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Page 1 of 1

ALM. BRAND A/S – Annual Report 2006

Alm. Brand A/S released its Annual Report 2006 today. See the enclosed Annual Report for the company's performance in 2006 and the outlook for 2007.

Highlights of the Annual Report:

- The Alm. Brand A/S Group posted a pre-tax profit excluding minority interests of DKK 1,006 million as compared with a profit of DKK 747 million in 2005.
- This marks a substantial improvement relative to 2005, and the results are highly satisfactory.
- Due to the strong financial results, Alm. Brand will initiate another share buyback programme in 2007, for up to DKK 600 million.
- Non-life operations generated a pre-tax profit of DKK 724 million and a combined ratio of 88.1. Premium income was up by 4.9%, which is satisfactory and in line with expectations.
- Banking operations reported a pre-tax profit of DKK 167 million.
- Life insurance operations reported a pre-tax profit of DKK 81 million.
- Alm. Brand A/S generated return on equity of 22% before tax.
- Earnings per share were DKK 37 in 2006, and the share price was DKK 400 at 31 December 2006, corresponding to 171% of the net asset value of 234.
- In February 2007, Alm. Brand Forsikring A/S raised subordinate capital of EUR 20 million arranged by Nordea.
- Consolidated profit for 2007 is expected to be around DKK 800 million before tax and around DKK 580 million after tax with a Combined Ratio of 92 for non-life insurance.

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



ALM. BRAND A/S

ANNUAL REPORT 2006

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MANAGEMENT

MANAGEMENT

BOARD OF DIRECTORS



Christian N.B. Ulrich*,
Chairman



Jørgen H. Mikkelsen*,
Deputy Chairman



Lone Clausen,
Employee representative



Henning Kaffa,
Employee representative



Boris N. Kjeldsen*



Niels Kofoed*



Jørgen S. Larsen*



Susanne Larsen
Employee representative



Henrik Stenbjerre

MANAGEMENT BOARD



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



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)

* Elected by the principal shareholder

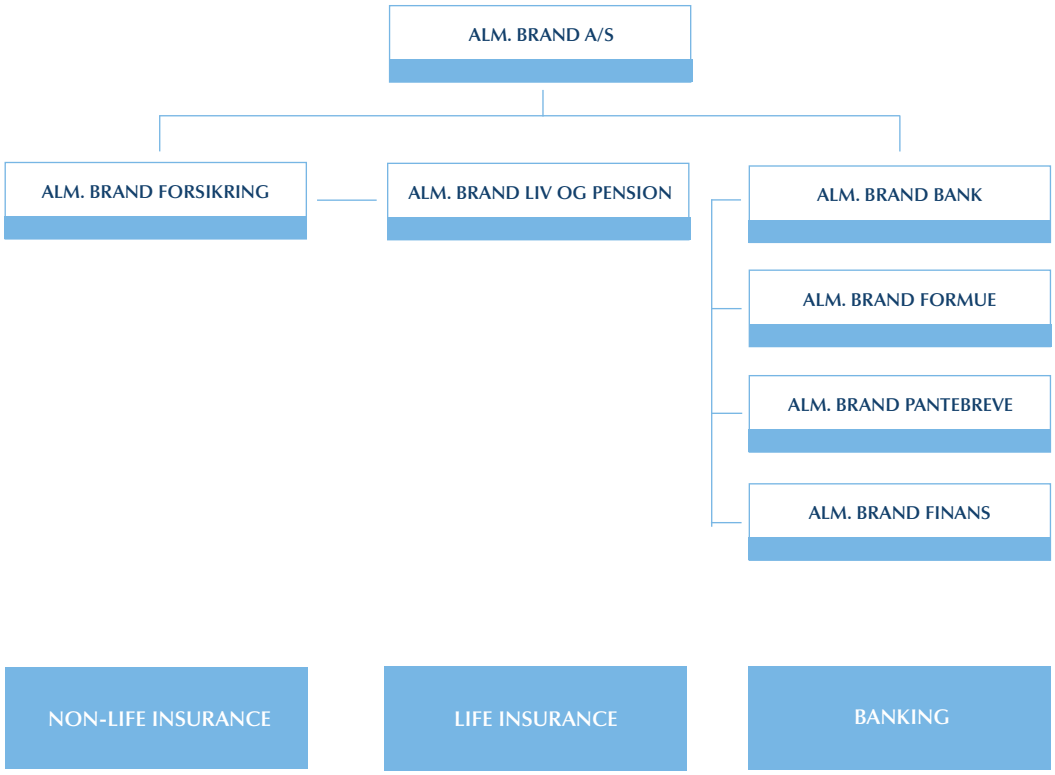
AUDITORS
Deloitte, Statsautoriseret Revisionsaktieselskab

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GROUP STRUCTURE





Dormant or discontinuing activities are not included.

