisfied employees – not to mention very satisfied employees – make a difference. Satisfied employees make for satisfied customers, and satisfied customers are more loyal and buy more products and services from the group. Consequently, satisfied employees are essential for the group to reach its overall goal for 2010, as well as being a separate goal for the group in itself. HR efforts therefore play an integral role in the group's way of doing business.

GROUP STRATEGY AND GOALS

One of the Alm. Brand Group's five strategic goals is for 90% of the employees to be satisfied and 50% to be very satisfied with Alm. Brand as a workplace.

We aim to achieve these goals:

- by ensuring that the Alm. Brand Group is renowned for being a popular workplace,
- by ensuring that the Alm. Brand Group's managers are aware of corporate governance requirements and are interested in and able to make employees perform to the best of their ability,
- by keeping the group's four values in focus and ensuring that they are used proactively on an everyday basis,
- by maintaining that continuous professional development is a natural opportunity for the group to offer the employees and for the employees to accept,
- by getting the individual employee to understand the importance of providing good customer service.

HR STRATEGY OG OBJECTIVE

Alm. Brand wants its employees to seek influence and assume responsibility for the planning and performance of their own job. We want our customers to be able to distinguish us from our peers by developing each individual employee. Customer service and service in general are key in achieving this.

Alm. Brand's individual managers are responsible for the company's HR efforts. This ensures cohesion and unambiguous allocation of responsibility between employees, organisation, tasks and results.

The objective of the HR department is to contribute through proactive behaviour to developing employees in collaboration with the managers, thereby creating an efficient organisation that will give Alm. Brand a competitive edge.

EMPLOYEE SATISFACTION

The group measures the job satisfaction of all employees once a year. Measured on the satisfaction index selected, the employee satisfaction rate was 86% in 2008, which was a decline of 2 percentage points relative to 2007, but still a very high level. The high satisfaction rate was maintained in spite of the implementation of a comprehensive change project in the commercial and agricultural segments, which entailed a new organisation, a new business system and new products.

Overall, 93% of our employees were satisfied with working at the group and as many as 90% indicated that they take pride in working at Alm. Brand.

Satisfied customers are a prerequisite for good customer service and a pleasant work environment. But "very satisfied" employees are the most loyal and the best ambassadors for Alm. Brand. Therefore, the group has set a goal of achieving a rate of 50% very satisfied employees by 2010. In 2008, 44% of the employees were very satisfied with working at Alm. Brand, against 47% in 2007. The decline was a corollary of the extensive changes mentioned above.

MANAGEMENT TRAINING

Competent management is crucial for employee welfare and job satisfaction and, by extension, for the company's financial performance. Therefore, the group chose, in 2008 and the years ahead, to give priority to and intensify its efforts within management training to improve the qualifications of the group's managers and to offer an attractive development process with a view to retaining the group's many excellent managers.

A management development project was launched in 2008 with the aim of structuring the group's existing management development efforts and define a new, coherent management development programme. Efforts in 2008 included developing competent management in the form of a management competency model.

The annual measuring of management quality, where each individual employee rates his/her own manager, showed that 92% of the employees were either satisfied or very satisfied with their manager, representing a 4 percentage point decline on 2007. A total of 58% were very satisfied with their immediate superior, which is a very high and satisfactory level.



GROUP VALUES

The employee survey also showed that employees consider the group's values to be very important in relation to customer service, expanding collaboration across the group and generally achieving the group's objectives.

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

THE ALM. BRAND ACADEMY

The Alm. Brand Academy is the pivotal point of the group's development of employee and management skills. The range and complexity of financial products has grown significantly in recent years and the legislative basis is constantly changing. This requires the group's employees to constantly develop their skills in order to be able to provide customers with the best possible service and advice.

Alm. Brand invests considerable resources in in-house training of new and existing employees. In order to build a visible platform for the group's training initiatives, the Alm. Brand 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.

REMUNERATION POLICY

The members of the Management Board receive a fixed basic salary that is intended to be competitive with the remuneration of other, comparable positions in the financial sector. In addition to this salary, the company provides a pension contribution, a company car, etc. The remuneration of Management Board members is adjusted every two years.

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 eleven months' salary and is essentially placed in a bonus account. One-third is paid out, while payment of the remaining bonus account balance is subject to a good performance in the following years. Conversely, non-fulfilment of the return targets will be deducted from the bonus earned.

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 16 persons 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 up to 200 persons and forms an integral part of the general salary adjustment for this group of employees.

In Copenhagen Re, which is in the process of being wound up, a bonus scheme has been set up, giving managers an opportunity to earn a bonus calculated on the basis of growth in the company's shareholders' equity.

Similarly, the bank's markets and asset management division has set up performance-based bonus schemes.

In addition, a bonus scheme exists for the customer service centres and branch offices engaged in sales and service to private customers.

In 2007, the company complied with the remuneration policy described in the Annual Report 2007, and in 2008 it complied with the remuneration policy described above. There are no plans to change this policy in 2009.

Also in 2008, we offered our employees to buy shares in the company. In 2008, employees were able to pay for the shares by way of a deduction from their gross salary. These schemes are offered with a view to promoting employee commitment to the company and ensuring that employees and other shareholders share common goals. Many employees joined the scheme. Employees were also offered employee bonds.



RISK MANAGEMENT

Managing the Alm. Brand Group's risk exposure is a key executive focal area, because non-controlled developments 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 assuming risk and sets up the overall risk guidelines as well as the reporting requirements. The managements of the individual subsidiaries use this platform to structure operational risk management.

The Alm. Brand 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.

Alm. Brand has set up an intra-group risk committee to ensure coordination and uniformity in the group companies with respect to assuming, calculating and reporting risk across the individual business areas. In addition, an approval committee for financial products was set up in 2008. This committee is responsible for ensuring that business procedures, processing routines, etc. are in place before new products or activities are implemented.

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

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.

INDIVIDUAL SOLVENCY NEEDS

Since 2005, the board of directors of a bank has had to assess how much capital would be required to carry on its banking business. If the capital needs were stated by the board to be higher than the statutory requirement of a capital adequacy ratio of at least 8, such higher capital requirement would prevail.

In 2007, a similar set of rules was introduced for non-life and life insurance companies. As a result, the boards of directors of Alm. Brand Forsikring A/S, Alm. Brand Liv og Pension A/S and Copenhagen Re A/S have therefore assessed their individual solvency needs from 2007 and onwards.

The individual solvency needs of the bank are calculated on the basis of a stress test. The non-life and life insurance companies and Copenhagen Re also use a stress test based on trial calculations made in connection with the Solvency II regime.

GOALS AND STRATEGY

We take various types of calculated risk in support of the group's long-term business objectives. 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 accept.

NON-LIFE INSURANCE

Acceptance and assumption of risk

Alm. Brand writes insurance for private customers and commercial customers, i.e. agricultural customers and 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 policies that may be impacted by the same claim.

Reinsurance

In order to reduce the risk of loss from insurance events, we cede risks that exceed 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 on reinsurance.

The reinsurance programme for 2009 is based on the same guidelines as in 2008. For 2009, 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 with retention of DKK 30 million. Risk in excess of DKK 400 million is covered facultatively. Moreover, coverage is up to DKK 700 million for personal injury on personal accident and workers' compensation with retention of DKK 20 million.

The largest single risk in the non-life business is for hurricane losses. In order to cover the risk from a windstorm/hurricane, 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 260 million consisting of the retention and the reinstatement premiums of the windstorm reinsurance programme.

The risk to Alm. Brand from a terrorist attack is considered to be covered by the reinsurance programme or excepted in the risks insured.

COPENHAGEN RE

Copenhagen Re no longer writes new business, but still has business written in insurance years prior to 2002 in run-off.

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 policies with guaranteed benefits. Until 1994, the life group wrote policies with guaranteed benefits of 4.5% after tax on pension investment returns. From 1994 to 1999, the guaranteed benefit was 2.5%, 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.

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. However, shareholders' equity may be affected if the necessary return fails to cover guaranteed benefits.

Other material risks relating to the life group 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 2008, this account had a relatively short 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 risks. For this purpose, we prepare a set of lending guidelines that have been consolidated in a credit policy.

Credit policy

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

The credit policy has been defined 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 grants loans to both private and corporate customers and in selected product segments in which the banking group possesses specialist expertise. 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.

Loans granted to corporate customers concentrate on specific asset classes and specific industries. The main criterion for accepting commitments is a satisfactory credit rating of the company combined with an 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 and objective indicators warrant an impairment writedown of the value of the commitments, the necessary impairment charges will be effected in accordance with the rules in force and based on an assessment of the realisable value of any collateral provided and the expected date of realisation.

Due to losses and writedowns in 2008, the bank changed and tightened its lending terms and opted not to offer loans to selected lending areas going forward.

Basel II

In 2005, the bank implemented a number of development activities to comply with the requirements of the new capital adequacy rules (Basel II). The activities touch on all the bank's business areas and are implemented in close collaboration with the bank's data centre, Bankdata.

In the credit area, Alm. Brand Bank has decided to apply the IRB-F method and expects to receive approval from the Danish Financial Supervisory Authority effective 1 January 2010. Until such time, the bank will apply the standard method.

As part of the efforts to be approved as an IRB-F institution, the bank implemented rating models for most of its portfolio in 2007 and 2008.

In the market risk area, the bank has decided to follow the standard method for now.

The bank expects to achieve a number of risk management benefits by using the IRB-F method. The bank achieved significant benefits already from 2007 from handling credits through the rating models used. At the same time, the bank has established a data framework that significantly strengthens credit management at portfolio level in the long term.

FINANCIAL RISK

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



Market risk
The Alm. Brand Group's investment assets are measured at fair value on an ongoing basis. This means that developments in the 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 assets as well as liabilities in order to strike 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. Each individual company's investment and risk management policies reflect the market conditions it operates under.

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.

Interest rate risk
Interest rate risk is the risk of fluctuations in the value of interest-bearing financial instruments as a result of changes in interest rates.

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

In Alm. Brand, it is primarily the group's life insurance company and the Alm. Brand Bank Group that are exposed to interest rate risk. The life group limits its interest rate risk by approximately matching the risk of assets and liabilities, which have opposite exposures to interest rate risk. The life group has developed a simple ALM model to manage the correlation between assets and liabilities, which includes risk tolerance limits.

Alm. Brand Bank seeks to limit its interest rate risk primarily by accepting and providing deposits and loans at floating rates. 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 the bank's floating rate deposits and lending for which the future cash flows are subject to interest rate developments. 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.

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 therefore mainly restricted to the activities carried on by the listed subsidiaries, Alm. Brand Pantebreve A/S and Alm. Brand Formue A/S.



Price risk
The group accepts a calculated exposure to equities which is determined on the basis of the investment strategy and the 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.

Alm. Brand Bank's equity risk is sometimes reduced by way of derivative financial instruments.

The group is also exposed to changes in prices of real property through property investments held by the group's life insurance company. Similarly, the group is indirectly exposed to property prices through loans granted by the bank secured against a mortgage on real property.

Most of the property investments are owner-occupied properties. We also make direct property investments, mainly in office property, and investments 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 on a framework governing the overall property investments and guidelines for exposure to individual properties.

A description of the risks relating to the bank's indirect exposure to properties is provided under the credit policy.

Inflation risk
In Alm. Brand Forsikring, future workers' compensation claims payments depend on wage developments. This is taken into account in the calculation of workers' compensation provisions by applying the expected future wage index developments. This creates exposure to inflation risk, as a stronger-than-expected wage development would result in greater compensation amounts. To limit this risk, Alm. Brand Forsikring has entered into inflation swaps, which partially hedge the inflation risk on workers compensation provisions, assuming stable development of real wages.

Other types of credit risk
We seek to limit credit 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 very 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
The bank determines its liquidity management on the basis of a prudent risk profile. The bank manages and monitors its liquidity on a day-to-day basis based on short-term and long-term liquidity requirements. The aim of the bank's liquidity management is to prevent it from incurring disproportionately large costs in connection with funding its operations. This is done in-house by defining limits for funding sources and the maturity structure thereof.

The bank aims to have an excess cover of at least 50% relative to the statutory liquidity requirement. The bank has defined a detailed policy for its liquidity risks and a contingency plan in case liquidity falls below the 50% excess cover target. The monthly financial reporting includes a statement of the bank's excess cover.

OPERATIONAL RISK

The Alm. Brand Group's operational risks are monitored on an ongoing basis in order to ensure that the necessary security measures, controls and resources are in place. The scope of these measures is weighed up against the expenses they involve. Security measures are assessed relative to potential threats and their assessed likelihood of occurrence as well as the potential business consequences, should such threats materialise. The ongoing risk assessment helps to keep the group's operational risks at an acceptable level that meets the requirements and expectations of internal and external stakeholders.

The group has a number of control procedures in the form of work routines, business procedures and reconciliation processes, performed locally and centrally throughout the organisation. Combined with the segregation of controlling and operational functions within the organisation and the training of staff, these procedures help minimise operational risk.

In case of a prolonged physical or IT breakdown, Alm. Brand must be able to re-establish and continue its most essential operational functions. To address this, the Board of Directors has approved a set of contingency targets for the group. The targets have been implemented as a central contingency organisation, evacuation plans, contingency manuals applicable to each business area, a robust fundamental technical IT setup and focus on standardising processes and IT.

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

The central banking systems are operated by Bankdata, and the group's other central IT equipment and systems are outsourced to the group's external IT provider, IBM SDC DK A/S, which further enhances physical IT security and operational reliability in the group. These measures have significantly reduced operational risk in this area.

The internal audit department carries out regular, in-depth, independent reviews to verify that work routines and business procedures are adequate, and that the employees comply with them. As a supplement to the internal audit, the group's own IT systems are subjected to external IT audits, while auditors' statements are procured from Bankdata, IBM and others.

The group's risk policies and risks are described in detail under Investor Relations/Press at www.almbrand.dk.

SHAREHOLDER INFORMATION

GOALS

The purpose of our investor relations activities is to ensure precise communication involving the group, thereby providing as correct a basis for pricing the group's shares as possible. Moreover, activities and information flows should ensure that the market has access to adequate information to attract investments from as many investors as possible.

ACTIVITIES

Alm. Brand conducted substantial investor relations activities in Denmark and abroad in 2008 as part of the efforts to keep the market informed about the company and its financial results.

Eight analysts cover the Alm. Brand share on a regular basis or will begin to cover it. In addition, the share is analysed on an ad hoc basis by a number of other equity analysts.

The broad analyst coverage and the relatively substantial interest in the share results in a continued busy meeting schedule. These events included road show presentations of Alm. Brand in Denmark, the USA, the UK, the Nordic region and continental Europe. In addition, we addressed the professional market in Denmark and internationally by holding a number of one-on-one meetings and presentations to large and small audiences. In addition, the group held press conferences on a regular basis in connection with the release of full-year and interim financial reports.

In order to reach as broad an audience as possible, the announcement of the Annual Report for 2007 was also webcast on the company's and OMX websites. The interim report for the six months ended 30 June 2008 was announced in an audiocast.

The company observes a silent period starting three weeks before the announcement of full-year and interim reports.

SHARE PERFORMANCE

The year 2008 was characterised by substantial caution from investors due to the financial crisis and the sour equity market, which hit financial shares particularly hard.

The Alm. Brand share seemed to be hit on two fronts, partly due to a higher claims frequency in the group's insurance operations, and partly due to difficult conditions in the banking sector and increased impairment writedowns. As a result, the price/NAV ratio was 0.26 at 31 December 2008.

At year-end 2008 and the beginning of 2009, interest in the share seemed to gradually recover.

Average daily turnover amounted to DKK 7.4 million in 2008 against DKK 17.6 million in 2007, thus reflecting the general market decline in share trading.

The share price performance was on a rough ride in 2008 in line with the rest of the market. Accordingly, the price rose from DKK 286 at 31 December 2007 to around DKK 310 in the early summer of 2008 and then fell during the turbulent autumn months to a low point of DKK 69 at 31 December 2008. In early 2009, the price rose again to around DKK 80.

At year-end 2008, the market capitalisation was DKK 1.3 billion. The table below shows how a number of indicators developed from year-end 2007 to 2008:

	2007	2008
Return on equity	20.1%	1.0%
Earnings per share	DKK 35	DKK 2
P/E	8.2	-34.5%
Price/NAV	1.10	0.26
Share price	286	69

The Alm. Brand share is a component of the OMX Mid Cap index, which consists of companies with a market capitalisation of less than EUR 1 billion. Moreover, Alm. Brand is listed as a Mid Cap plus company, indicating that the company complies with a number of stricter requirements concerning market information, website contents, etc.

DIVIDENDS

Alm. Brand has defined a dividend policy based on a capital model that meets the statutory capital requirements and



provides financial latitude to cope with unforeseen events. The capital calculation model reflects management's defined capital needs. Due to the stricter requirement for the capital needs of banks and because the bank's losses and writedowns are subject to significant uncertainty, the capital calculation model has been changed to the effect that the bank's capital target has been increased from 1.3 times the statutory solvency requirement of 8% to 1.5 times the statutory solvency requirement. This increased the Alm. Brand Group's capital need by just over DKK 270 million at 31 December 2008.

	Times the statutory solvency requirement	2008
Non-life insurance	2.4	1,793
Banking excluding partly-owned listed subsidiaries	1.5	2,009
Banking, investments in partly-owned listed subsidiaries	1.0	435
Life insurance	2.0	986
Reinsurance, shareholders' equity	1.0	442
Capital target, year-end 2008		**5,665**
Consolidated shareholders' equity		**4,800**
Net tax asset		– 195
Intangible assets		– 243
Adjusted consolidated shareholders' equity excluding supplementary capital		**4,362**
Dividend distribution excluding supplementary capital		**– 1,303**
Supplementary capital		828
Dividend distribution including supplementary capital		**– 475**

As can be seen, the capital target was DKK 475 million short of being met at 31 December 2008. We expect to improve the excess of capital target in 2009, partly through expected proceeds of DKK 275 million from Copenhagen Re and partly due to earnings generated by the group in 2009 and expectations of declining loans and advances in the bank.

