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# Alm. Brand A/S – Interim report for the third quarter of 2008

## The third quarter at a glance

- **Q3 profit of DKK 19m was not satisfactory**
- **Significant capital losses on securities, increased writedowns on loans and advances and a not satisfactory claims experience**
- **Improved expense ratio**
- **Growth remains satisfactory**

Highlights of the Alm. Brand Group's interim report for the first nine months of 2008 (before tax and minority interests):

- The group posted a 9M profit of DKK 124m.

  The unsatisfactory performance was to a large extent attributable to capital losses, which reduced the profit by approximately DKK 300m. In addition, increased writedowns on loans and advances and a not satisfactory claims experience had an adverse impact on the performance.

- Non-life operations recorded a profit of DKK 196m.

  The performance was favourably affected by growth in premium income and by a sustained fall in expenses.

  The performance was adversely affected by value adjustments of the investment portfolio, a large number of major claims in the agricultural segment, a weak adverse claims experience in building and household comprehensive insurance and motor premium reductions. The performance was also affected by run-off losses.

  In a move to improve the performance, the company has introduced premium adjustments on a number of insurance policies characterised by an adverse claims experience. At the same time, the company will remain focused on costs.

- The bank recorded posted a 9M loss of DKK 140m.

  The financial results were favourably affected by a strong EBITDA performance. This development gained momentum throughout the year and will be continually improved.

  The performance was adversely impacted by substantial capital losses on the securities

portfolio due to rising interest rates and volatile financial markets. Furthermore, the economic conditions increased the need to write down loans and advances.

In order to improve earnings, the bank has implemented a range of measures to enhance efficiency while also seeking to further increase the interest margin.

- The group's life insurance operations reported a 9M profit of DKK 18m, while DKK 51m was transferred to the shadow account. It is not expected that the amount charged to the shadow account can be recognised in 2008.

  Pension scheme contributions in the group rose by 6%.

  The investment return on customer funds equalled minus 1.9%, which was not satisfactory and was attributable to losses on equities and capital losses on the company's portfolio of mortgage bonds in particular. Part of this loss is expected to be off-set in the next few years as a result of a higher level of interest rates.

  Because the collective bonus potential has been used up, the company applied a limited part of the bonus potential on paid-up policies and introduced a charge to protect against adverse effects of changes in interest rates. The life group was in the Danish FSA's green scenario by a fair margin throughout the reporting period.

- Consolidated revenue totalled DKK 6.1bn for the year to date.

- The full-year forecast is retained and the share buyback programme will continue unchanged.

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

**Yours sincerely,**

Alm. Brand A/S

*Søren Boe Mortensen*
Chief Executive

The interim report is attached in pdf-format.