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.



MANAGEMENT'S REVIEW

RESULTS TAKING SHAPE



Our new strategy is proving its worth. During 2006, we demonstrated that the ambitions we formulated into five clearly defined goals for 2010 were more than just words on a piece of paper. They are goals that we can achieve through a targeted and dedicated effort from our managers and employees in all parts of Alm. Brand. We are now seeing the results of our efforts as improvements achieved in virtually all parts of our business, from the financial key figures to the more "soft" satisfaction parameters.

Our performance continued after the record year in 2005, so our results in 2006 were also well ahead of expectations. The full-year return on equity was 22%, the highest ever, which was 4 percentage points better than last year and well above our target for 2010.

In addition, the group experienced significant growth in all business areas in 2006. The growth initiatives we launched in 2005 and continued to develop in 2006 are having a strong effect on earnings. The group's non-life activities were up by 4.9%, the bank's loans and advances improved by more than 20% and pension payments increased by 13%.

HEALTHY GROWTH

In the non-life operations, the performance was better than indicated by the 4.9% premium growth, partly because portfolio trimmings, among other things, resulted in 1.5% negative growth in 2005. The targeted growth initiatives involved more marketing and extra staff resources, which is of course reflected in our expense ratio. However, we are very pleased to report that in spite of these investments, we have still achieved a combined ratio of less than 90%. We are witnessing a very good claims experience on the group's general portfolio, which is the result of the systematic risk assessment and the portfolio price adjustments we began in 2002 and have since performed regularly.

The bank also made a number of investments for future growth, which included strengthening decentralised distribution by setting up 12 new branches. Investments were also made in new products and the results are reflected in the growth during the year in both deposits and loans and advances, the improvements being well ahead of the milestone target for 2006. The bank recorded slightly higher profit than expected in spite of the market becoming more competitive and the narrowing interest margin. However, the bank's earnings are affected by the loss of key employees in the Markets and Asset Management division. The new organisation only became fully operational during the year. The bank now has a markets and asset management division that is substantially stronger than the previous department was, and we expect to see visible results already in 2007 and in the following years.

The life operations performed as expected with a slight top-line decline resulting from the strategic focus on channelling an increasing share of the pension savings to Alm. Brand's investment schemes with Alm. Brand Bank. The total amount of pension contributions received by both units increased by 13% in 2006, a very satisfactory performance that was well ahead of the 2006 milestone target. The life group reported slightly better results than were expected at the start of the year.

Also contributing to the financial results for the year was the positive performance by the group's reinsurance activities which are in run-off.



IMPROVED SATISFACTION RATES

Taking stock now 18 months after we launched our new strategy, we are thus very pleased to see that we have come a long way, and that we have either achieved or exceeded our financial milestone targets for 2006.

Equally important, at least, is the follow-up on our targets in terms of our image as well as our customer and employee satisfaction rates. Our efforts in these areas are essential if we are to achieve the growth and return targets we have presented to our shareholders.

In fact, three of our five strategic targets deal with how we are perceived by our stakeholders. Without satisfied customers and employees we will not be able to create short-term or long-term value for our shareholders. And both short term and long term, we rely completely on the general public having a positive view of our company and of the way we run our business.

Customer satisfaction is very much correlated to the service our customers expect and receive from Alm. Brand. As a result, we have continued to improve the processes in our organisation, including telephony, response times, case processing, communications, etc. We follow up on developments by making specific measurements and make changes if something is not working properly.

The results are visible on several fronts. Customer and case processing has become more effective, and our customers have responded by a significant improvement in our satisfaction surveys. In two years, the share of satisfied customers has risen from 76% to stand at 81%. The target for 2010 is 90%. During the same period, our share of very satisfied customers has risen from 31% to 46% and our goal is 50%. Of course, we are very pleased with our achievements, but we are certainly not resting on our laurels. We believe that very satisfied customers are the best ambassadors Alm. Brand can get, and we would very much like to have more of them.

We also believe that the improvement in customer satisfaction has something to do with the fact that we also have more satisfied employees. Employee satisfaction has been one of our key focus areas since 2002, and we have made serious efforts to develop management training and communications, among other things. Since the first surveys were made, our satisfaction rates have steadily been on the increase, starting at 79% of employees being satisfied and 35% very satisfied to the 2006 level of 88% satisfied and 48% very satisfied.