As a result of recent years' satisfactory financial results, the group had excess capital according to the capital calculation model at 1 January 2008 and the overall outlook projected a full-year profit of DKK 870 million. Therefore, a DKK 600 million share buyback programme was launched in connection with the annual report for 2007.

Because of the financial crisis, the group downgraded its share buyback programme to DKK 350 million in 2008 in connection with the release of the first-half interim report. In addition, an amount of DKK 50 million remained outstanding on the 2007 share buyback programme.

The shares were bought back regularly throughout the year until 31 January 2009, when the overall programme of DKK 400 million had been bought back.

At the annual general meeting held on 24 April 2008, the shareholders resolved to cancel 1.2 million shares. The cancellation was executed on 14 August 2008. In addition, it was resolved at an extraordinary general meeting held on 19 November 2008 to cancel 1.1 million shares. This cancellation will be executed upon expiry of the statutory period of notice in March 2009.

At 31 January 2009, Alm. Brand A/S held 9.6% treasury shares.

The company's share buyback programme complies with the rules stated on the group's website.

The average purchase price was DKK 186 per share. Overall, this corresponded to a pay-out ratio of 30.

The share purchases were effected so as to keep the principal shareholder's ownership interest unchanged. The principal shareholder sells shares to the share buyback programme at the price at which the shares were traded on the day in question.

For the financial year 2008, the Board of Directors proposes that no dividend be distributed, and that the profit for the year be transferred to retained earnings.

The shortfall in the excess of capital target at year-end pursuant to the capital calculation model entails a need to consolidate the company, and therefore no share buybacks will be effected in 2009.



ANALYST COVERAGE

The Alm. Brand share is covered by the analysts listed below:

Carnegie Bank A/S, Gianandrea Roberti, tel: +45 32 88 02 97, e-mail: giandrea.roberti@carnegie.dk

Danske Bank A/S, Lars Holm, tel: +45 45 12 80 41, e-mail: LAHO@danskebank.dk

Enskilda Securities A/S, Simon Christensen, tel: +45 36 97 75 26, e-mail: simon.christensen@enskilda.dk

Goldman Sachs, Melissa Kuang, tel: +44 207 774 2948, e-mail: melissa.kuang@gs.com

Handelsbanken, Jacob Brink, tel: +45 33 41 85 15, e-mail: jabr09@handelsbanken.se

LD Markets, Torsten Bech, tel: +45 33 38 73 21, e-mail: tbe@ldmarkets.dk

Nordea, Joakim Ström, tel: +45 33 3356 94, e-mail: joakim.strom@nordea.com

Sydbank, Rune Majlund Dahl, tel: +45 74 36 44 69, e-mail: rune.dahl@sydbank.dk

REMUNERATION

Board members of Alm. Brand A/S receive fixed annual remuneration reflecting the scope of the board work and the responsibility related to serving on the Board. The board members' total emoluments are approved by the company in general meeting in connection with the approval of the annual report.

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 2008:

		Market value (DKK)
	No. of shares	at 31 Dec 2008
Board of Directors of Alm. Brand A/S	8,994	616,089
Management Board of Alm. Brand A/S	3,680	252,080

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 1,476 million nominal value divided into 18,450,000 shares of DKK 80 each. Each share carries one vote. Excluding Alm. Brand A/S' treasury shares, the number of shares is 17,073,439.

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

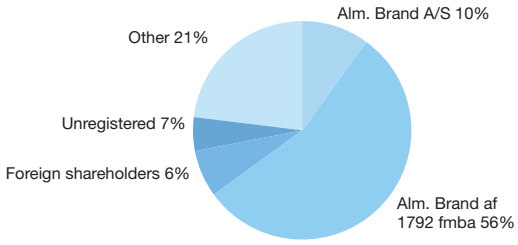
OWNERSHIP

At 31 December 2008, 17,099,829 of the company's shares were held by shareholders who represented 93% of the share capital. At year-end 2008, just over 6% of the shares were held by foreign shareholders, corresponding to 16% of the free-flow shares held by registered shareholders.

Only one shareholder – other than the company itself – has notified Alm. Brand that it holds in excess of 5% of the company's share capital: Alm. Brand af 1792 fmba held 56% at 31 December 2008. In connection with Alm. Brand's cancellation of the repurchased shares, the majority shareholder's share is expected to be back to approximately 60%.

At the conclusion of the repurchase programme at 31 January 2009, Alm. Brand A/S held 9.6% of the company's share capital. This percentage will be reduced significantly in connection with the cancellation of treasury shares adopted at an extraordinary general meeting held in November 2008.

For the period 31 March 2009 to 28 February 2010, the Board of Directors of Alm. Brand A/S has resolved to offer employee shares and bonds to the group's employees. The employee shares and bonds are awarded against a reduction of the individual employee's gross salary within the framework of section 7a(1)(ii) and (iii) of the Danish Tax Assessment Act. Employee shares will be awarded at the market price prevailing at 28 February 2010, while employee bonds will be awarded on 31 August 2009 and 28 February 2010.



ANNUAL GENERAL MEETING

The annual general meeting of Alm. Brand A/S will be held at 11:00 a.m. on 23 April 2009 at Radisson SAS Scandinavia Hotel, Amager Boulevard 70, DK-2300 Copenhagen S.

FINANCIAL CALENDAR

- Annual Report 2008 to be released on 26 February 2009
- Annual general meeting to be held on 23 April 2009
- Q1 report to be released on 19 May 2009
- H1 report to be released on 27 August 2009
- Q3 report to be released on 19 November 2009

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 full-year and interim financial reports and through Alm. Brand Bladet, which is published in Danish four times a year. Additional information is available at the company's website, www.almbrand.dk, including all company announcements, full-year and interim financial reports, company presentations and webcasts. The website also contains a detailed presentation of the group's goals and strategy, corporate structure, corporate governance and more. Moreover, a subscription service comprising company announcements, news, etc. is available.

INVESTOR RELATIONS CONTACT

Please direct any questions 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.

COMPANY ANNOUNCEMENTS IN 2008

Date	Event
19 Dec 2008	Alm. Brand A/S making subordinate loan to Alm. Brand Bank A/S
3 Dec 2008	Financial calendar 2009
27 Nov 2008	Result of extraordinary general meeting
19 Nov 2008	Interim report Q3 2008
10 Nov 2008	Extraordinary general meeting 19 November – Complete proposals
31 Oct 2008	Extraordinary general meeting 19 November 2008
22 Oct 2008	Revised outlook for 2008
10 Oct 2008	Alm. Brand A/S making subordinate loan to Alm. Brand Bank A/S
7 Oct 2008	Alm. Brand A/S – Alm. Brand Bank A/S' approval of new government guarantee
11 Sep 2008	Holding of treasury shares increased
3 Sep 2008	Issue of employee bonds
29 Aug 2008	Report on voting rights and capital
25 Aug 2008	Report on transactions
25 Aug 2008	Report on transactions
19 Aug 2008	Report on transactions
14 Aug 2008	Completion of capital reduction
11 Aug 2008	Interim report H1 2008
12 June 2008	Report on transactions
11 June 2008	Report on transactions
11 June 2008	Report on transactions
29 May 2008	Interim report Q1 2008
24 April 2008	Result of annual general meeting held on 24 April 2008
14 April 2008	Annual general meeting – Agenda and complete proposals
3 April 2008	Notice of annual general meeting
11 Mar 2008	Holding of treasury shares increased
29 Feb 2008	Completion of capital reduction
28 Feb 2008	Annual Report 2007

Full-year and interim financial statements may be obtained from our communications department (tel. +45 35 47 79 09) or downloaded from the group's website at www.almbrand.dk.

CORPORATE GOVERNANCE

On an annual basis, Alm. Brand's Board of Directors considers all recommendations for good corporate governance 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 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 elected by the shareholders at the annual general meeting should be independent.

Five of the six Board members elected by the shareholders at the annual general meeting 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' background, qualifications and the criteria for recruitment ahead of the annual general meeting, nor does it provide a list of board members' qualifications annually. However, information about the Board members' other executive positions and directorships etc. is included in the annual report. As regards new candidates, such information is also provided in the complete proposals sent out prior to the annual general meeting.

Alm. Brand af 1792 fmba holds approximately 60% of the voting rights 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. At the company's annual general meeting to be held in April 2009, the number of Board members is expected to be increased by one or two members, both of whom will also be unaffiliated with the principal shareholder.



Alm. Brand A/S provides information about each individual Board member's directorships, while Board member shareholdings are provided only in aggregate.

The Board of Directors held 11 meetings in 2008.

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 to the Board of Directors and the Management Board
It is recommended that information about the remuneration of each Board member and each member of the Management Board be provided individually in the annual report. The Board of Directors monitors developments in this area, but does not at this time find that information on an individual basis is required. The company announces guidelines and the aggregate remuneration of the Board of Directors and the Management Board, respectively.

It is further recommended that the company's remuneration policy is mentioned in the chairman's report at the company's general meeting and that the remuneration of the Board of Directors for the present financial year is presented for adoption at the general meeting. The company believes that shareholder interests are sufficiently safeguarded by disclosing the remuneration policy and the remuneration of the Board of Directors for the past financial year in the annual report. The issue may also be taken up at the request of a shareholder.

The company believes that the statements in the annual report on the remuneration policy and the bonus scheme accommodate shareholder needs for insight into the implementation thereof, as the bonus scheme will have no material effect on the group's cost level.

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.



STATEMENT BY THE MANAGEMENT BOARD AND THE BOARD OF DIRECTORS

The Board of Directors and the Management Board have today reviewed and adopted the annual report for 2008 of Alm. Brand A/S.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the annual report of the parent company has been prepared in accordance with the Danish Financial Business Act. 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 2008 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 2008. The Management's review also gives a true and fair view of developments in the activities and financial position of the group and a true and fair description of significant risk and uncertainty factors that may affect the group.

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

MANAGEMENT BOARD
Copenhagen, 26 February 2009

Søren Boe Mortensen
Chief Executive

Henrik Nordam
Deputy Chief Executive

BOARD OF DIRECTORS
Copenhagen, 26 February 2009

Christian N.B. Ulrich
Chairman

Jørgen H. Mikkelsen
Deputy Chairman

Boris N. Kjeldsen

Niels Kofoed

Jørgen S. Larsen

Henrik Stenbjerre

Susanne Larsen

Lone Clausen

Henning Kaffka



AUDITORS' REPORTS

INTERNAL AUDIT

We have audited the annual report of Alm. Brand A/S for the financial year ended 31 December 2008, comprising a statement by the Board of Directors and the Management Board, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the annual report of the parent company has been prepared in accordance with the Danish Financial Business Act. In addition, the annual report has been prepared in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

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. Those standards require that we plan and perform our audit to obtain reasonable assurance that the annual report is free of material misstatement.

The internal audit department participated in auditing the most significant areas and risk areas. In our audit, we reviewed business procedures and internal control procedures, including the risk management implemented by the Board of Directors and the Management Board, aimed at reporting processes and major business risks. Based on an evaluation of materiality and risk, we tested the basis for the amounts and other disclosures in the annual report, including evidence supporting the amounts and disclosures in the annual report. Our audit also included assessing the accounting policies used and estimates made by the Board of Directors and the Management Board, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 2008 and of the results of the group's operations and cash flows for the financial year ended 31 December 2008 in accordance with the International Financial Reporting Standards as adopted by the EU and the 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 2008 and of the results of its operations for the financial year ended 31 December 2008 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

Copenhagen, 26 February 2009

Poul-Erik Winther
Group Chief Auditor

INDEPENDENT AUDITORS' REPORT

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 2008, comprising a statement by the Board of Directors and the Management Board, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the annual report of the parent company has been prepared in accordance with the Danish Financial Business Act. In addition, the annual report has been prepared in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

Management's responsibility for the annual report

The Board of Directors and the Management Board are responsible for preparing and presenting an annual report that gives a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, in accordance with the Danish Financial Business Act in respect of the annual report of the parent company and in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing.

Copenhagen, 26 February 2009

Deloitte
Statsautoriseret Revisionsaktieselskab

John Ladekarl
State-Authorised Public Accountant

Jens Ringbæk
State-Authorised Public Accountant

Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 2008 and of the results of the group's operations and cash flows for the financial year ended 31 December 2008 in accordance with the International Financial Reporting Standards as adopted 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 2008 and of the results of its operations for the financial year ended 31 December 2008 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for the annual reports of listed financial enterprises.



financial statements, group

BALANCE SHEET

DKKm	Note	Group 2008	2007
Assets			
Intangible assets	1	243	227
Owner-occupied properties	2	1,036	670
Deferred tax assets	3	195	234
Investments in associates	4	46	45
Reinsurers' share of insurance contracts	5	217	518
Current tax assets	6	19	30
Other assets	7	2,135	1,488
Loans and advances	8	17,292	17,117
Investment properties	9	451	811
Investment assets	10	20,980	23,396
Balances due from credit institutions and central banks	11	3,017	2,560
Cash in hand and balances at call		146	790
Total assets		**45,777**	**47,886**
Liabilities and equity			
Share capital		1,476	1,668
Reserves, retained earnings, etc.		3,042	3,274
Minority interests		282	504
Consolidated shareholders' equity	12	**4,800**	**5,446**
Subordinated debt	13	828	817
Provisions for insurance contracts	14	17,714	18,331
Other provisions	15	104	118
Deferred tax liabilities	16	46	46
Issued bonds	17	1,145	1,402
Other liabilities	18	1,920	1,887
Deposits	19	10,634	10,987
Payables to credit institutions and central banks	20	8,586	8,852
Total liabilities and equity		**45,777**	**47,886**
Contingent liabilities, guarantees and leasing	40		
Collateral security	41		
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INCOME STATEMENT

		Group	
DKKm	**Note**	**2008**	**2007**
Income			
Premium income	21	5,530	5,345
Interest income, etc.	22	2,425	2,111
Fee income, etc.	23	172	185
Other income from investment activities	24	21	40
Profit from investments in associates	25	2	0
Other income	26	26	40
Total income		**8,176**	**7,721**
Costs			
Claims incurred	27	-4,284	-4,081
Interest expenses	28	-1,243	-973
Other expenses from investment activities		-47	-68
Impairment of loans, advances and receivables, etc.	29	-340	50
Acquisition costs and administrative expenses	30	-1,520	-1,501
Other costs	31	-27	-41
Total costs		**-7,461**	**-6,614**
Loss from business ceded	32	-102	-85
Change in life insurance provisions	33	-156	188
Change in collective bonus potential		423	69
Value adjustments	34	-1,025	-288
Tax on pension investment returns	35	-19	-11
Profit/loss before tax		**-164**	**980**
Tax	36	-53	-266
Profit/loss after tax		**-217**	**714**
The profit before tax is allocated as follows:			
Share attributable to Alm. Brand		44	986
Share attributable to minority shareholders	37	-208	-6
		-164	**980**
The profit/loss after tax is allocated as follows:			
Share attributable to Alm. Brand		-29	705
Share attributable to minority shareholders	37	-188	9
		-217	**714**
Earnings per share, DKK		-2	35
Diluted earnings per share, DKK		-2	35
Underwriting result, non-life insurance	38		
Actual result, life insurance	39		

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 2007	**1,788**	**182**	**2,939**	**3**	**4,912**	**520**	**5,432**
Profit for the year	0		705	0	705	9	714
Cancellation of treasury shares	-120		120	0	0	0	0
Revaluation of owner-occupied properties	0		0	11	11	0	11
Transferred to collective bonus potential	0		0	-8	-8	0	-8
Tax on changes recognised in equity	0		-1	0	-1	0	-1
Purchase and sale of treasury shares	0		14	0	14	0	14
Share buyback programme	0		-691	0	-691	0	-691
Change in share attributable to minority Interests	0		0	0	0	-25	-25
Shareholders' equity at 1 January 2008	**1,668**	**182**	**3,086**	**6**	**4,942**	**504**	**5,446**
Loss for the year	0		-29	0	-29	-188	-217
Cancellation of treasury shares	-192		192	0	0	0	0
Revaluation of owner-occupied properties	0		0	12	12	0	12
Transferred to collective bonus potential	0		0	-10	-10	0	-10
Purchase and sale of treasury shares	0		22	0	22	0	22
Share buyback programme	0		-419	0	-419	0	-419
Change in share attributable to minority interests	0		0	0	0	-34	-34
Shareholders' equity at 31 December 2008	**1,476**	**182**	**2,852**	**8**	**4,518**	**282**	**4,800**

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 2008 excluding monority interests	4,518
Consolidation of Pensionskassen under Alm. Brand A/S	-8
Shareholders' equity according to the rules of the Danish Financial Supervisory Authority excluding monority interests	**4,510**

