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Page **1 of 3**

Alm. Brand A/S – Interim report for the first half year of 2009

Highlights

- **Highly unsatisfactory loss of DKK 747 million due to writedowns on bank loans of DKK 1,063 million**
- **Winding-up of financing of large properties and property projects, commercial mortgage deeds and parts of securities funding activities**
- **High claims ratio – due to substantial volume of major claims and other factors. Premium increases and measures to limit claims initiated**
- **Satisfactory performance by life insurance operations**
- **Highly satisfactory investment return in all business areas**
- **Improved expense ratio**
- **Lower level of economic activity affecting revenues**
- **Guidance for full-year performance excluding writedowns retained**

"The significant writedowns we took during this quarter were the result of our assessment that the market outlook within investment and development properties has become significantly more negative. Higher return requirements, lower rental income and a lack of funding options are placing the industry under heavy pressure," Søren Boe Mortensen, Chief Executive, stresses. "The writedowns illustrate that we have adjusted the value of a large number of commitments to these developments. We therefore expect that going forward the bank's writedowns will be more in line with market standards.

Other H1 highlights

- Non-life operations generated a profit of DKK 189 million.

  The performance was favourably affected by few weather-related claims and by a sustained decline in the expense ratio. Moreover, the profit was affected by extremely strong investment results.

The performance was adversely impacted by a substantial volume of major claims, especially in the commercial segment, and by a sustained high level of small claims.

The initiated premium increases and measures to limit claims are expected to be fully implemented during 2010 and to take full financial effect in 2011.

- The bank generated a profit of DKK 66 million before losses and writedowns. Including losses and writedowns, the bank incurred a highly unsatisfactory loss of DKK 997 million.

  The highly unsatisfactory performance was owing to substantial writedowns on loans, particularly for investment properties and property development projects. In addition, the bank recognised writedowns on commercial mortgage deeds and certain forms of securities financing.

  As a result of these significant developments, the bank has set up a special winding-up unit under the credit secretariat to handle these activities. The winding-up unit is staffed by employees who possess specific knowledge within funding and handling and management of these types of assets.

  The performance was favourably affected by a strong return on the investment portfolio and by cost savings. Net interest income developed positively, although it was lower than anticipated due to timing differences in the spread between funding and lending rates.

- The group's life insurance operations generated a profit of DKK 37 million. In addition, an amount of DKK 39 million was transferred to the shadow account, bringing the shadow account balance to DKK 122 million.

  The performance was favourably affected by an extremely strong return on the investment portfolio. Thus, the amount drawn on the bonus potential on paid-up policies was largely eliminated. The performance was also affected by low costs.

- The consolidated revenue totalled DKK 3.8 billion.

- It has been agreed with Henrik Nordam that he is retiring from his position as Chief Executive in the bank and as Deputy Chief Executive in the Alm. Brand Group. Chief Financial Officer, Ole Joachim Jensen, has been appointed as new Interim Chief Executive in Alm. Brand Bank. The management of Alm. Brand Bank will consequently consist of Ole Joachim Jensen and Bo Christian Alberg.

Please direct any questions regarding this announcement to Søren Boe Mortensen, Chief Executive, on tel. +45 35 47 79 07 or Susanne Biltoft, Head of Information and Investor Relations, on tel. +45 35 47 76 61.

Alm. Brand A/S will host a webcast and teleconference on Thursday, 27 August 2008 at 10.00 a.m. To follow the webcast, go to:

http://webcast.zoomvision.se/denmark/clients/almbrand/090826/

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Yours sincerely,

Alm. Brand A/S

Søren Boe Mortensen
Chief Executive

The interim report is attached in pdf-format.