In analysing the responses to our satisfaction surveys, we can see that employee satisfaction depends very much on the quality of a person's immediate superior. The latest survey shows that 58% of Alm. Brand's employees are very satisfied with their immediate superior. When asked the question "How satisfied are you with working at Alm. Brand?", 95% replied that they are satisfied.

We are proud of our competent and satisfied employees. They are the ones who create our satisfied customers and, by extension, growth for Alm. Brand.

RESULTS TAKING SHAPE



FOCUSING ON OUR CORPORATE IMAGE

In other words, we are very pleased to see that our efforts to do things better have made a difference. Unfortunately, we still have not had the same kind of success in enhancing our general corporate image. A company's corporate image is an important means of attracting new customers and skilled employees. That is why it is our ambition that Alm. Brand's corporate image is among the top two in the market by 2010. However, we did not see any material improvement to our image during 2006. In other words, our efforts vis-à-vis customers and employees do not impact the views among the affinity groups we are not in direct contact with, i.e. the groups of non-customers that we use to measure our corporate image. It will require a more dedicated information and profiling effort, and we have added that to our plans for 2007 and onwards.

POSITIVE REACTIONS IN THE EQUITY MARKET

On the other hand, the equity market has kept a close eye on Alm. Brand's positive performance, and the interest in Alm. Brand shares has risen considerably. Obviously, we are very pleased with the share price performance, and the added interest is also reflected in extended analyst coverage, a sharp increase in share turnover and considerable attention from Danish and international investors. We give high priority to investor relations, and we have allocated significant management resources to retaining our high level of information.

SHARE BUYBACKS

Based on the good results achieved in 2005, we resolved last year that we would effect a share buyback programme of, originally, DKK 400 million. We then decided to expand the programme to DKK 500 million in connection with the release of our Q3 2006 interim report. The overall buyback programme was completed on 29 January 2007. We bought almost 580,000 shares in the market, equal to 40% of the programme and the rest we bought at market prices from Alm. Brand af 1792 fmba. We will propose to the annual general meeting being held on 26 April 2007 that these shares be cancelled.

Given the highly satisfactory results for 2006 and the forecasts of 2007 profits of DKK 800 million, the Board of Directors proposes to initiate another share buyback programme. The 2007 programme would involve buybacks of DKK 600 million and it would be completed in the period until the end of January 2008. As in the previous programme, 60% of the shares involved will be acquired from the group's principal shareholder Alm. Brand af 1792 fmba, while the rest will be bought in the market. The programme equals a pay-out ratio of 7%.

EMPLOYEE SHARES

We are confident that our skilled and committed employees are the ones who make our customers satisfied and, by extension, create growth for Alm. Brand. We also believe that ownership of your own workplace serves to enhance this commitment further. To that end, we have resolved to offer our employees an opportunity to buy shares in Alm. Brand at a discount to the market price, and we have given the employees the chance to acquire Alm. Brand shares as part of their wage packages in 2007.



GOING FORWARD

We had a really good year in 2006, and if we can maintain the same degree of commitment and job satisfaction with our managers and employees as we saw in 2006, we will be in a perfect position to achieve our goals. That does not mean it will be easy, however. We have to understand that the upper satisfaction percentages will be harder to achieve than the initial ones were, and that is why we have to stay focused and retain our momentum and efforts.

We are facing some enormous challenges in a market that is becoming more competitive, is experiencing weaker growth and ever growing price pressure on financial products. That is why one of our major challenges will be to strike the right balance between achieving our growth targets and our return targets. In turn, this emphasises how important it is for us to have good, competitive products and a professional and efficient organisation through which to serve our customers. Accordingly, we will be paying even more attention to these aspects in 2007.

In the non-life business, 2007 will a year of additional finetuning of products and services to the private customer segment. In the commercial and agricultural lines, the group's new strategy will result in completely new products and service systems, and this work will extend to 2008.

The banking operations will continue the roll-out of our branch concept that proved to be a success already in 2006. In our marketing, we will continue to use resources on the *dobbelt*-KUNDE concept and on potential growth areas in all customer segments.

In the life business, we will continue the work to develop investment and pension products in close cooperation with the bank.

Our vision is to take care of our customers, and in 2006, we took a good step forward in this process. We can see that our strategy is working and that our initiatives make a difference. We follow-up on our achievements on a regular basis, and in a dynamic process we will continue to adjust and sharpen our goals and plans when the need arises.