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

CASH FLOW STATEMENT

	Group	
DKKm	**2008**	2007
Cash flows from operating activities		
Premiums received	5,428	5,223
Claims paid	-4,789	-4,154
Interest receivable, dividends, etc.	2,553	2,237
Interest payable	-1,039	-789
Payments concerning reinsurance	137	39
Fee income received	212	210
Fee income paid	-42	-49
Expenses paid	-1,651	-1,640
Tax on pension investment returns paid	-19	-10
Acquisition of intangible assets, furniture, equipment, etc.	-73	-89
Other ordinary income received	14	12
Taxes paid/received	-4	-44
Cash flows from operating activities	**727**	**946**
Change in investment placement (net)		
Properties acquired or converted	-23	-59
Sale of property	0	0
Sale/acquisition of equity investments	-585	249
Sale/repayment of mortgage deeds and loans	-670	-3,890
Sale/repayment of bonds	1,408	246
Dividend received from joint ventures	0	0
Change in receivables from credit institutions over 3 months	185	63
Change in investment placement (net)	**315**	**-3,391**
Change in financing (net)		
Other provisions	-14	-128
Sale/purchase of treasury shares	-397	-677
Sale/acquisition of subsidiaries (change in minority interests)	-34	-25
Subordinated debt	0	343
Change in issued bonds	10	362
Change in deposits	-320	1,878
Change in payables to credit institutions	-266	2,143
Change in financing (net)	**-1,021**	**3,896**
Gross change in cash and cash equivalents	**21**	**1,451**
Exchange rate adjustment of cash and cash equivalents, beginning of year	-23	-34
Net change in cash and cash equivalents	**-2**	**1,417**
Cash and cash equivalents, beginning of year	3,119	1,702
Cash and cash equivalents, year end	**3,117**	**3,119**
Cash and cash equivalents comprise the following items:		
Cash at bank and in hand	146	790
Amounts due from credit institutions and central bank, cf. Note 11	872	212
Amounts due from credit institutions and central bank, cf. Note 11	2,099	2,117
	3,117	**3,119**

SEGMENT REPORTING, BALANCE SHEET

DKKm	Note	Non-life	Bank	Life	Other	Elimi-nation	Total
							2008
Assets							
Intangible assets	1	155	88	0	0		243
Owner-occupied properties	2	11	0	0	0	1,025	1,036
Deferred tax assets	3	93	68	9	25		195
Investments in associates	4	0	28	18	18	-18	46
Reinsurers' share of insurance contracts	5	67	0	27	123		217
Current tax assets	6	0	135	6	0	-122	19
Other assets	7	698	1,179	258	757	-757	2,135
Loans and advances	8	0	17,292	0	0	0	17,292
Investment properties	9	25	0	1,451	0	-1,025	451
Investment assets	10	6,775	3,852	9,880	473		20,980
Balances due from credit institutions and central banks	11	340	2,037	100	540	0	3,017
Cash in hand and balances at call		272	29	352	0	-507	146
Total assets		**8,436**	**24,708**	**12,101**	**1,936**	**-1,404**	**45,777**
Liabilities and equity							
Share capital		0	0	0	1,476		1,476
Reserves, retained earnings, etc.		1,610	937	1,079	-584	0	3,042
Minority interests		0	300	0	0	-18	282
Consolidated shareholders' equity	12	**1,610**	**1,237**	**1,079**	**892**	**-18**	**4,800**
Subordinated debt	13	149	1,229	120	0	-670	828
Provisions for insurance contracts	14	6,260	0	10,801	653		17,714
Other provisions	15	24	18	0	62		104
Deferred tax liabilities	16	0	0	0	46		46
Issued bonds	17	0	1,135	0	10		1,145
Current tax liabilities	6	56	0	0	66	-122	0
Other liabilities	18	337	1,362	101	207	-87	1,920
Deposits	19	0	11,141	0	0	-507	10,634
Payables to credit institutions and central banks	20	0	8,586	0	0	0	8,586
Total liabilities and equity		**8,436**	**24,708**	**12,101**	**1,936**	**-1,404**	**45,777**
							2007
Assets							
Intangible assets	1	164	63	0	0		227
Owner-occupied properties	2	9	0	0	0	661	670
Deferred tax assets	3	99	74	28	33		234
Investments in associates	4	0	25	48	20	-48	45
Reinsurers' share of insurance contracts	5	104	0	29	385		518
Current tax assets	6	0	39	4	11	-24	30
Other assets	7	696	596	264	173	-241	1,488
Loans and advances	8	0	17,117	0	0		17,117
Investment properties	9	24	0	1,448	0	-661	811
Investment assets	10	6,970	5,717	10,145	564	0	23,396
Balances due from credit institutions and central banks	11	250	1,712	0	598	0	2,560
Cash in hand and balances at call		470	442	202	447	-771	790
Total assets		**8,786**	**25,785**	**12,168**	**2,231**	**-1,084**	**47,886**
Liabilities and equity							
Share capital		0	0	0	1,668		1,668
Reserves, retained earnings, etc.		2,338	1,365	903	-1,326	-6	3,274
Minority interests		0	552	0	0	-48	504
Consolidated shareholders' equity	12	**2,338**	**1,917**	**903**	**342**	**-54**	**5,446**
Subordinated debt	13	149	668	120	0	-120	817
Provisions for insurance contracts	14	5,930	0	11,049	1,352		18,331
Other provisions	15	36	6	0	76		118
Deferred tax liabilities	16	0	0	0	46		46
Issued bonds	17	0	1,402	0	0		1,402
Current tax liabilities	6	24	0	0	0	-24	0
Other liabilities	18	309	1,182	96	415	-115	1,887
Deposits	19	0	11,758	0	0	-771	10,987
Payables to credit institutions and central banks	20	0	8,852	0	0		8,852
Total liabilities and equity		**8,786**	**25,785**	**12,168**	**2,231**	**-1,084**	**47,886**

SEGMENT REPORTING, INCOME STATEMENT

DKKm	Note	Non-life	Bank	Life	Other	Elimi-nation	2008 Total
Income							
Premiums	21	4,769	0	747	14		5,530
Interest income, etc.	22	385	1,523	480	75	-38	2,425
Fee income, etc.	23	0	195	0	0	-23	172
Other income from investment activities	24	0	0	81	0	-60	21
Profit/loss from investments in associates	25	0	4	-30	-2	30	2
Other income	26	12	14	0	0		26
Total income		**5,166**	**1,736**	**1,278**	**87**	**-91**	**8,176**
Costs							
Claims incurred	27	-3,523	0	-981	220		-4,284
Interest expenses	28	-185	-1,077	-19	0	38	-1,243
Other expenses from investment activities		-15	0	-20	-35	23	-47
Impairment of loans, advances and receivables, etc.	29	0	-340	0	0		-340
Acquisition costs and administrative expenses	30	-905	-557	-72	-46	60	-1,520
Other costs	31	-27	0	0	0		-27
Total costs		**-4,655**	**-1,974**	**-1,092**	**139**	**121**	**-7,461**
Profit/loss from business ceded	32	-173	0	12	59		-102
Change in life insurance provisions	33	0	0	-156	0		-156
Change in collective bonus potential		0	0	413	0	10	423
Value adjustments	34	-76	-535	-393	-11	-10	-1,025
Tax on pension investment returns	35	0	0	-19	0		-19
Profit/loss before tax		**262**	**-773**	**43**	**274**	**30**	**-164**
Tax	36	-67	127	-17	-96		-53
Profit/loss after tax		**195**	**-646**	**26**	**178**	**30**	**-217**

DKKm	Note	Non-life	Bank	Life	Other	Elimi-nation	2007 Total
Income							
Premiums	21	4,578	0	750	17		5,345
Interest income, etc.	22	346	1,237	471	102	-45	2,111
Fee income, etc.	23	0	207	0	0	-22	185
Other income from investment activities	24	1	0	77	0	-38	40
Profit from investments in joint ventures	25	0	0	0	0		0
Other income	26	28	12	0	0		40
Total income		**4,953**	**1,456**	**1,298**	**119**	**-105**	**7,721**
Costs							
Claims incurred	27	-3,156	0	-918	-7		-4,081
Interest expenses	28	-164	-842	-6	-4	43	-973
Other expenses from investment activities		-16	0	-22	-52	22	-68
Impairment of loans, advances and receivables, etc.	29	0	50	0	0		50
Acquisition costs and administrative expenses	30	-898	-521	-82	-40	40	-1,501
Other costs	31	-41	0	0	0		-41
Total costs		**-4,275**	**-1,313**	**-1,028**	**-103**	**105**	**-6,614**
Profit/loss from business ceded	32	-129	0	17	27		-85
Change in life insurance provisions	33	0	0	188	0		188
Change in collective bonus potential		0	0	61	0	8	69
Value adjustments	34	98	47	-421	-4	-8	-288
Tax on pension investment returns	35	0	0	-11	0		-11
Profit before tax		**647**	**190**	**104**	**39**	**0**	**980**
Tax	36	-185	-33	-35	-13		-266
Profit after tax		**462**	**157**	**69**	**26**	**0**	**714**

OVERVIEW OF NOTES

NOTES WITH REFERENCE

1 Intangible assets

2 Owner-occupied properties

3 Deferred tax assets

4 Investments in associates

5 Reinsurers' share of insurance contracts

6 Current tax assets

7 Other assets

8 Loans and advances

9 Investment properties

10 Investment assets

11 Balances due from credit institutions and central banks

12 Consolidated shareholders' equity

13 Subordinated debt

14 Provisions for insurance contracts

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16 Deferred tax liabilities

17 Issued bonds

18 Other liabilities

19 Deposits

20 Payables to credit institutions and central banks

21 Premium income

22 Interest income, etc.

23 Fee income, etc.

24 Other income from investment activities

25 Profit from investments in associates

26 Other income

27 Claims incurred

28 Interest expenses

29 Impairment of loans, advances and receivables, etc.

30 Acquisition costs and administrative expenses

31 Other costs

32 Profit/loss from business ceded

33 Change in life insurance provisions

34 Value adjustments

35 Tax on pension investment returns

36 Tax

37 Share attributable to minority shareholders

NOTES WITHOUT REFERENCE

38 Underwriting result, non-life insurance

39 Actual result, life insurance

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NOTES TO THE FINANCIAL STATEMENTS

	2008					2007				
DKKm	**Non-life**	**Bank**	**Life**	**Other**	**Total**	Non-life	Bank	Life	Other	Total
Note 1 Intangible assets										
Software	155	39			194	164	14			178
Goodwill	0	49			49	0	49			49
Carrying amount, year end	**155**	**88**			**243**	164	63			227
Software										
Cost, beginning of year	306	14			320	252	3			255
Additions during the year	31	25			56	54	11			65
Disposals during the year	0	0			0	0	0			0
Cost, year end	337	39			376	306	14			320
Accumulated amortisation and impairment, beginning of year	-142	0			-142	-117	0			-117
Amortisation	-40	0			-40	-25	0			-25
Reversal of prior years' amortisation and impairment	0	0			0	0	0			0
Accumulated amortisation and impairment, year end	-182				-182	-142				-142
Carrying amount, year end	155	39			194	164	14			178
Goodwill										
Cost, beginning of year		49			49		49			49
Additions during the year		0			0		0			0
Disposals during the year		0			0		0			0
Cost, year end		49			49		49			49
Accumulated amortisation and impairment, beginning of year		0			0		0			0
Amortisation		0			0		0			0
Reversal of prior years' amortisation and impairment		0			0		0			0
Accumulated amortisation and impairment, year end		0			0		0			0
Carrying amount, year end		49			49		49			49

The recognised goodwill is attributable to the acquisition of Henton Børsmæglerselskab A/S at 30 December 2005. At 1 January 2006, the company merged with Alm. Brand Bank A/S.

Impairment tests are conducted annually to determine whether there is a need to write down capitalised goodwill. In the impairment test, the discounted future cash flows of the cash-generating unit (value in use) are compared with the carrying amount of the capitalised goodwill. If the carrying amount exceeds the value of the discounted future cash flows, an impairment loss is recognised. Future cash flows are based on the group's expectations for future earnings.
The discounting of future cash flows is based on a risk-adjusted return requirement at 12% before tax.

The impairment test carried out in 2008 did not indicate any need for write-down of the capitalised goodwill.

Note 2 Owner-occupied properties										
Cost, beginning of year	3				725	3				698
Additions during the year	0				338	0				27
Disposals during the year	0				0	0				0
Cost, year end	3				1,063	3				725
Accumulated revaluations, beginning of year	6				37	3				26
Additions revaluation, beginning of year	0				17	0				0
Revaluations during the year	2				14	3				11
Reversal of prior year revaluation through shareholders' equity	0				0	0				0
Accumulated revaluations, year end	8				68	6				37
Accumulated depreciation and impairment, beginning of year	0				-92	0				-92
Impairment for the year	0				-5	0				0
Reversal of prior year impairment through the income statement	0				4	0				0
Accumulated depreciation and impairment, year end					-93					-92
Carrying amount, year end	**11**				**1,036**	9				670

DKKm	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Restated value, beginning of year	9				670	6				632
Additions during the year	0				355	0				26
Disposals during the year	0				0	0				0
Value adjustment recognised through the income statement	0				-1	0				1
Value adjustment recognised through shareholders' equity	2				12	3				11
Restated value, year end	11				1,036	9				670
Average return, office property					6.12%	0.00%				6.03%

The group's owner-occopied properties are classified as investment properties in the life group, so the reclassification has only been made in the consolidated balance sheet. In 2008, a property was reclassified from owner-occupied property to investment property. The change is reflected under additions.

Note 3 Deferred tax assets

Deferred tax, beginning of year	99	74	28	33	234	209	126	67	47	449
Adjustment of deferred tax (28% to 25%)	0	0	0	0	0	-21	-13	-7	-5	-46
Prior-year adjustment	6	0	0	9	15	-7	-1	-2	3	-7
Tax through equity	-1	0	0	0	-1	-1	0	0	0	-1
Change for the year	-11	-6	-19	-17	-53	-81	-38	-30	-12	-161
	93	**68**	**9**	**25**	**195**	**99**	**74**	**28**	**33**	**234**
Deferred tax on net fees	0	-1	0	0	-1	0	-1	0	0	-1
Deferred tax on equipment	2	1	0	7	10	9	1	0	9	19
Deferred tax on shares and bonds	0	0	15	0	15	0	0	34	0	34
Deferred tax on real estate	-1	1	-6	0	-6	0	0	-6	0	-6
Deferred tax on other intangibles	78	0	0	0	78	78	0	0	0	78
Deferred tax on goodwill	0	-2	0	0	-2	0	-1	0	0	-1
Deferred tax on lease assets	0	59	0	0	59	0	64	0	0	64
Deferred tax on provisions	14	10	0	18	42	12	11	0	24	47
	93	**68**	**9**	**25**	**195**	**99**	**74**	**28**	**33**	**234**

Deferred tax has been capitalised taking into account future earnings and the potential for utilisation. The group had total tax assets of some DKK 205 million at 31 December 2008, of which DKK 195 million has been capitalised.

Note 4 Investments in associates

Investments in associates								
Cost, beginning of year	25	43	25		3	43		3
Additions during the year	57	0	57		22	0		22
Disposals	-53	0	-53		0	0		0
Cost, year end	29	43	29		25	43		25
Revaluations and impairment, beginning of year	0	5	0		0	6		0
Profit for the year	0	-30	0		0	-1		0
Reversal of adjustments	-1	0	-1		0	0		0
Revaluations and impairment, year end	-1	-25	-1		0	5		0
Carrying amount, year end	28	18	28		25	48		25
Investments in joint ventures								
Cost			60	60			60	60
Revaluations and impairment, beginning of year			-40	-40			-40	-40
Profit for the year			-2	-2			0	0
Dividend			0	0			0	0
Revaluations and impairment, year end			-42	-42			-40	-40
Carrying amount, year end			18	18			20	20
Carrying amount, year end	**28**	**18**	**18**	**46**	**25**	**48**	**20**	**45**

Investments in associates comprise Invest Administration A/S, Henton AktieInvest A/S and Investeringsselskabet af 6/10 1998 A/S.
Alm. Brand' ownership interest is 50% in Invest Administration A/S and 20% in Investeringsselskabet af 6/10 1998 A/S. Henton AktieInvest A/S is likvidated at year-end 2008. In addition, Alm. Brand Liv og Pension A/S' part of the affiliated company Alm. Brand Formue A/S is included. The investment is eliminated at group level.