In other words, we are continuing our dedicated effort to achieving our goals for 2010 along the lines already laid out.



Søren Boe Mortensen
Chief Executive

OVERVIEW



The Alm. Brand A/S Group posted a pre-tax profit excluding minority interests of DKK 1,006 million as compared with a profit of DKK 747 million in 2005. The group's financial performance once again improved substantially relative to previous years. The profit after tax was DKK 811 million against DKK 688 million in 2005. The performance was highly satisfactory.

As a result of Alm. Brand's good performance over the last couple of years, the group completed a DKK 500 million share buy-back programme from March 2006 to January 2007. A similar programme for up to DKK 600 million will be carried out in 2007 and it is expected to be completed by the end of January 2008.

- Non-life operations reported a pre-tax profit of DKK 724 million.
- Banking operations reported a pre-tax profit of DKK 167 million.
- Life insurance operations reported a pre-tax profit of DKK 81 million.
- The profit from the group's other activities, including corporate expenses and reinsurance activities in run-off, amounted to DKK 34 million before tax.
- The group's total income amounted to DKK 6.9 billion.
- Return on equity was 22%
- Earnings per share were DKK 37 in 2006, and the share price was DKK 400 at 31 December 2006, corresponding to 171% of the net asset value of 234.
- The group expects consolidated profit for 2007 of around DKK 800 million before tax and of DKK 580 million after tax.

Non-life operations reported a pre-tax profit of DKK 724 million. The performance was based on a generally good non-life portfolio performance as well as low expenses for major claims and weather-related claims. The group's very profitable portfolio was a key driver of the good performance, which produced a combined ratio of 88.1. Premium income was up by 4.9%, which is satisfactory and in line with the expectations.

The group's banking operations generated profit of DKK 167 million, which was satisfactory given the bank's substantial investments for growth in tandem with the reorganisation and strengthening of the markets division. Both the process to rebuild the markets and asset management function and the ambitious investment plan involving the branch offices developed according to plan. The effects of these measures are expected to lift the banking results in the years ahead. In addition, the financial result was supported by a good performance in all banking activities and very small losses.

The Group's life insurance operations yielded a pre-tax profit of DKK 81 million. In 2006, shareholders' equity included the full risk premium. Effective in 2007, the group has adopted a new return principle that will increase transparency for customers. Based on this new profit principle, Alm. Brand will charge future losses against the expense result and, similarly, include future profits. The collective bonus potential was strengthened further in 2006, amounting to DKK 474 million at 31 December 2006, equalling a bonus rate of 4.7%. Total pension premiums received by the group, i.e. both for the life and the banking operations, increased by 13%.



The group expects consolidated profit for 2007 of around DKK 800 million before tax and of DKK 580 million after tax. Non-life operations are expected to generate profit of DKK 540 million. Combined ratio is expected to be in the region of 92. Premium income growth of more than 5% is expected. Additional investment will be allocated to growing the banking operations in 2007, and the group's markets and asset management division will still have unfilled potential. As a result, the banking operations are expected to report a full-year profit of DKK 150 million. The life operations are expected to achieve a profit of DKK 90 million before tax in 2007. The upward trend in pension premiums received by the group is expected to continue. Other activities are expected to post a profit of DKK 20 million, distributed on a DKK 50 million profit in Copenhagen Re and holding expenses of DKK 30 million.

Consolidated income is expected to be in the region of DKK 7.4 billion.

No material events have occurred in the period from 1 January 2007 until the date the financial statements were signed which would be of material importance for the financial statements.

Disclaimer
Forecasts are based on the level of interest rates prevailing at mid-February 2007. All forward-looking statements are based exclusively on the information available when this Annual Report was released.

The actual performance of the group overall and of the individual business areas 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 and changes in the reinsurance market, unforeseen events, such as extreme weather conditions or terrorist events, bad debts, major changes in the claims experience, unexpected outcomes of legal proceedings, etc.

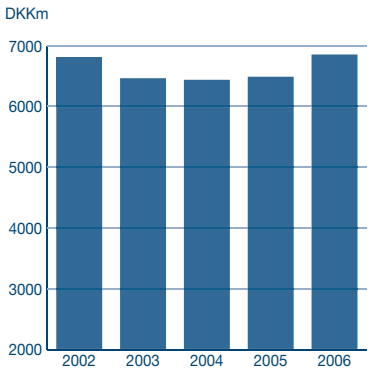
The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information contained in this report should independently consider any uncertainties of significance to their decision. A more detailed review of the group's risks is provided in the section on risk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

This interim 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.