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

DKKm	2008			2007		
Key figures associates	Net income	Total assets	Total liabilities	Net income	Total assets	Total liabilities
Invest Administration A/S	8	6	2	7	6	2
Henton AktieInvest A/S	0	0	0	5	53	0
Investeringsselskabet af 6/10 1998 A/S	0	0	0	2	4	0
EDC-udvikling a/s	-3	38	0	0	41	0

DKKm	Non-life	Bank	Life	Other	Total	Non-life	Bank	Life	Other	Total
Note 5 Reinsurers' share of insurance contracts										
Reinsurers' share of life insurance provisions	0		25	0	25	0		27	0	27
Reinsurer's share of provisions for insurance contracts	2		0	0	2	0		0	0	0
Provisions	65		2	123	190	104		2	385	491
	67		**27**	**123**	**217**	**104**		**29**	**385**	**518**
Reinsurers' share of life insurance provisions										
Beginning of year			27		27			30		30
Change for the year			-2		-2			-3		-3
			25		25			27		27
Reinsurer's share of provisions for insurance contracts										
Beginning of year	0		0	0	0	0		0	0	0
Premiums ceded	-196		0	0	-196	0		0	0	0
Payments to reinsurers	198		0	0	198	0		0	0	0
Discounting	0		0	0	0	0		0	0	0
	2		0	0	2	0		0	0	0
Reinsurers' share of outstanding claims provisions										
Beginning of year	104		2	385	491	142		1	463	606
Value adjustment	0		0	-57	-57	0		0	-46	-46
Claims ceded	20		40	62	122	76		48	26	150
Payments received from reinsurers	-59		-40	-267	-366	-115		-47	-58	-220
Discounting	0		0	0	0	1		0	0	1
	65		2	123	190	104		2	385	491

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	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Note 6 Current tax assets										
Tax payable, beginning of year	-24	39	4	11	30	-65	49	9	48	41
Prior-year tax adjustment	-6	0	0	-9	-15	7	0	0	-3	4
Tax received in respect of prior years	30	-39	-4	-2	-15	58	-49	-9	-45	-45
Tax paid during the year	0	2	4	13	19	57	20	0	12	89
Tax on profit for the year	-56	133	2	-79	0	-81	19	4	-1	-59
	-56	**135**	**6**	**-66**	**19**	**-24**	**39**	**4**	**11**	**30**

DKKm	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Note 7 Other assets										
Reinsurance deposits	0	0	0	9	9	0	0	0	12	12
Receivables from policyholders	208	0	37	0	245	260	0	49	0	309
Receivables from insurance brokers	19	0	0	0	19	2	0	0	0	2
Receivables from insurance companies	0	0	8	126	134	0	0	15	82	97
Receivables from subsidiaries	180	0	0	552	1	197	0	8	7	0
Other receivables	61	0	37	49	121	19	0	31	39	66
Positive market value of derivatives	0	829	0	0	829	0	328	0	0	328
Furniture and equipment, computers, cars, etc.	48	12	0	0	60	55	9	0	0	64
Other assets	0	290	0	0	290	0	233	0	0	227
Pensionskassen under Alm. Brand A/S	0	0	0	8	8	0	0	0	10	10
Assets temporarily acquired	0	39	0	0	39	0	14	0	0	14
Interest receivable	148	0	164	0	312	134	0	152	21	307
Prepayments and accrued income	34	9	12	13	68	29	12	9	2	52
	698	**1,179**	**258**	**757**	**2,135**	**696**	**596**	**264**	**173**	**1,488**
Furnitures and equipmet, computers, cars, etc.										
Cost, beginning of year	220	16		4	240	202	16		5	223
Additions during the year	17	6		0	23	27	2		0	29
Disposals during the year	-13	-2		-1	-16	-9	-2		-1	-12
Cost, year end	224	20	0	3	247	220	16	0	4	240
Accumulated depreciation and impairment, beginning of year	-165	-7		-4	-176	-151	-6		-5	-162
Depreciation for the year	-17	-2		0	-19	-18	-2		0	-20
Depreciation on disposals	6	1		1	8	4	1		1	6
Accumulated depreciation and impairment, year end	-176	-8	0	-3	-187	-165	-7	0	-4	-176
Carrying amount, year end	48	12	0	0	60	55	9	0	0	64

Alm. Brand has hedged its pension commitments in Pensionskassen under Alm. Brand A/S

	2008	2007
Discount rate, beginning of year	3.19%	2.57%
Expected return on plan assets, beginning of year	3.40%	3.50%
Present value of commitment, beginning of year	-122	-136
Interest expenses	-4	-3
Benefits paid	14	14
Actuarial gains/losses on commitment	-12	3
Present value of commitment, year end	-124	-122
Fair value of plan assets, beginning of year	132	146
Expected return on plan assets	4	5
Benefits disbursed	-14	-14
Actuarial gains/losses on plan assets	10	-5
Fair value of plan assets, year end	132	132
Present value of commitment	-124	-122
Fair value of plan assets	132	132
Net asset recognised in the balance sheet, beginning of year	8	10
Interest expenses	-4	-3
Expected return on plan assets	4	5
Actuarial gains/losses recognised	-2	-2
Costs recognised in the income statement	-2	0
Net asset, beginning of year	10	10
Costs recognised in the income statement	-2	0
Net asset recognised in the balance sheet, year end	8	10
Expected return on plan assets	4	5
Actuarial gains/losses on plan assets	10	-5
Actual return on plan assets	14	0

DKKm	2008 Non-life	Bank	Life	Other	Total	2007 Non-life	Bank	Life	Other	Total
Note 8 Loans and advances										
Loans and advances at fair value		2,705			2,705		2,876			2,876
Loans and advances at amortised cost		14,587			14,587		14,241			14,241
		17,292			**17,292**		17,117			17,117
Loans and advances at fair value										
Mortgage deeds		2,705			2,705		2,876			2,876
		2,705			2,705		2,876			2,876

Mortgage deeds are measured at fair value, using a valuation method estimating the present value of expected future cash flows. The valuation is based on observable market data (interest rates) in combination with expectations as to future prepayment and loss rates. Loans and advances at fair value have been reclassified from investment assets to loans and advances.

Loans and advances at amortised cost										
Loans		14,492			14,492		13,746			13,746
Leases		531			531		625			625
		15,023			15,023		14,371			14,371
Impairment etc.		-436			-436		-130			-130
		14,587			14,587		14,241			14,241
Gross investment in finance leases										
Term of less than one year		127			127		104			104
Term of between one and five years		497			497		580			580
Term of more than five years		5			5		5			5
		629			629		689			689
Unearned financial income		-113			-113		-75			-75
Net investment in finance leases		516			516		614			614
Net investment in finance leases										
Term of less than one year		100			100		101			101
Term of between one and five years		413			413		509			509
Term of more than five years		3			3		4			4
Total		516			516		614			614
Of this, any unguaranteed residual value		37			37		40			40
Depreciation on finance leases		15			15		12			12
Value of loans and advances for which there is an objective indication of impairment										
Individual assessment										
Loans and advances before impairment		2,020			2,020		555			555
Impairment, etc.		-402			-402		-103			-103
Loans and advances after impairment		1,618			1,618		452			452
Group assessment										
Loans and advances before impairment		10,593			10,593		2,916			2,916
Impairment, etc.		-33			-33		-27			-27
Loans and advances after impairment		10,560			10,560		2,889			2,889
Total loans and advances after impairment		12,178			12,178		3,341			3,341

As part of the risk management efforts, the fair value of fixed-rate loans is periodically hedged through the use of derivative financial instruments, see note 48.

DKKm	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Note 9 Investment properties										
Carrying amount, beginning of year	24		1,448		811	21		1,361		756
Additions during the year	0		25		21	4		57		34
Disposals during the year	0		0		-351	-2		0		-2
Value adjustments	1		-22		-30	1		30		23
Carrying amount, year end	**25**		**1,451**		**451**	**24**		**1,448**		**811**
Average return, office property	7.11%		6.27%		6.72%	6.97%		6.14%		6.23%
Average return, residential property			6.00%		6.00%			4.50%		4.50%
Total average return	7.11%		6.38%		6.66%	6.97%		6.08%		6.12%

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. In 2008 a property was reclassified from owner-occupied property to investment property. The change is reflected under disposals.

Note 10 Investment assets										
Government bonds	1,440	1	1,778	296	3,515	1,415	1	2,663	338	4,417
Mortgage bonds	5,165	3,243	6,725	26	15,159	5,163	4,683	6,215	10	16,071
Other fixed-rate instruments	154	134	256	125	669	189	191	346	186	912
Other floating-rate instruments	0	0	271	9	280	182	0	47	11	240
Listed shares	0	314	530	11	855	0	733	523	10	1,266
Unlisted shares	16	160	248	6	430	21	109	247	7	384
Other	0	0	72	0	72	0	0	104	2	106
	6,775	**3,852**	**9,880**	**473**	**20,980**	**6,970**	**5,717**	**10,145**	**564**	**23,396**

The group's holding of listed and unlisted shares had a market value of DKK 1,285 milion at 31 December 2008. 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 1,668 million at 31 December 2008.

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	0	1,140	0	0	1,140	0	420		0	420
Balances due from credit institutions	340	897	100	540	1,877	250	1,292		598	2,140
	340	**2,037**	**100**	**540**	**3,017**	**250**	**1,712**		**598**	**2,560**
By term to maturity:										
Balances at call	0	872	0	0	872	0	212		0	212
Up to and including 3 months	340	1,165	100	494	2,099	250	1,500		367	2,117
Over 3 months and up to and including 1 year	0	0	0	46	46	0	0		231	231
	340	2,037	**100**	540	3,017	250	1,712		598	2,560
Receivables in connection with genuine purchase and resale transactions:										
Due from credit institutions and central banks		0			0		584			584
Other debtors		23			23		0			0
		23			23		584			584

Note 12 Consolidated shareholders' equity		
Share capital	1,668	1,788
Cancellation of treasury shares	-192	-120
Share capital, year end	1,476	1,668

The share capital consists of 18,450,000 shares of DKK 80 each and has been fully paid up.

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
Denmark

DKKm	2008	2007	2006	2005	2004
Share capital, beginning of year	1,668	1,788	1,788	1,788	1,788
Cancellation of treasury shares	-192	-120	0	0	0
Share capital, year end	1,476	1,668	1,788	1,788	1,788

Reference is made to the statement of changes in equity.

DKKm	2008	2007
Solvency		
Tier 1 capital after deductions	4,127	4,818
Capital base after deductions	3,977	4,681
Weighted items subject to credit risks	17,948	20,654
Weighted assets subject to market risks	1,842	2,071
Weighted items subject to operational risks	852	
Total weighted assets	20,642	23,707
Tier 1 capital after deductions as a percentage of total weighted assets	20.0%	20.3%
Solvency ratio	19.3%	19.7%

The risk-weighted items have been prepared in accordance with the Danish Financial Business Act.

No. of shares		
Reconciliation of the no. of shares (1,000)		
Issued shares, beginning of year	20,850	22,350
Treasury shares, beginning of year	-1,906	-1,421
No. of shares, beginning of year	18,944	20,929
Share bought back	-1,935	-2,017
Employee shares issued	43	54
Shares acquired/sold during the year	22	-22
Cancellation of treasury shares	2,400	0
Issued shares, year-end	18,450	20,850
Treasury shares, year-end	-1,376	-1,906
No. of shares at year-end	17,074	18,944
Treasury shares		
Carrying amount, beginning of year	0	0
Value adjustment	-205	-557
Acquired during the year	941	1,442
Sold during the year	-544	-765
Cancellation of treasury shares	-192	-120
Carrying amount, year end	0	0
Nominal value, beginning of year	152	114
Acquired during the year	349	337
Sold during the year	-199	-179
Cancellation of treasury shares	-192	-120
Nominal value, year end	110	152
Holding (number of shares), beginning of year	1,906	1,421
Acquired during the year	4,358	4,219
Sold during the year	-2,488	-2,234
Cancellation of treasury shares	-2,400	-1,500
Holding (number of shares), year end	1,376	1,906
Percentage of share capital	7.5%	9.1%

DKKm	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Note 13 Subordinated debt										
Subordinated loan capital										
Floating rate bullet loans maturing 2012.05.09	0	100	0		100	0	100	0		100
Floating rate bullet loans maturing 2013.05.09	0	100	0		100	0	100	0		100
Floating rate bullet loans maturing 2014.05.09	0	100	0		100		100			100
Floating rate bullet loans maturing 2015.12.03	0	200	0		200		200			200
Floating rate bullet loans maturing 2020.03.15	0	0	120		120		0			0
Floating rate bullet loans maturing 2020.03.15	149	0	0		149		0			0
	149	1,050	120		649	149	500	120		649
Hybrid loan capital										
Fixed rate bullet loans in DKK with indefinite terms		175			175		175			175
		175			175		175			175
Hedging of interest rate risk at fair value		4			4		-7			-7
	149	**1,229**	**120**	**0**	**828**	**149**	**668**	**120**		**817**
Interest on subordinated debt	10	49	6		65	8	33	6		47
Extraordinary instalments	0	0	0		0	0	0	0		0
Costs incurred in connection with the raising of the subordinated debt	0	1	2		3	3	0	2		5

The subordinated loan capital in the non-life insurance segment carries interest at a floating rate of three-month EURIBOR plus 180 basis points.
The subordinated loan capital in the bank segment carries interest at a floating rate of three-month CIBOR plus 1.00-3.00 percentage points or six-month CIBOR plus 1.00 percentage point.
The subordinated loan capital in the life insurance segment carries interest at a floating rate of three-month EURIBOR plus 180 basis points.

The hybrid loan capital was issued on 12 October 2006 at a rate of 5.855% for the first ten years. Subsequently, the capital certificates carry interest at three-month CIBOR plus 2.70 percentage points. As part of the risk management, the fair value of the hybrid Tier 1 capital is hedged by means of derivative financial instruments, see note 48.

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

Note 14 Provisions for insurance contracts									
Unearned premium provisions	1,751	0	0	1,751	1,746	0	12	1,758	
Life insurance provisions	0	10,758	0	10,758	0	10,590	0	10,590	
Outstanding claims provisions	4,509	43	653	5,205	4,184	46	1,340	5,570	
Collective bonus potential	0	0	0	0	0	413	0	413	
	6,260	**10,801**	**653**	**17,714**	**5,930**	**11,049**	**1,352**	**18,331**	
Unearned premium provisions									
Beginning of year	1,746		12	1,758	1,662		13	1,675	
Exchange rate adjustment	0		-12	-12	0		-1	-1	
Premiums received	4,736		14	4,750	4,678		17	4,695	
Premuims recognised as income	-4,769		-14	-4,783	-4,578		-17	-4,595	
Discounting, all years	14		0	14	10		0	10	
Value adjustment, all years	24		0	24	-26		0	-26	
	1,751		0	1,751	1,746		12	1,758	

Life insurance provisions		
Life insurance provisions, beginning of year	10,590	10,772
Accumulated value adjustments, beginning of year	-256	-591
Retrospective provisions, beginning of year	10,334	10,181
Change in share of provisions in Forenede Gruppeliv	-3	5
Gross premiums	747	750
PAL compensation (gross)	15	0
Interest	440	450
Claims and benefits	-981	-919
Expense supplement after addition of expense bonus	-79	-80
PAL cost	-2	0
Risk gain after addition of risk bonus	-48	-46
Change as a result of changes in the level of interest rates and mortality rates (annuities)	7	-10
Other changes	-6	3
Retrospective provisions, year end	10,424	10,334
Accumulated value adjustments, year end	334	256
Life insurance provisions, year end	10,758	10,590

DKKm	2008	2007
Guaranteed benefits	8,820	7,846
Bonus potential on future premiums	1,270	1,655
Bonus potential on paid-up policy benefits	668	1,089
	10,758	10,590

DKKm	Garanteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Total	Garanteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Total
Life insurance provisions per basis								
G82 2%	1,192	897	510	2,599	492	1,168	662	2,322
G82 3%	1,109	173	112	1,394	984	232	237	1,453
G82 3,49%	2,259	111	96	2,466	2,102	125	232	2,459
G82 5%	3,840	89	-50	3,879	3,855	130	-42	3,943
G82 8%-16%	12	0	0	12	12	0	0	12
L66 4,5%	1	0	0	1	1	0	0	1
Non-guaranteed	225	0	0	225	211	0	0	211
Portfolios without bonus entitlement, year end	8,638	1,270	668	10,576	7,657	1,655	1,089	10,401
L66 13,6%	1	0	0	1	2	0	0	2
U74 12%-20%	180	0	0	180	187	0	0	187
Portfolios without bonus entitlement, year end	181	0	0	181	189	0	0	189
	8,819	1,270	668	10,757	7,846	1,655	1,089	10,590

Provisions in Alm. Brand Liv og Pension A/S are stated at market value based on an expected cash flow discounted using the yield curve published by the Danish Financial Supervisory Authority.

DKKm	2008	2007
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	61	76
Without taking into account the probability of surrender, the supplement amounts to	61	76
When calculating life insurance provisions at market value, a risk premium has been included, which amounts to	5.00%	5.00%

					2008					2007
DKKm	Non-life	Bank	Life	Other	Total	Non-life	Bank	Life	Other	Total
Outstanding claims provisions										
Beginning of year	4,184		46	1,340	5,570	4,057		48	1,692	5,797
Transferred from provisions for insurance contracts	0		0	12	12	0		0	0	0
Exchange rate adjustments	0		0	-148	-148	0		0	-131	-131
Claims paid regarding current year	-1,900		-984	0	-2,884	-1,753		-920	0	-2,673
Claims paid regarding previous years	-1,550		0	-331	-1,881	-1,290		0	-228	-1,518
Change in claims regarding current year	3,504		981	0	4,485	3,177		918	0	4,095
Change in claims regarding previous years	19		0	-220	-201	-21		0	7	-14
Discounting	162		0	0	162	146		0	0	146
Value adjustment, all years	111		0	0	111	-143		0	0	-143
Hedging of inflation risk	-21		0	0	-21	11		0	0	11
	4,509		43	653	5,205	4,184		46	1,340	5,570

The determination of expected future inflation is explained in the accounting policies. For provisions for workers' compensation the inflation factor applied for 2008 is 3.36%, and for children's dental damage the inflation factor is 3.10%.

DKKm	2003	2004	2005	2006	2007	2008	Total
Run-off triangle, gross							
Estimated accumulated claims							
Year end	2,667	2,914	3,560	2,824	3,241	3,604	
1 year later	2,680	2,955	3,533	3,021	3,511		
2 years later	2,696	2,900	3,552	2,962			
3 years later	2,726	2,844	3,520				
4 years later	2,694	2,802					
5 years later	2,703						
	2,703	2,802	3,520	2,962	3,511	3,604	19,102
Paid to date	-2,447	-2,507	-3,114	-2,402	-2,729	-1,899	-15,098
Provisions before discounting effect, year end	256	295	406	560	782	1,705	4,004
Discounting effect	-4	-6	-11	-20	-38	-58	-137
Accumulated value change, health and personal accident insurance	0	2	3	2	3	3	13
	252	291	398	542	747	1,650	3,880
Provisions from 2002 and prior years							630
Gross outstanding claims provisions, year end							4,510
Run-off triangle, net of reinsurance							
Estimated accumulated claims							
Year end	2,647	2,878	2,768	2,802	3,234	3,589	
1 year later	2,663	2,873	2,739	3,004	3,498		
2 years later	2,683	2,800	2,754	2,945			
3 years later	2,710	2,747	2,744				
4 years later	2,676	2,717					
5 years later	2,689						
	2,689	2,717	2,744	2,945	3,498	3,589	18,182
Paid to date	-2,438	-2,425	-2,374	-2,396	-2,726	-1,899	-14,258
Provisions before discounting effet, year end	251	292	370	549	772	1,690	3,924
Discounting effect	-4	-6	-11	-20	-38	-58	-137
Accumulated value change, health and personal accident insurance	4	4	4	3	6	5	26
	251	290	363	532	740	1,637	3,813
Provisions from 2002 and prior years							632
Outstanding claims provisions, year end, net of reinsurance							4,445

The table indicates the historical development of the assessed final liability (the sum of payments and provisions) for each claim year from 2003 to 2008. The stated liabilities were calculated excluding discounting, thus eliminating fluctuations due to changes in disount rates and discounting methods. Worker's compensation and and health and personal accident insurance are, however, calculated including discounting. The development is presented gross as well as net of reinsurance.

	2008					2007				
DKKm	Non-life	Bank	Life	Other	Total	Non-life	Bank	Life	Other	Total
Collective bonus potential										
Beginning of year			413		413			474		474
Provisions during the year through the income statement			-413		-423			-61		-69
Transferred from revaluation reserves										
from shareholders' equity			0		10			0		8
					0			413		413

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 outstanding claims provisions on children's dental damage, a summary private sector salary index without safety margin is used. The future inflation rate forecast used in the calculation of provisions in relation to workers' compensation consists of an inflation element and a real wage element.

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 retro-active effect.

Social inflaion has a particular impact on claims levels within workers' compensation, vehicle and liability insuranc

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

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 a calculated, the provisions represent the best estimate of future claims expenses in respect of the current and earlier claims years. The outstanding claims provision are recalculated every month, which means that the level is considered adequate at all times

				2008					2007
DKKm	**Non-life**	**Bank**	**Life**	**Other**	**Total**	Non-life	Bank	Life	Other	Total
Note 15 Other provisions										
Provisions for jubilees, severance payments, etc.	24	4		32	60	36	6		30	72
Provisions for losses on guarantees	0	14		0	14	0	0		0	0
Other provisions	0	0		30	30	0	0		46	46
	24	**18**		**62**	**104**	36	6		76	118
Provisions for jubilees, severance payment, etc., beginning of year	36	6		30	72	38	9		35	82
Net provisions recognised during the year	-42	-7		2	-47	15	-2		-5	8
Discounting effect	30	5		0	35	-17	-1		0	-18
Other provisions, year end	24	4		32	60	36	6		30	72
Provisions for losses on guarantees, beginning of year		0			0		0			0
Provisions for the year		14			14		0			0
Provisions for losses on guarantees, year end		14			14		0			0
Other provisions, beginning of year				46	46	56			108	164
Provisions for the year				0	0	0			0	0
Reversed provisions for the year				-16	-16	-56			-62	-118
Other provisions, year end				30	30	0			46	46

Other provisions cover provisions for:
Rent commitments for Copenhagen Re's London offices.
Provisions for anniversaries, severance of service, etc. have been calculated using an estimated likelihood of disbursement.

Note 16 Deferred tax liabilities									
Deferred tax liabilities				46	46			46	46
				46	**46**			**46**	**46**

The company is liable to pay a possible tax amount in Denmark in respect of recaptured losses in foreign entitles. The liability amounts to a maximum of DKK 308 million.

The amount will fall due for payment on taxation of future earnings, divestment of the activities yielding a realised taxable gain or if the foreign operations in question exit from the joint taxation scheme within ten years.

DKKm	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Note 17 Issued bonds										
Floating-rate loan in NOK with expiry on 2009.09.29		1,135		0	1,135		1,402		0	1,402
Employee bonds		0		10	10		0		0	0
		1,135		**10**	**1,145**		**1,402**		**0**	**1,402**
In September 2006, the bank issued the listed bond Alm. Brand Bank A/S Open Bond Issue. The bond is listed on the Oslo Stock Exchange and carries interest at NIBOR plus 0.15 percentage point. At 1 January 2007, the bank increased the outstanding amount by NOK 350 million. Alm Brand A/S issued employee bonds amounting to DKK 10 million in 2008.										
Note 18 Other liabilities										
Reinsurance deposits	0	0	0	27	27	0	0	0	113	113
Payables to policyholders	47	0	0	0	47	16	0	0	0	16
Payables related to direct insurance	0	0	12	0	12	0	0	13	0	13
Payables related to reinsurance	1	0	1	56	58	7	0	1	171	179
Payables to subsidiaries	0	49	10	4	2	11	78	0	7	2
Negative market value of derivatives	0	944	0	0	944	0	206	0	0	206
Liabilities temporarily acquired	0	6	0	0	6	0	0	0	0	0
Other payables	289	335	78	118	794	275	875	81	121	1,331
Accruals and deferred income	0	28	0	2	30	0	23	1	3	27
	337	**1,362**	**101**	**207**	**1,920**	**309**	**1,182**	**96**	**415**	**1,887**
Note 19 Deposits										
Deposits at call		4,985			4,518		5,781			5,042
At notice		3,964			3,964		2,662			2,662
Time deposits		1,406			1,366		2,645			2,613
Special categories of deposits		786			786		670			670
		11,141			**10,634**		**11,758**			**10,987**
Note 20 Payables to credit institutions and central banks										
Credit institutions		8,586			8,586		8,852			8,852
		8,586			**8,586**		**8,852**			**8,852**
Of which falling due after more than five years		0			0		0			0
Debt arising from genuine purchase and resale transactions:										
Debt to credit institutions and central banks		9			9		132			132
Note 21 Premium income										
Gross premium	4,736		747	14	5,497	4,678		750	17	5,445
Change in unearned premium provisions	33		0	0	33	-100		0	0	-100
	4,769		**747**	**14**	**5,530**	**4,578**		**750**	**17**	**5,345**
Direct insurance is exclusively written in Denmark										
Premium income, life insurance										
Regular premiums			658		658			678		678
Single premiums			89		89			72		72
			747		747			750		750
Individually written insurance			375		375			383		383
Insurance written in employment relationship			229		229			231		231
Group life schemes			143		143			136		136
			747		747			750		750
Number of policies ('000)										
Individually written insurance			80		80			83		83
Insurance written in employment relationship			8		8			8		8
Group life schemes			68		68			71		71
All policies written include a bonus arrangement.										
The life insurance company only writes direct Danish insurance.										

DKKm	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Note 22 Interest income, etc.										
Equity investments	0	0	15	0	15	0	0	16	0	16
Bonds	343	190	458	2	993	317	190	436	35	978
Loans secured by mortgages	0	209	0	0	209	0	173	0	0	173
Other loans	0	1,010	0	0	1,010	0	771	0	0	771
Deposits in credit institutions	21	74	13	66	144	15	66	14	46	104
Other investment assets	21	40	-6	7	54	14	37	5	21	69
	385	**1,523**	**480**	**75**	**2,425**	**346**	**1,237**	**471**	**102**	**2,111**
Interest receivable from genuine purchase and resale transactions:										
Balance due from credit institutions and central banks		5			5		18			18
Loans, advances and other receivables		26			26		10			10
Note 23 Fee income, etc.										
Securities trading and deposits		162			139		168			146
Payment transfers		8			8		6			6
Loan fees		2			2		21			21
Commission fees		7			7		5			5
Other fees and commissions		43			43		31			31
Dividends		14			14		15			15
Fee income paid		-41			-41		-39			-39
		195			**172**		**207**			**185**
Note 24 Other income from investment activities										
Rental income	0		129		40	3		114		60
Operation and maintenance - occupied leases	0		-41		-12	-2		-36		-19
Operation and maintenance - vacant leases	0		-7		-7	0		-1		-1
	0		**81**		**21**	**1**		**77**		**40**
Note 25 Profit from investments in associates										
Investments in associates		4	-30	-2	2		0	0	0	0

Profit from investments in associates comprises the group's share of financial results in EDC-udvikling a/s,Invest Administration A/S and Investeringsselskabet af 6/10 1998 A/S. Alm. Brand Liv og Pension A/S's part of the affiliated company Alm. Brand Formue A/S is recognised as an investment in associated company. The investment is eliminated at group level.

Note 26 Other income										
Income related to building surveyors	12	0			12	28	0			28
Other	0	14			14	0	12			12
	12	**14**			**26**	**28**	**12**			**40**
Note 27 Claims incurred										
Claims paid	-3,450		-986	-331	-4,767	-3,043		-920	-228	-4,191
Change in outstanding claims provisions	-73		5	551	483	-113		2	221	110
	-3,523		**-981**	**220**	**-4,284**	**-3,156**		**-918**	**-7**	**-4,081**
Run-off result, gross	-16			232	216	31			9	40
Run-off result, ceded business	-18			59	41	54			27	81
	-34			291	257	85			36	121

The run-off result includes value adjustment of inflation swaps used to hedge inflation risk related to workers' compensation.

Claims and benefits paid, life insurance										
Insurance sums on death			-79		-79			-79		-79
Insurance sums on critical illness			-13		-13			-13		-13
Insurance sums on disability			-6		-6			-6		-6
Insurance sums on expiry			-239		-239			-182		-182
Pension and annuity benefits			-291		-291			-280		-280
Surrenders			-285		-285			-286		-286
Cash bonus payments			-73		-73			-74		-74
			-986		-986			-920		-920

DKKm	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Note 28 Interest expenses										
Credit institutions and central banks	0	-416	0	0	-416	0	-360	0	-4	-364
Deposits and other payables	0	-522	0	0	-492	0	-380	0	0	-343
Issued bonds	0	-89	0	0	-89	0	-68	0	0	-68
Subordinated debt	-9	-49	-19	0	-69	-8	-33	-6	0	-41
Other interest expenses	0	-1	0	0	-1	0	-1	0	0	-1
Discounting insurance contracts	-176	0	0	0	-176	-156	0	0	0	-156
	-185	**-1,077**	**-19**		**-1,243**	**-164**	**-842**	**-6**	**-4**	**-973**
Interest payable on genuine sale and repurchase transactions:										
Payables to credit institutions and central banks		11			11		22			22
Deposits and other payables		1			1		0			0
Note 29 Impairment of loans, advances and receivables, etc.										
Individual assessment:										
Impairment and value adjustments, respectively, during the year		-380			-380		-66			-66
Reversal of impairment in previous years		57			57		92			92
		-323			-323		26			26
Group assessment:										
Impairment and value adjustments, respectively, during the year		-13			-13		-2			-2
Reversal of impairment in previous years		6			6		19			19
		-7			-7		17			17
Losses not previously provided for		-21			-21		-11			-11
Bad debts recovered		11			11		18			18
Other losses and provisions		0			0		0			0
		-340			**-340**		**50**			**50**
Note 30 Acquisition costs and administrative expenses										
Acquisition commission, etc.	-180	0	-1	-1	-182	-181	0	-3	-1	-185
Other acquisition costs	-131	0	-34	0	-165	-128	0	-33	0	-161
Administrative expenses	-594	-557	-37	-45	-1,173	-589	-521	-46	-39	-1,155
	-905	**-557**	**-72**	**-46**	**-1,520**	**-898**	**-521**	**-82**	**-40**	**-1,501**
Salaries and wages					-1,030					-1,018
Pension					-135					-129
Payroll tax, etc.					-95					-94
					-1,260					-1,241
Part of the payroll expenses for the year have been allocated as claims handling costs and are therefore included under claims incurred.										
Average number of employees					1,898					1,862
From this:										
Remuneration to the Management Board (DKK '000)										
Salaries					8,466					11,701
Pension plans					1,955					1,761
					10,421					13,462
Remuneration to the Board of Directors (DKK '000)										
Directors' fees					1,568					1,568
					1,568					1,568

Salaries to members of the Management Board include the bonus earned in 2007 and earlier, which will be paid in 2009. Remuneration to the Management Board comprises Søren Boe Mortensen, Chief Executive Officer, and Henrik Nordam, Deputy Chief Executive Officer.

Alm. Brand has decided to provide all employees of the group, including the Management Board, with defined contribution pension plans. The group's expenses in relation to the Management Board's pension plans are shown in the above note.

The notice of termination between Alm. Brand and the Management Board is 12 months for either party. If a member of the Management Board is given notice by Alm. Brand, he is entitled to a severance payment equalling 36 months' salary.

A bonus scheme has been established for the Alm. Brand Group's senior management, including the Management Board. The bonus scheme for the Management Board and senior management employees is, along with Alm. Brand's bonus scheme for other managers and specialists, detailed further in the section Employees and Development. The bonus scheme has no material effect on the cost level and does not comprise stock options.

					2008					2007
DKKm	**Non-life**	**Bank**	**Life**	**Other**	**Total**	Non-life	Bank	Life	Other	Total
Audit fees (DKK '000)										
Deloitte - Audit	1,606	1,597	516	986	4,705	1,837	968	507	1,318	4,630
Deloitte - Non-audit services	975	572	-76	1,890	3,361	255	1,198	68	1,378	2,899
	2,581	2,169	440	2,876	8,066	2,092	2,166	575	2,696	7,529
Note 31 Other costs										
Expenses relating to building surveyors	-27				-27	-41				-41
	-27				**-27**	**-41**				**-41**
Note 32 Profit/loss from business ceded										
Reinsurance premiums ceded	-198		-29	-3	-230	-208		-33	1	-240
Reinsurers' share received	59		40	267	366	115		48	57	220
Change in reinsurers' share of insurance contracts	0		-2	-205	-207	-39		-2	-31	-72
Commissions and profit commissions from reinsurance companies	-34		3	0	-31	3		4	0	7
	-173		**12**	**59**	**-102**	**-129**		**17**	**27**	**-85**
Note 33 Change in life insurance provisions										
Guaranteed benefits			-974		-974			891		891
Bonus potential on future premiums			385		385			-319		-319
Bonus potential on paid-up policy premiums			421		421			-389		-389
Change in share of provisions in Forenede Gruppeliv			-3		-3			5		5
Compensation, tax on pension returns			15		15			0		0
			-156		**-156**			**188**		**188**
Note 34 Value adjustments										
Investment assets										
Equity investments	-4	-263	-559	0	-826	0	74	37	1	114
Unit trust units	0	-27	-74	0	-101	0	57	-10	0	47
Bonds	26	-132	286	0	180	-71	-98	-487	6	-650
Shares in collective investments	0	0	0	0	0	0	0	0	0	0
Loans secured by mortgages	0	-124	0	0	-124	0	27	0	0	27
Other investment assets	36	91	-29	0	98	0	-28	6	0	-22
Exchange rate adjustments	0	-80	0	-11	-91	-1	15	0	-11	3
	58	-535	-376	-11	-864	-72	47	-454	-4	-481
Land and buildings										
Investment properties	1	0	-17	0	-21	1	0	33	0	24
Owner-occupied properties	0	0	0	0	-5	0	0	0	0	0
	59	-535	-393	-11	-890	-71	47	-421	-4	-457
Discounting insurance contracts	-135	0	0	0	-135	169	0	0	0	169
	-76	**-535**	**-393**	**-11**	**-1,025**	**98**	**47**	**-421**	**-4**	**-288**

DKKm	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Change in fair values based on valuation models and recognised in the income statement										
Mortgage deeds	0	-51	0	0	-51	0	13	0	0	13
Unlisted shares	-4	0	12	-2	6	0	0	52	1	53
Investment properties	1	0	-17	0	-21	1	0	33	0	24
Owner-occupied properties	0	0	0	0	-5	0	0	0	0	0
	-3	-51	-5	-2	-71	1	13	85	1	90

Note 35 Tax on pension investment returns

Tax on pension investment returns regarding prior years			0		0			0		0
Tax on pension investment returns regarding current year			-19		-19			-11		-11
Change in deferred tax on pension investment returns			0		0			0		0
			-19		**-19**			**-11**		**-11**
Exemption rate			4.7%		4.7%			4.8%		4.8%

Note 36 Tax

Estimated tax on operating profit for the year	-56	133	3	-79	1	-81	19	4	-1	-59
Prior-year adjustment	0	0	0	0	0	-1	-1	-2	1	-3
Adjustment of deferred tax (28% to 25%)	0	0	0	0	0	-21	-13	-7	-1	-42
Adjustment of deferred tax	-11	-6	-20	-17	-54	-82	-38	-30	-12	-162
	-67	**127**	**-17**	**-96**	**-53**	**-185**	**-33**	**-35**	**-13**	**-266**
Effective tax rate:										
Current tax rate	25.0%	-25.0%	25.0%	25.0%	-25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Adjustment of deferred tax (28% to 25%)	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%	7.1%	6.6%	-0.2%	4.3%
Prior-year adjustment of deferred tax	-2.2%	0.0%	0.0%	-3.5%	-9.4%	1.1%	0.3%	2.5%	-7.5%	0.7%
Prior-year adjustment	2.3%	0.0%	0.0%	3.2%	9.1%	-0.9%	0.0%	0.1%	7.5%	-0.3%
Tax adjustment	0.4%	8.6%	14.5%	10.3%	-7.0%	0.0%	-14.6%	-0.1%	6.2%	-2.6%
	25.5%	-16.4%	39.5%	35.0%	-32.3%	28.5%	17.8%	34.1%	31.0%	27.1%

Note 37 Share attributable to minority shareholders

Share of profit/loss before tax attributable to minority interests										
Alm. Brand Formue A/S		-212			-179		-24			-24
Alm. Brand Pantebreve A/S		-29			-29		18			18
		-241			**-208**		**-6**			**-6**
Share of profit/loss after tax attributable to minority interests										
Alm. Brand Formue A/S		-196			-166		-5			-5
Alm. Brand Pantebreve A/S		-22			-22		14			14
		-218			**-188**		**9**			**9**

Note 38 Underwriting result, non-life insurance

DKKm	Health and accident insurance	Workers' compen-sation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, com-mercial	Change-of-owner-ship-insurance	Liability insurance	Other direct insurance	2008 Total
Gross premiums	462	331	548	858	1,026	1,148	58	111	194	4,736
Gross premium income	456	353	559	863	1,001	1,172	74	110	181	4,769
Gross claims incurred	-205	-133	-301	-522	-1,001	-1,037	-84	-38	-202	-3,523
Gross operating expenses	-91	-61	-56	-220	-207	-199	-16	-20	-35	-905
Profit/loss from business ceded	-3	9	-3	0	-54	-122	1	-1	0	-173
Investment return on insurance business	9	4	15	23	38	27	0	1	8	125
Total underwriting result	**166**	**172**	**214**	**144**	**-223**	**-159**	**-25**	**52**	**-48**	**293**
Numbers of claims	11,833	3,860	15,765	47,294	79,511	29,760	3,031	1,922	18,810	211,786
Frequency of claims	0.034	0.121	0.038	0.128	0.168	0.185	0.080	0.043	0.144	0.105
Average damages paid for claims incurred, DKK '000	20	58	31	11	11	30	21	17	9	17

DKKm	Health and accident insurance	Workers' compen-sation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, com-mercial	Change-of-owner-ship-insurance	Liability insurance	Other direct insurance	2007 Total
Gross premiums	433	352	566	903	992	1,100	70	101	161	4,678
Gross premium income	431	333	573	902	954	1,071	61	98	155	4,578
Gross claims incurred	-176	-203	-475	-447	-796	-838	-67	-31	-123	-3,156
Gross operating expenses	-86	-60	-59	-237	-200	-194	-13	-18	-31	-898
Profit/loss from business ceded	2	42	-2	0	-44	-125	-1	-1	0	-129
Investment return on insurance business	7	3	11	16	32	29	10	1	3	112
Total underwriting result	**178**	**115**	**48**	**234**	**-54**	**-57**	**-10**	**49**	**4**	**507**
Numbers of claims	9,717	3,224	16,376	44,275	77,902	30,293	3,029	2,490	16,692	203,997
Frequency of claims	0.030	0.102	0.041	0.112	0.176	0.192	0.085	0.057	0.138	0.104
Average damages paid for claims incurred, DKK '000	22	71	31	11	10	25	18	12	6	15

Direct insurance is written only in Denmark

The technical result from fire and property insurance in private and commercial lines was heavily affected by the year's expenses for weather-related claims and major claims.

DKKm	2008	2007
Note 39 Actual result, life insurance		
Technical result of life insurance activities	-1	74
Transfer of investment return	75	29
Tax on pension investment return	19	11
Change in collective bonus potential	-413	-62
Change in bonus potential on paid-up policy benefits	-131	0
Result of portfolios without bonus entitlement	0	-1
Addition of bonus	146	133
Return equity deposit	-43	-31
Health and accident insurance deposits	-32	2
Actual result	-380	155

DKKm	2008	2007
Return requirement for shareholders' equity		
Unconditional shares:		
Actual investment return before tax on pension investment return	43	30
Result of portfolios without bonus entitlement	0	1
Result of health and accident insurance	11	16
	54	47
Conditional shares:		
Risk premium of 0.5% of the average life insurance provisions	53	55
20% of cost and risk result	0	0
Expense result, net of reinsurance	13	2
25% of risk result, net of reinsurance	15	16
	81	73
Profit for the year before tax	135	120
Transferred to shadow account	-81	0
Profit for the year before tax including health and accident insurance	54	120
Profit for the year before tax excl. health and accident insurance	43	120

Note 40 Contingent liabilities, guarantees and leasing

Guarantee commitments	2,504	2,223

In specific cases, Alm. Brand A/S has provided guarantees to third parties for subsidiaries' obligations deriving from their operating activities.

The group's companies have made lease and rental agreements for computer equipment and premises with total annual payments of DKK 68 million allocated over a six-year period.

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 1,8 billion.

Alm. Brand Ejendomsinvest A/S, Copenhagen, has incurred a VAT adjustment liability of DKK 11 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.

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. Alm. Brand af 1792 fmba has 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.

DKKm	2008 Non-life	Bank	Life	Other	Total	2007 Non-life	Bank	Life	Other	Total
Note 41 Collateral security										
Carrying amounts of assets provided as collateral security for technical provisions										
Cash	0		651	30	681	0		247	33	280
Bonds	5,579		9,193	6	14,778	5,671		9,426	66	15,163
Equity investments and units in unit trusts	0		831	10	841	0		855	9	864
Shares in collective investments	0		0	0	0	0		0	0	0
Interest receivable	145		162	0	307	119		143	0	262
Properties, mortgage deeds	0		98	0	98	0		96	0	96
Loans guaranteed by insurance companies	0		0	0	0	0		164	0	164
Loans to group enterprises	0		0	0	0	0		116	0	0
Investments in subsidiaries	0		382	0	764	0		497	0	0
Other assets	338		0	0	338	0		0	0	0
	6,062		11,317	46	17,807	5,790		11,544	108	16,829

Monetary-policy counterparties with the Danish Central Bank can obtain credit only against security through the mortgaging of approved securities. As part of the ongoing business, in 2008 the bank provided bonds as security vis-à-vis the Danish Central Bank at a market value of DKK 635 million (2007: DKK 954 million).

Note 42 Related parties

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

- Alm. Brand af 1792 fmba (parent company)
- EDC-Udvikling a/s (joint venture)
- Alm. Brand Formue A/S (subsidiary, not wholly owned)
- Alm. Brand Pantebreve A/S (subsidiary, not wholly owned)
- Invest Administration A/S (associate)
- 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. Furthermore, Alm. Brand af 1792 fmba has acquired hybrid capital issued by Alm. Brand A/S.

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)	Management Board and Board of Directors of A/S	2008 Companies controlled by members of the Board of Directors
Sale of services	609	20,383	3	0
Purchase of services	1,281	21,461	0	0
Interest and fee income	0	176	1	0
Interest and fee expenses	10	26	-1	0
Receivables	152	1,693	22	7
Debt	0	11	36	1
Collateral	0	0	9	3
Interest rates			2,50-7,50%	3,65-7,50%
				2007
Sale of services	506	35,450	3	0
Purchase of services	0	34,989	0	0
Interest and fee income	0	143	1	0
Interest and fee expenses	15	11	1	0
Receivables	359	3,273	17	6
Debt	0	11	31	1
Collateral	0	0	7	3
Interest rates			4,50-6,50%	3,39-6,18%

Other than the above, no material intra-group transactions have taken place.

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.

DKKm	Fair value	Amortised cost	Total	Fair value	Amortised cost	Total
Note 43 Classification of financial instruments						
Financial assets						
Government bonds	3,515	0	3,515	4,417	0	4,417
Mortgage bonds	15,159	0	15,159	16,071	0	16,071
Other fixed-rate instruments	669	0	669	912	0	912
Other floating-rate instruments	280	0	280	240	0	240
Listed shares	855	0	855	1,266	0	1,266
Unlisted shares	430	0	430	384	0	384
Other investment assets	72	0	72	106	0	106
Reinsurance deposits	0	9	9	0	12	12
Receivables from policyholders	0	245	245	0	309	309
Receivables from insurance brokers	0	19	19	0	2	2
Receivables from insurance companies	0	134	134	0	97	97
Other receivables	0	121	121	0	66	66
Positive market value of derivative financial instruments	829	0	829	328	0	328
Other assets	0	290	290	0	227	227
Pensionskassen under Alm. Brand A/S	0	8	8	0	10	10
Assets temporarily acquired	0	39	39	0	14	14
Interest receivable	0	312	312	0	307	307
Prepayments	0	68	68	0	52	52
Balances due from credit institutions and central banks	0	3,017	3,017	0	2,560	2,560
Cash in hand and demand deposits	0	146	146	0	790	790
Loans and advances	2,705	14,587	17,292	2,876	14,241	17,117
	24,514	18,995	43,509	26,600	18,687	45,287

DKKm	2008 Fair value	2008 Amortised cost	2008 Total	2007 Fair value	2007 Amortised cost	2007 Total
Financial liabilities						
Subordinated debt	0	828	828	0	817	817
Issued bonds	0	1,145	1,145	0	1,402	1,402
Reinsurance deposits	0	27	27	0	113	113
Payables to policyholders	0	47	47	0	16	16
Payables related to direct insurance	0	12	12	0	13	13
Payables related to reinsurance	0	58	58	0	179	179
Payables to subsidiaries	0	2	2	0	2	2
Negative market value of derivative financial instruments	944	0	944	206	0	206
Other payables	0	794	794	0	1,331	1,331
Deferred income	0	30	30	0	27	27
Deposits	0	10,634	10,634	0	10,987	10,987
Payables to credit institutions and central banks	0	8,586	8,586	0	8,852	8,852
	944	22,163	23,107	206	23,739	23,945

DKKm	Fair value	Amortised cost	Total	Fair value	Amortised cost	Total
Note 44 Return on financial instruments						
Interest income, etc.	1,340	1,085	2,425	1,274	837	2,111
Fee income, etc.	150	22	172	156	29	185
Other income	19	7	26	32	8	40
Total income	1,509	1,114	2,623	1,462	874	2,336
Interest expenses	-166	-1,077	-1,243	-131	-842	-973
Value adjustments	-1,015	-10	-1,025	-290	2	-288
Profit before tax	328	27	355	1,041	34	1,075

DKKm	Fair value	Recognised amount	Fair value	Recognised amount
Note 45 Fair value on financial instruments				
Financial assets at fair value through profit or loss				
Government bonds	3,515	3,515	4,417	4,417
Mortgage bonds	15,159	15,159	16,071	16,071
Other fixed-rate instruments	669	669	912	912
Other floating-rate instruments	280	280	240	240
Listed shares	855	855	1,266	1,266
Unlisted shares	430	430	384	384
Other investment assets	72	72	106	106
Reinsurance deposits	9	9	12	12
Receivables from policyholders	245	245	309	309
Receivables from insurance brokers	19	19	2	2
Receivables from insurance companies	134	134	97	97
Other receivables	121	121	66	66
Positive market value of derivative financial instruments	829	829	328	328
Other assets	290	290	227	227
Pensionskassen under Alm. Brand A/S	8	8	10	10
Assets temporarily acquired	39	39	14	14
Interest receivable	312	312	307	307
Prepayments	68	68	52	52
Balances due from credit institutions and central banks	3,017	3,017	2,560	2,560
Cash in hand and demand deposits	146	146	790	790
Loans and advances	17,357	17,292	17,124	17,117
	43,574	43,509	45,294	45,287

DKKm	2008 Fair value	2008 Recog-nised amount	2007 Fair value	2007 Recog-nised amount
Financial liabilities at fair value through profit or loss				
Subordinated debt	828	828	817	817
Issued bonds	1,145	1,145	1,402	1,402
Reinsurance deposits	27	27	113	113
Payables to policyholders	47	47	16	16
Payables related to direct insurance	12	12	13	13
Payables related to reinsurance	58	58	179	179
Payables to subsidiaries	2	2	2	2
Negative market value of derivative financial instruments	944	944	206	206
Other payables	794	794	1,331	1,331
Deferred income	30	30	27	27
Deposits	10,649	10,634	10,993	10,987
Payables to credit institutions and central banks	8,586	8,586	8,852	8,852
	23,122	23,107	23,951	23,945

Cash in hand and balances at call with central banks are relatively short term, and recognised amounts at amortised cost are assumed to equal fair values.

Balances with credit institutions are recognised at amortised cost. The difference between the recognised value and fair value is assumed to be the interest rate-dependent value adjustment, calculated by comparing current market rates with the market rates applying when the balances were established. Changes in the credit quality of receivables from credit institutions are not taken into account as these are assumed to be included in impairment on loans, advances and receivables. Changes in the fair value of debt to credit institutions due to changes in the bank's own credit rating are not taken into account.

Loans, advances and receivables at fair value, bonds at fair value, shares etc. and derivatives are measured at fair value in the financial statements so that recognised values equal fair values.

The difference between the fair value and the recognised value of Loans, advances and receivables at amortised cost is assumed to equal the interest rate-dependent value adjustment, calculated by comparing current market rates with the market rates applying when the loans were established. Changes in the credit quality are not taken into account as these are assumed to be included in impairment on loans for recognised values as well as fair values.

The fair value of deposits and other payables is assumed to equal the interest rate level-independent value adjustment calculated by comparing current market rates with the market rates prevailing when the deposits were established.

Issued bonds and subordinated debt are measured at amortised cost. The difference between this and fair value is assumed to be the interest rate-dependent value adjustment, calculated by comparing current market rates with the market rates applying when the issues were made. Changes in fair values due to changes in the bank's own credit rating are not taken into account.

Fair value adjustments of financial assets and liabilities represent a total unrecognised gain of DKK 50.1 million at the end of 2008, against DKK 1.2 million at the end of 2007

In the accounting policies, the calculation of fair values is described further for items recognised at fair value.

DKKm	2008 Non-life	2008 Bank	2008 Life	2008 Other	2008 Total	2007 Non-life	2007 Bank	2007 Life	2007 Other	2007 Total
Note 46 Financial instruments by term to maturity										
Loans, advances and receivables										
Expiry within 1 year	567	8,290	145	666	9,668	496	6,398	64	680	7,638
Expiry between 1 year and 5 years	0	4,776	0	0	4,776	16	6,073	0	0	6,089
Expiry after more than 5 years	0	6,263	0	0	6,263	0	6,358	0	0	6,358
	567	19,329	145	666	20,707	512	18,829	64	680	20,085
Deposits and payables to credit institutions and central banks										
Expiry within 1 year	48	12,451	13	56	12,101	23	13,484	14	171	12,953
Expiry between 1 year and 5 years	0	6,784	0	0	6,744	0	6,737	0	0	6,705
Expiry after more than 5 years	0	492	0	0	492	0	389	0	0	389
	48	19,727	13	56	19,337	23	20,610	14	171	20,047
Issued bonds										
Expiry between 1 year and 5 years		1,135			1,135		1,402			1,402
		1,135			1,135		1,402			1,402

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.

DKKm	2008 Non-life	Bank	Life	Other	Total	2007 Non-life	Bank	Life	Other	Total
Note 47 Credit risk										
Credit risk by type of financial asset										
Government bonds	1,440	1	1,778	296	3,515	1,415	1	2,663	338	4,417
Mortgage bonds	5,165	3,243	6,725	26	15,159	5,163	4,683	6,215	10	16,071
Other fixed-rate instruments	154	134	256	125	669	189	191	346	186	912
Other floating-rate instruments	0	0	271	9	280	182	0	47	11	240
Other investment assets	0	0	72	0	72	0	0	256	2	258
Reinsurance deposits	67	0	27	123	217	104	0	29	385	518
Receivables from policyholders	208	0	37	0	245	260	0	49	0	309
Receivables from insurance brokers	19	0	0	0	19	2	0	0	0	2
Receivables from insurance companies	0	0	8	126	134	0	0	15	82	97
Other receivables	61	0	37	49	121	19	0	31	39	66
Positive market value of derivative financial instruments	0	829	0	0	829	0	328	0	0	328
Other assets	0	290	0	0	290	0	233	0	0	227
Interest receivable	148	0	164	0	312	134	0	152	21	307
Balances due from credit institutions and central banks	340	2,037	100	540	3,017	250	1,712	0	598	2,560
Cash in hand and demand deposits	272	29	352	0	146	470	442	202	447	790
Loans and advances	0	17,292	0	0	17,292	0	17,117	0	0	17,117
Maximum credit risk	7,874	23,855	9,827	1,294	42,317	8,188	24,707	10,005	2,119	44,219

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. The life group's portfolio of credit bonds forms part of the investment assets attributable to insurance customers. Of the credit bond portfolio, 90% are rated Investment Grade (BBB or higher). Receivables due from non-life operations are written down to zero after nine months.

Total receivables written down in connection with insurance operations:

Impairment, beginning of year	25				25	26				26
Impairment during the year and reversal of impairment	13				13	-1				-1
Impairment, year-end	38	0	0	0	38	25	0	0	0	25
Loans and guarantees distributed by sector and industry										
Public authorities		0.0%			0.0%		0.0%			0.0%
Business sectors:										
Agriculture, hunting and forestry		6.8%			6.8%		2.8%			2.8%
Fishery		0.0%			0.0%		0.0%			0.0%
Manufacturing, raw materials extraction, utilities		0.4%			0.4%		0.2%			0.2%
Construction		1.3%			1.3%		0.6%			0.6%
Trade, restaurant and hotel industry		2.6%			2.6%		2.5%			2.5%
Transport, post and telecommunications		0.5%			0.5%		0.4%			0.4%
Credit and financing and insurance		21.7%			21.7%		21.1%			21.1%
Property administration and trading, business services		20.8%			20.8%		20.5%			20.5%
Other business		1.9%			1.9%		4.1%			4.1%
Business total		56.0%			56.0%		52.2%			52.2%
Private customers		44.0%			44.0%		47.8%			47.8%
Total		100.0%			100.0%		100.0%			100.0%
Impairment (provision)										
Individual assessment										
Impairment, beginning of year		103			103		137			137
Impairment during the year		380			380		66			66
Reversal of impairment		-57			-57		-92			-92
Loss (written off)		-10			-10		-8			-8
Impairment, year end		416			416		103			103
Group assessment										
Impairment, beginning of year		27			27		45			45
Impairment during the year		13			13		1			1
Reversal of impairment		-6			-6		-19			-19
Impairment, year end		34			34		27			27
Total impairment		450			450		130			130
Value of security for loans found to be impaired based on individual assessments		4			4		8			8
The carrying amount of loans and advances which would have been overdue or impaired if the loan had not been renegotiated.		0			0		0			0

DKKm	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Reasons for individual impairment write-downs										
Loans, advances and other receivables before impairment										
Bankruptcy		186			186		16			16
Suspension of payments		142			142		75			75
Other reasons		1,706			1,706		464			464
		2,034			2,034		555			555
Impairment, etc.										
Negotiations for composition started/granted		81			81		6			6
Account terminated		41			41		37			37
Other reasons		294			294		60			60
		416			416		103			103
Loans, advances and other receivables after impairment		1,618			1,618		452			452
Value of security for loans which in an individual assesment have been found to be impaired		1,468			1,468		364			364
Description of security										
Value of security										
Real property, private		155			155		32			32
Real property, commercial		203			203		273			273
Cash, deposits and highly liquid securities		1,018			1,018		7			7
Cars		82			82		40			40
Other security		10			10		12			12
		1,468			1,468		364			364

Collateral security is valued on the following basis:
Private residential property; 80-95%, depending on type, location, state of repair and transferability.
Commercial property; 60-85%, depending on use, location, state of repair, business, income basis and assessed transferability.
Cash and marketable securities; 80-95% of official market price when available and, if not, of assessed market price.
Personal property, cars; depending on type, model and age.
Personal property, other collateral; based on individual assessments.

Realised security, including conditions										
Value of realised security										
Real property, private		17			17		1			1
Real property, commercial		0			0		0			0
Cars		21			21		15			15
		38			38		16			16

Forced realisation of collateral is required if the bank is unable to get a voluntarily agreement with debtor or mortgagor for voluntary realisation. The bank always seeks to maximise the value of collateral by way of forced realisation. Before forced realisation is initiated, the debtor and/or morgagor are given notice, typically eight days, but shorter if there is an imminent risk of the value of the collateral becoming impaired. Particularly in ralation to loans and credit secured on securities-based investments, so-called stop-loss clauses are established, giving the bank the right to immediate forced realisation unless additional collateral is provided. Such clauses typically take effect if the value of the collateral falls below a minimum proportion of the loan, typically 105-110%.

Loans, advances and other receivables, etc. in arrears										
How much in arrears										
Up to three months		103			103		40			40
Three to six months		31			31		8			8
Six to twelve months		5			5		9			9
More than twelve months		10			10		16			16
Arrears, year end		149			149		73			73
Value of collateral security for loans in arrears		1,133			1,133		1,265			1,265
Description of security										
Value of security										
Real property, private		1,056			1,056		740			740
Real property, commercial		6			6		260			260
Cash and marketable securities		21			21		191			191
Cars		49			49		43			43
Other security		1			1		31			31
		1,133			1,133		1,265			1,265

DKKm	Non-life	Bank	Life	Other	2008 Total	Non-life	Bank	Life	Other	2007 Total
Total value of security at the balance sheet date		15,862			15,862		16,283			16,283
Description of security										
Value of security										
Real property, private		5,502			5,502		5,653			5,653
Real property, commercial		3,735			3,735		3,362			3,362
Cash and marketable securities		4,680			4,680		5,239			5,239
Cars		1,678			1,678		1,772			1,772
Other security		267			267		257			257
		15,862			15,862		16,283			16,283

Credit quality

At year-end 2008, the bank applied rating models for approximately 80% of the lending portfolio, and it has submitted an application to the Danish FSA to be approved as an IRB institution.

The bank expects to apply rating models for more than 99% of the lending portfolio by 31 March 2009.

The rating models use a scale of 0-7, and each individual rating segment has a PD interval (Probability of Default) for each scale step. The quality of the models is still under development.

At 31 December 2008, the average PD totalled 2.0% for the part of the lending portfolio which is comprised by rating models and which is neither due nor impaired.

Note 48 Hedge accounting

As part of the risk management efforts, the fair value of certain financial assets and liabilities is hedged through the use of derivative financial instruments.

Nature of the hedged item				
Fixed-rate loans in DKK				
At amortised cost	150	150	0	0
At adjusted amortised cost (carrying amount)	149	149	0	0
Hybrid Tier 1 capital in DKK				
At amortised cost	175	175	175	175
At adjusted amortised cost (carrying amount)	179	179	168	168
Nature of hedging instruments				
For fixed-rate loans in DKK				
Interest rate swaps in DKK				
Fair value	-1	-1	0	0
Synthetic principal	150	150	0	0
For hybrid Tier 1 capital in DKK				
Interest rate swaps in DKK				
Fair value	4	4	-7	-7
Synthetic principal	175	175	175	175
Recognised through profit and loss				
Value adjustment of hedged assets and liabilities	-11	-11	6	6
Value adjustment of hedging instruments	11	11	-6	-6

Fair value hedging has been highly effective throughout the year and throughout the term. "Highly effective" means that the value adjustments of the hedging instruments correspond to the value adjustments of the hedged items within a range of 80-125%.

DKKm	Non-life	Bank	Life Share holders' equity	Other	Total	% of Share-holders' equity

Note 49 Sensitivity information

Sensitivity information, group

Risk on shareholders' equity in case of specific events:						
Interest rate increase of 0.7 pct. point	-31	-47	-11	-4	-93	-1.9%
Interest rate fall of 0.7 pct. point	18	47	11	4	80	1.7%
Equity price fall of 12%	-2	-34	0	-2	-38	-0.8%
Fall in property prices of 8%	-3	0	0	0	-3	-0.1%
Maximum exchange rate loss of 99.5% probability of 10 days	0	-39	0	-6	-45	-0.9%
Loss on counterparties of 8%	-94	-15	-11	-12	-132	-2.8%
Caststrophic events:						
- one "100-year event"	260	0	0	0	260	5.4%
- two "100-year events"	415	0	0	0	415	8.6%

The risk 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

DKKm	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum effect on bonus potential on paid-up policy benefits before change in applied bonus potential on paid-up policy benefits	Maximum effect on applied bonus potential on paid-up policy benefits
Event:				
Interest rate increase of 0.7 pct. point	-10	0	328	-191
Interest rate fall of 0.7 pct. point	-37	0	-275	131
Equity price fall of 12%	-29	0	0	-81
Fall in property prices of 8%	0	0	0	-81
Exchange rate risk (VaR 99.5%)	0	0	0	-1
Loss on counterparties of 8%	-65	0	0	-81
Fall in mortality intensity of 10%	-10	0	3	-30
Increase in mortality intensity of 10%	-9	0	-2	26
Increase in disability intensity of 10%	-2	0	-8	-6

	2008	2007	2006	2005	2004
Note 50 Key ratios for the banking group					
Solvency ratio *	12.5%	11.7%	12.1%	11.5%	12.4%
Tier 1 ratio *	6.8%	9.4%	10.4%	9.5%	9.7%
Return on equity before tax	-45.4%	15.2%	14.5%	23.0%	15.7%
Return on equity after tax	-37.2%	11.5%	11.1%	16.1%	15.4%
Income/cost ratio	0.1	1.4	1.5	1.9	1.4
Interest rate risk *	11.6%	8.7%	13.3%	15.2%	10.1%
Foreign exchange position *	43.3%	72.7%	41.1%	19.1%	9.5%
Foreign exchange risk *	0.5%	0.6%	0.7%	0.2%	0.2%
Loans and advances as a percentage of deposits	159.2%	146.7%	139.4%	121.9%	99.4%
Gearing of loans and advances	14.0	8.9	7.4	6.7	7.6
Annual growth in lending	1.0%	30.4%	22.2%	20.5%	8.2%
Excess cover relative to statutory liquidity requirement *	93.0%	36.7%	71.5%	82.0%	71.2%
Total amount of large exposures *	163.0%	177.6%	225.1%	275.3%	218.4%
Impairment ratio for the year	1.7%	-0.3%	-0.2%	0.0%	0.3%

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 accounting policies were changed in 2005.

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

ACCOUNTING POLICIES

GENERAL

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted 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. In addition, the annual report has been prepared in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

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 NASDAQ OMX Copenhagen A/S. For the parent company, the disclosure requirements are set out in the Danish Financial Business Act and by NASDAQ OMX Copenhagen A/S.

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 annual report, as detailed in a separate section of this report.

IMPLEMENTATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The annual report for 2008 is presented in accordance with the new and revised standards (IFRS/IAS) and interpretations (IFRIC) which apply for financial years starting on or after 1 January 2008. These standards and interpretations are:

- IAS 39, Financial Instruments: Recognition and Measure ment (revised 2008)
- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions
- IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

Alm. Brand has opted for early adoption of IFRS 8, Operating Segments in the consolidated financial statements.

The implementation of the other new and revised standards and interpretations in the annual report for 2008 has not resulted in changes to accounting policies.

STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

At the date of publication of this annual report, the following new or amended standards and interpretations have not yet entered into force, and are therefore not included in this annual report:

- Revised IFRS 3, Business Combinations (2008). The standard comes into force for financial years starting on or after 1 July 2009. The standard has not yet been adopted for use in the EU.
- Revised IAS 1, Presentation of Financial Statements (2007). The revised standard comes into force for financial years starting on or after 1 January 2009. The standard has not yet been adopted for use in the EU.
- Revised IAS 23, Borrowing Costs (2007). The revised standard comes into force for financial years starting on or after 1 January 2009. The standard has not yet been adopted for use in the EU.
- Revised IAS 27, Consolidated and Separate Financial Statements (2008). The revised standard comes into force for financial years starting on or after 1 July 2009. The standard has not yet been adopted for use in the EU.
- Revised IAS 39, Financial Instruments: Recognition and Measurement (2008). The revised standard comes into force for financial years starting on or after 1 July 2009. The standard has not yet been adopted for use in the EU.
- Minor amendments of various standards as a result of IASB's annual improvement process (2008). Most amendments come into force for financial years starting on or after 1 January 2009. The amendments have not yet been adopted by the EU.
- IFRIC 13, Customer Loyalty Programmes (2007). The interpretation comes into force for financial years starting on or after 1 July 2008. The interpretation has not yet been adopted for use in the EU.
- IFRIC 15, Agreements for the Construction of Real Estate (2008). The interpretation comes into force for financial years starting on or after 1 January 2009. The interpretation has not yet been adopted for use in the EU.

Management believes that the application of these other new and revised standards and interpretations will not have any material impact on the annual report for the coming financial years.

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 and until the date of disposal respectively. 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.

Where the cost exceeds the fair value of the acquired net assets, the excess amount is capitalised as goodwill under intangible assets. Goodwill is tested for impairment annually.

If the measurement of acquired identifiable assets, liabilities or 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 or contingent liabilities had another fair value at the time of acquisition than that originally assumed, goodwill will 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.

INTRA-GROUP TRANSACTIONS
Intra-group services are settled on market terms or on a cost recovery basis. Intra-group financial statements 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.

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.

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.

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.

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.

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.

ACCOUNTING ESTIMATES

The items most materially affected by accounting estimates are insurance obligations, loans and advances and receivables.

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.

In respect of impairment of loans, advances and other receivables, significant estimates have been applied in quantifying the risk that not all future payments may be received. If it can be determined that not all future payments will be received, the determination of the amount of the expected payments, including realisation values of any collateral and expected dividend payments from estates, also involves significant estimates.

CHANGE IN ACCOUNTING ESTIMATES

As a result of the agreement on financial stability in the pension market, the Danish Financial Supervisory Authority has temporarily, effective from 30 October 2008 until 31 December 2009, adjusted the basis of the maturity-dependent discount rate (yield curve) used to calculate provisions for insurance contracts.

Seen in isolation, the changed discount rate has reduced provisions for insurance contracts in the non-life insurance company by DKK 31 million and in the life insurance company by DKK 36 million. The change has increased Alm. Brand A/S' shareholders' equity by DKK 25 million.

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

Software

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

In determining cost, all 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 in-house on an annual basis.

Investment property

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 amount 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 the measurement 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, including properties classified as owner-occupied properties, are made in shareholders' equity as revaluation reserves. If a revaluation can no longer be maintained, it is reversed. Writedowns 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, leases etc.

Investments in associates
Investments in associates 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.

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, taking into account the expected residual value.

Investment assets
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. 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 financial assets at fair value through income 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 a receivable and are subject to interest at the agreed rate.

Derivative financial instruments
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 designated as and qualifying for recognition 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.

Group impairment
Loans, advances and receivables that are not written down individually are subject to a group assessment of whether there is any indication of impairment for the group as a whole. A group assessment involves groups of loans, advances and receivables with uniform credit risk characteristics.

The group assessment is based on a segmentation model developed by the Association of Local Banks in Denmark, which is responsible for the ongoing maintenance and development of the model. The segmentation model determines the correlation in the individual groups between actual losses and a number of significant explanatory macroeconomic variables by way of a linear regression analysis. The explanatory macroeconomic variables include unemployment, housing prices, interest rates, number of bankruptcies/forced sales, etc.

The macroeconomic segmentation model is generally calculated on the basis of loss data for the entire banking sector. The bank has therefore assessed whether the model estimates need to be adapted to the bank's portfolio of loans and advances.

This assessment has entailed an adjustment of the model estimates to the bank's own circumstances, and these adjusted estimates form the basis of the calculation of the group impairment. An estimate has been calculated for each individual group of loans, advances and receivables, which expresses the percentage impairment of the specific group of loans, advances and receivables at the balance sheet date. The individual loans and advances' impact on the group impairment is calculated by comparing the original risk of loss of the individual loans and advances with the risk of loss of the loans and advances at the beginning of the current reporting period. The impairment is calculated as the difference between the carrying amount and the discounted value of the expected future payments.

Balances due from credit institutions
Balances due from credit institutions are measured at fair value on initial recognition and subsequently at amortised cost and comprise all receivables from credit institutions and central banks, including receivables in connection with genuine purchase and resale transactions.

Cash in hand and balances at call
Cash in hand and balances at call are measured at fair value on initial recognition and subsequently at amortised cost.

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.

Dividends
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.

Treasury shares
Purchases and sales of treasury shares are recognised directly in shareholders' equity under other reserves.

Subordinated debt
Subordinated debt comprises liabilities which, in the case of liquidation or bankruptcy and pursuant to the loan conditions, cannot be settled until any other creditor claims have been honoured.Subordinated debt is recognised at fair value, equalling the payment received less directly attributable costs incurred. Subsequently, subordinated debt is measured at amortised cost using the effective interest method with the addition of the fair value of the hedged interest rate risk.

Issued bonds at amortised cost
Issued bonds at amortised cost are recognised at fair value, equalling the payment received less directly attributable costs incurred. Subsequently, issued bonds are measured at amortised cost using the effective interest method.

Provisions 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 stated at market value based on an expected cash flow discounted using the yield curve published by the Danish Financial Supervisory Authority. 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, based on 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 claims reported but not settled as well as amounts for claims incurred but not reported. They are generally estimated using statistical methods based on the payment history. For workers' compensation, a separate model has been introduced which is mainly based on rulings and case officer assessments of individual claims. Furthermore, the company makes a provision for future revisions of settled and unsettled claims and a provision for reopened and future delayed claims. 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 processing and settlement of old claims. Included in the calculations is the ratio of claims paid and the outstanding claims provisions at year-end, including claims incurred but not reported.

For those claims on which at least 15% of the payments are made at least 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.

For all lines except children's dental damage and workers' compensation, the future inflation rate is estimated and recognised implicitly in the provision models. For children's dental damage, a summary private sector salary index without safety margin is used. The future inflation rate forecast used in the calculation of provisions in relation to workers' compensation consists of an inflation element and a real wage element.

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 effectively 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 disablement 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.

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 of pensions etc. for the group's employees are treated as defined contribution plans. For defined contribution plans, the group pays fixed contributions and has no obligation to pay any further contributions. 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.

Deposits
Deposits are recognised at amortised cost and comprise all deposits, including obligations in connection with genuine sale and repurchase transactions and customers' receivable margins in connection with futures and option transactions.

Payables to credit institutions
Payables to credit institutions are measured at amortised cost and comprise obligations in connection with genuine sale and repurchase transactions and receivable margins in connection with futures and option transactions.

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 pre-

mium 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 received and interest earned 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, etc. 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 principal activities 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.

Alm. Brand has entered into swap agreements to partially hedge provisions for workers' compensation against changes in the future wage index, assuming a continued stable growth in the real value of claims paid. The value adjustment of these swaps is included in claims incurred.

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 sale of securities is recognised under market value adjustments.

Writedown on loans, advances and receivables etc.
Writedown on loans, advances and receivables comprises writedowns 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 operation 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 activities. 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 in the consolidated income statement, but the expense is included in the individual segment financial statements.

Other expenses
Expenses associated with activities that cannot be ascribed to the company's principal activities 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 recognised in 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 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.

TAX

All companies in the group are jointly taxed.

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.

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 carrying amount and tax base of assets and liabilities. Deferred tax is measured on the basis of the tax rules and rates that, according to the rules in force at the balance sheet date, will apply at the time the deferred tax is expected to crystallise as current tax.

Deferred tax assets, including the tax base of tax losses carried forward, are measured at the amount at which they are expected to be realised, either as a set-off against tax on future income or as a set-off against 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's review.

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 flows 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 raising of short-term and long-term loans.

Cash and cash equivalents comprise cash and demand deposits.

Disclaimer
Forecasts are based on the level of interest rates prevailing at mid-February 2009. All forward-looking statements are based exclusively on the information available when this annual report was released.

The performance may be affected by major changes in a number of areas. Such impacts include changes in economic conditions, changes in the financial markets, legislative changes, changes in the competitive environment, loans and advances, etc. and guarantees, etc.

The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information contained in this report should independently consider any uncertainties of significance to their decision. A more detailed review of the bank's risks is included in the section on risk management.

This annual report has been translated from Danish into English. In the event of any discrepancy between the Danish text and the English-language translation, the Danish text shall prevail.



financial statements, parent company

BALANCE SHEET

		Parent company	
DKKm	**Note**	**2008**	**2007**
Assets			
Investment in group enterprises	1	4,080	4,880
Loans to group enterprises		550	0
Investment in associates	2	18	20
Total investments in group enterprises and associates		**4,648**	**4,900**
Equity investments		1	1
Other loans and advances		2	2
Deposits with credit institutions	3	50	0
Cash in hand and balances at call	4	0	88
Total other financial investment assets		**53**	**91**
Total investment assets		**4,701**	**4,991**
Receiveables from group enterprises		2	9
Other receivables		31	33
Total receivables		**33**	**42**
Current tax assets		26	12
Deferred tax assets	5	16	20
Total other assets		**42**	**32**
Total assets		**4,776**	**5,065**
Liabilities and equity			
Share capital		1,476	1,668
Retained earnings		3,034	3,264
Total shareholders' equity	6	**4,510**	**4,932**
Deferred tax liabilities	7	46	46
Total provisions		**46**	**46**
Payables to group enterprises		160	21
Issued bonds		10	0
Other payables		50	66
Total Payables		**220**	**87**
Total liabilities and equity		**4,776**	**5,065**
Contingent liabilities, guarantees and leases	8		
Staff costs	9		
Auditors' fees	10		
Related parties	11		

INCOME STATEMENT

		Parent company	
DKKm	**Note**	**2008**	**2007**
Income from group enterprises	12	-26	736
Income from associates	13	-2	0
Interest income and dividends, etc.	14	25	22
Interest expenses	15	-1	-14
Administrative expenses related to investment activities	16	-32	-50
Total return on investments		**-36**	**694**
Profit/loss before tax		**-36**	**694**
Tax	17	9	12
Profit/loss for the year		**-27**	**706**
Proposed allocation of profit/loss:			
Retained earnings		-27	706

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Retained earnings	Share-holders' equity
Shareholders' equity at 1 January 2007	**1,788**	**3,113**	**4,901**
Profit for the year		706	706
Cancellation of treasury shares	-120	120	0
Revaluation of owner-occupied properties in subsidiaries		3	3
Tax on equity entries in subsidiaries		-1	-1
Purchase and sale of treasury shares		14	14
Share buyback programme		-691	-691
Shareholders' equity at 1 January 2008	**1,668**	**3,264**	**4,932**
Profit for the year	0	-27	-27
Cancellation of treasury shares	-192	192	0
Revaluation of owner-occupied properties	0	2	2
Purchase and sale of treasury shares	0	22	22
Share buyback programme	0	-419	-419
Shareholders' equity at 31 December 2008	**1,476**	**3,034**	**4,510**

NOTES TO THE FINANCIAL STATEMENTS

DKKm	2007	2006
Note 1 Investment in group enterprises		
Cost, beginning of year	4,244	6,042
Disposals	-2	-1,798
Cost, year end	4,242	4,244
Revaluation and impairment, beginning of year	322	-1,134
Dividend received	-775	-699
Disposals	-6	1,423
Profit for the year	-26	736
Remission of debt, subsidiaries	315	0
Revaluation of owner-occupied properties associates	2	3
Tax on changes recognised in equity associates	0	-1
Revaluation and impairment of treasury shares in subsidiaries	6	-6
Revaluation and impairment, year end	-162	322
Set off against receivables and capital base	0	314
Carrying amount, year end	**4,080**	**4,880**
Specification of carrying amount:		
Alm. Brand Bank A/S	938	1,359
Alm. Brand Forsikring A/S	3,130	3,502
Asgaard Finans A/S	0	0
Finansieringsselskabet Balder A/S	0	7
Finansieringsselskabet af 9/10 1992 A/S	12	12
	4,080	**4,880**
Note 2 Investment in associates		
Cost, beginning of year	60	60
Cost, year end	60	60
Revaluation and impairment, beginning of year	-40	-40
Profit for the year	-2	0
Revaluation and impairment, year end	-42	-40
Carrying amount, year end	**18**	**20**
Specification of carrying amount:		
EDC-udvikling a/s, ownership interest 50%	18	20
	18	**20**
Note 3 Deposits with credit institutions		
Term deposits, Alm. Brand Bank	50	0
	50	**0**
Note 4 Cash in hand and balances at call		
Deposits held at call, Alm. Brand Bank	0	86
Escrow account, Alm. Brand Bank	0	2
	0	**88**
Note 5 Deferred tax assets		
Deferred tax on provisions	16	20
	16	**20**

DKKm	2008	2007
Note 6 Shareholders' equity		
Share capital, beginning of year	1,668	1,788
Cancellation of treasury shares	-192	-120
Share capital, year end	**1,476**	1,668

The share capital consists of 18,450,000 shares of DKK 80 each and has been fully paid up.

DKKm	2008	2007	2006	2005	2003
Share capital, beginning of year	1,668	1,788	1,788	1,788	1,788
Cancellation of treasury shares	-192	-120	0	0	0
Share capital, year end	1,476	1,668	1,788	1,788	1,788

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.

DKKm	2008	2007
Solvency		
Tier 1 capital after deductions	3,845	4,282
Capital base after decuctions	3,195	3,652
Weighted assets subject to market risks, etc.	3,828	4,235
Total weighted assets	3,828	4,235
Tier 1 capital after deductions as a percentage of total weighted items	100.4%	101.1%
Solvency ratio	83.5%	86.2%

The risk-weighted items have been prepared in accordance with the Danish Financial Business Act.

No. of shares		
Reconciliation of the no. of shares (1,000)		
Issued shares, beginning of year	20,850	22,350
Treasury shares, beginning of year	-1,884	-1,421
No. of shares, beginning of year	18,966	20,929
Share bought back	-1,935	-2,017
Employee shares issued	43	54
Shares acquired/sold during the year	0	0
Cancellation of treasury shares	2,400	1,500
Issued shares, year-end	18,450	20,850
Treasury shares, year-end	-1,376	-1,884
No. of shares at year-end	17,074	18,966
Treasury shares		
Carrying amount, beginning of year	0	0
Value adjustment	-211	-551
Acquired during the year	419	691
Sold during the year	-16	-20
Cancellation of treasury shares	-192	-120
Carrying amount, year end	0	0

DKKm	2008	2007
Nominal value, beginning of year	151	114
Acquired during the year	154	161
Sold during the year	-3	-4
Cancellation of treasury shares	-192	-120
Nominal value, year end	110	151
Holding (number of shares), beginning of year	1,884	1,421
Acquired during the year	1,935	2,017
Sold during the year	-43	-54
Cancellation of treasury shares	-2,400	-1,500
Holding (number of shares), year end	1,376	1,884
Percentage of share capital	7.5%	9.0%

Note 7 Deferred tax liabilities

Deferred tax on contingency funds in group enterprises	46	46
	46	**46**

The company is liable to pay a possible tax amount in Denmark in respect of recaptured losses in foreign entitles. The liability amounts to a maximum of DKK 308 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 8 Contingent liabilities, guarantees and leases

Guarantee commitments	529	532

In specific cases, Alm. Brand A/S has provided guarantees to third parties for subsidiaries' obligations deriving from their operating activities.

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 has made rental agreements for premises with total annual payments of DKK 97 million allocated over a five-year period.

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.

Note 9 Staff costs

Salaries and wages	16	17
Pension	3	2
Payroll tax, etc.	0	1
	19	20
Average number of employees	6	6
Remuneration to the Board of Directors (DKK '000)	1,568	1,568
Remuneration to the Management Board (DKK '000)	10,421	13,462
	11,989	15,030

Remuneration includes the bonus earned in 2007 and earlier, which will be paid in 2009.

DKKm		

Note 10 Audit fees (DKK '000)

Deloitte:		
Audit	549	602
Non-audit services	1,775	1,011
	2,324	1,613

Note 11 Related parties

Related parties comprise:

- Members of the company's Management Board and Board of Directors and their related family members
- Companies controlled by members of the Management Board of Board of Directors
- Other companies in the Alm. Brand Group
- 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.

DKKm	2008	2007

Note 12 Income from group enterprises

Alm. Brand Bank A/S	-427	149
Alm. Brand Forsikring A/S	401	580
Asgaard Finans A/S	0	0
Finansieringsselskabet Balder A/S	0	6
Finansieringsselskabet af 9/10 1992 A/S	0	1
	-26	**736**
The profit/loss is recognised in the following items:		
Income from group enterprises	-26	736
	-26	**736**

As part of the agreement on financial stability, the Danish FSA has temporarily adjusted the basis for the maturity-dependent discount rate (yield curve). This adjustment impacted the financial results of Alm. Brand Forsikring A/S favourably by DKK 25 million.

Note 13 Income from associates

EDC-Udvikling a/s	-2	0
	-2	**0**
The profit/loss is included in the following items:		
Income from associates	-1	0
	-1	**0**

Note 14 Interest income and dividends, etc.

Interest, Alm. Brand Bank	18	11
Other interest	7	11
	25	**22**

Note 15 Interest expenses

Interest expenses, group enterprises	-1	-10
Other interest expenses	0	-4
	-1	**-14**

DKKm	2008	2007
Note 16 Administrative expenses related to investment activities		
Cost, group enterprises	-5	-13
Other costs	-27	-37
	-32	**-50**
Note 17 Tax		
Estimated tax on operating profit for the year	7	12
Tax on profit/loss of jointly taxed foreign enterprises	6	0
Prior-year adjustment	0	1
Adjustment of deferred tax (28% to 25%)	0	3
Adjustment of deferred tax	-4	-4
	9	**12**
Effective tax rate		
Current tax rate	25.0%	25.0%
Adjustment of deferred tax (28% to 25%)	0.0%	6.3%
Tax on profit/loss of jointly taxed foreign enterprises	65.0%	0.0%
Prior-year adjustment of deferred tax	-2.7%	0.0%
Prior-year adjustment	10.0%	-6.4%
Tax adjustments	-4.2%	4.5%
	93.1%	**29.4%**



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

The consolidated financial statements of Alm. Brand A/S are prepared in accordance with the International Financial Reporting Standards as adopted 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.

The accounting policies are unchanged from the policies applied in the Annual Report 2007.

FINANCIAL RATIOS

Return on equity before tax	=	$\frac{\text{Profit before tax x 100}}{\text{Average shareholders' equity}}$
Return on equity after tax	=	$\frac{\text{Profit for the year x 100}}{\text{Average shareholders' equity}}$

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

Net asset value per share	=	$\frac{\text{Shareholders' equity x 100}}{\text{No. of shares at year-end}}$
Earnings per share	=	$\frac{\text{Profit for the year after tax x 100}}{\text{Average no. of shares}}$
Diluted earnings per share	=	$\frac{\text{Profit for the year after tax x 100}}{\text{Average no. of shares}}$

In the determination of the average number of shares, any stock options and warrants are taken into consideration.

Price/NAV	=	$\frac{\text{Share price}}{\text{Net asset value per share}}$

Financial ratios, non-life insurance

Key ratios have been calculated in accordance with the Executive Order on financial reports presented by insurance companies and profession-specific pension funds:

Gross claims ratio	=	$\frac{\text{Gross claims incurred x 100}}{\text{Gross premium income}}$
Gross expense ratio	=	$\frac{\text{Insurance operating expenses x 100}}{\text{Gross premium income}}$
Net reinsurance ratio	=	$\frac{\text{Profit/loss on reinsurance x 100}}{\text{Gross premium income}}$
Combined ratio	=	$\frac{\text{(Gross claims expenses + Insurance operating expenses + Profit/loss on reinsurance) x 100}}{\text{Gross premium income}}$
Operating ratio	=	$\frac{\text{(Gross claims expenses + Insurance operating expenses + Profit/loss on reinsurance) x 100}}{\text{Gross premium income + Technical interest}}$

Gross premiums are adjusted to reflect bonus payments and premium discounts.

Key ratios have been calculated in accordance with the Executive Order on financial reports presented by credit institutions and investment companies, etc.:

Financial ratios, banking

$$\text{Interest margin} = \frac{\text{Net interest income}}{\text{Average interest-bearing assets – average interest-bearing liabilities}}$$

$$\text{Impairment ratio for the year} = \frac{\text{Impairment for the year x 100}}{\text{Loans and advances + guarantees + impairment}}$$

$$\text{Income/cost ratio} = \frac{\text{Income}}{\text{Costs}}$$

Financial ratios, life insurance

Key ratios 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
Born 1939
Member of the Board of Directors since 1991

Chairman of the boards of directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba



Jørgen H. Mikkelsen
Deputy Chairman
Born 1954
Member of the Board of Directors since 1994

Deputy chairman of the boards 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 boards of directors of:
Køge Holding A/S
Tømrermester Søren Gliese-Mikkelsen A/S
Chr. Petersen A/S
A/S Sydjydsk Korn- og Foderstof-Kompagni
DPL Invest A/S (Investeringsselskabet for Dansk Primær Landbrug)
Danish Agro Byggecenter A/S
Merløse Landbutik A/S
Danish Agro Trading A/S
ØA Fyn A/S
Danish Agro AMBA

Deputy chairman of the boards of directors of:
Den lokale Andel AMBA

Member of the boards of directors of:
KRAM Madservice A/S
Hesselbjerg Agro A/S



Boris N. Kjeldsen
Born 1959
Member of the Board of Directors since 2003

Member of the boards of directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

Chief executive of:
DADES A/S

General manager of:
DAVISTA Komplementarselskab A/S

Chairman of the boards of directors of:
Sigvald Madsen Holding A/S
Breinholt Consulting A/S
Breinholt Invest A/S
DATEA A/S
Sigvald Madsen Aktieselskab, Håndværkerfirma
Kemp & Lauritzen A/S

Member of the boards of directors of:
DAVISTA Komplementarselskab A/S
Benny Johansen & Sønner A/S



Niels Kofoed
Born 1962
Member of the Board of Directors since 2000

Member of the boards 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 Niels Kofoed A/S

Member of the boards of directors of:
EDC Niels Kofoed A/S
Ahead Property Innovation A/S



Jørgen Skovdal Larsen
Born 1949
Member of the Board of Directors since 1996

Member of the boards of 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 of directors of:
TRE-FOR Entreprise A/S



Henrik Stenbjerre
Born 1940
Member of the Board of Directors since 2006

Member of the board of directors of:
Alm. Brand A/S

Directorships outside the Alm. Brand Group

Deputy chairman of the boards of directors of:
Averhoff & Co A/S
Stena Metall A/S
FIH Kapitalbank A/S

Member of the boards of directors of:
RM Rich. Müller A/S
Terma A/S
Brüel & Kjær Sound & Vibration Measurement A/S



Lone Clausen
Employee representative
Born 1955
Member of the Board of Directors since 1998

Member of the boards of directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba



Susanne Larsen
Employee representative
Born 1964
Member of the Board of Directors since 2006

Member of the boards of directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba



Henning Kaffka
Employee representative
Born 1965
Member of the Board of Directors since 2006

Member of the boards of directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

MANAGEMENT BOARD



CHIEF EXECUTIVE

Søren Boe Mortensen
Joined Alm. Brand in 1987
Member of the Management Board since 1998
Chief Executive since December 2001
Born 1955

Chief Executive of:
Alm. Brand A/S
Alm. Brand af 1792 fmba

Chairman of the boards of directors of:
Alm. Brand Forsikring A/S
A/S Det Kjøbenhavnske Reassurance-Compagni
Asgaard Finans A/S
Finansieringsselskabet af 9/10 1992 A/S
Alm. Brand Service ApS
Europort Limited

Deputy chairman of the boards of directors of:
Alm. Brand Pantebreve A/S
Alm. Brand Formue A/S

Member of the boards of directors of:
Alm. Brand Præmieservice A/S
Alm. Brand Ejendomsinvest A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Chairman appointed by the Management Board of:
Pensionskassen under Alm. Brand A/S

Directorships outside the Alm. Brand Group

Chairman of the boards of directors of:
Forsikringsakademiet A/S

Member of the board of directors of:
The Danish Insurance Association



DEPUTY CHIEF EXECUTIVE
Henrik Nordam
Joined Alm. Brand in 1986
Member of the Management Board since 2000
Deputy Chief Executive since December 2001
(Chief Executive of Alm. Brand Bank)
Born 1951

Chief Executive of:
Alm. Brand Bank A/S

Deputy Chief Executive of:
Alm. Brand A/S

General Manager of:
Asgaard Finans A/S

Chairman of the boards of directors of:
Alm. Brand Finans A/S
Alm. Brand Ejendomsinvest A/S
Alm. Brand Formue A/S
Alm. Brand Pantebreve A/S
Alm. Brand Præmieservice A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Member of the boards 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

GROUP COMPANIES

DKKm		Profit/loss for the year	Shareholders' equity at year-end	Owner-ship interest
PARENT COMPANY				
Alm. Brand A/S, Copenhagen	Holding	– 27	4,510	
NON-LIFE INSURANCE				
Alm. Brand Forsikring A/S, Copenhagen	Insurance	401	3,130	100%
Alm. Brand Service ApS, Copenhagen	IT operation and development	2	47	100%
LIFE INSURANCE				
Forsikringsselskabet Alm. Brand Liv og Pension A/S, Copenhagen	Insurance	34	1,120	100%
Alm. Brand Ejendomsinvest A/S, Copenhagen	Real property	62	1,106	100%
REINSURANCE				
A/S Det Kjøbenhavnske Reassurance-Compagni, Copenhagen	Insurance	181	442	100%
The Copenhagen Reinsurance Company, (U.K.) Ltd., London	Insurance	– 10	358	100%
The Copenhagen Reinsurance Services, (U.K.) Ltd., London	Administration	0	9	100%
BANKING AND FINANCE				
Alm. Brand Bank A/S, Copenhagen	Banking	– 427	938	100%
Alm. Brand Finans A/S, Kgs, Lyngby	Car finance and leasing	15	315	100%
Alm. Brand Pantebreve A/S, Copenhagen	Investment	– 28	238	22%
Alm. Brand Formue A/S, Copenhagen	Investment	– 338	197	42%
OTHER COMPANIES				
Alm. Brand Præmieservice A/S, Copenhagen	Financing	0	1	100%
Finansieringsselskabet af 9/10 1992 A/S, Copenhagen	Financing	0	12	100%
Asgaard Finans A/S, Copenhagen	Holding	315	1	100%
Europort Ltd. (Gibraltar), Copenhagen	Currently dormant	95	0	100%
ASSOCIATED COMPANIES				
EDC-udvikling a/s	Sales co-operation	– 4	36	50%
Invest Administration A/S	Administration	– 1	3	50%

"Ownership interest" indicates Alm. Brand A/S' direct or indirect ownership interests.