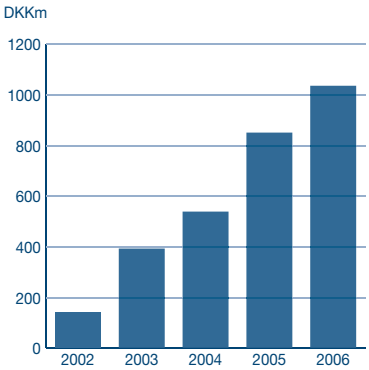
FINANCIAL HIGHLIGHTS AND KEY RATIOS



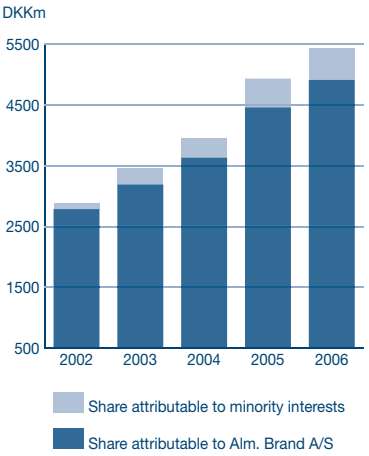
TOTAL INCOME GROUP



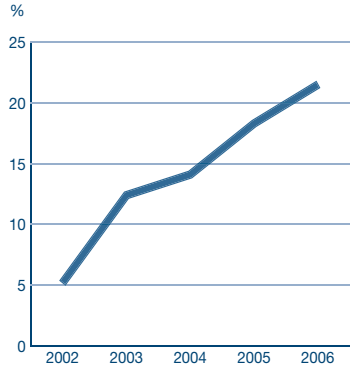
PROFIT/LOSS FOR THE YEAR BEFORE TAX GROUP



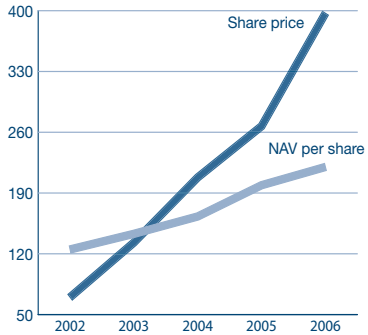
SHAREHOLDERS' EQUITY GROUP



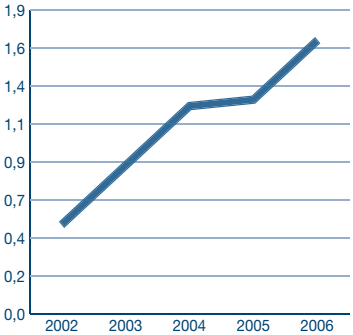
RETURN ON EQUITY BEFORE TAX



SHARE PRICE AND NAV PER SHARE



PRICE/NAV



	DKKm	2006	2005	2004	2003	2002
GROUP	**Income**					
	Non-life insurance	4,279	4.,079	4,143	3,927	3,668
	Banking	980	786	689	719	730
	Life insurance	736	747	723	714	696
	Copenhagen Re	11	37	29	136	725
	Investments etc.	849	840	855	969	981
	Total income	**6,855**	**6,489**	**6,439**	**6,465**	**6,800**
	Results					
	Underwriting result from non-life operations	598	399	422	164	– 61
	Profit on banking operations	200	329	174	107	106
	Underwriting result from life operations	57	121	36	54	– 18
	Underwriting result from Copenhagen Re	13	5	8	– 25	– 167
	Profit/loss on insurance and banking operations	**868**	**854**	**640**	**300**	**– 140**
	Profit/loss on investment business after allocation of interest	180	10	– 106	– 18	208
	Other ordinary items	– 11	– 12	6	112	76
	Profit/loss before tax	**1,037**	**852**	**540**	**394**	**144**
	Tax	– 190	– 56	– 99	– 19	– 2
	Profit/loss after tax	**847**	**796**	**441**	**375**	**142**
	Share of the profit/loss for the year attributable to minority interests	– 36	– 108	– 44	– 3	– 6
	Profit/loss after tax excluding minority interests	**811**	**688**	**397**	**372**	**136**
	Profit/loss before tax excluding minority interests	**1,006**	**747**	**492**	**387**	**136**
	Total technical provisions	18,718	19,193	17,932	17,458	18,559
	Consolidated shareholders' equity	5,432	4,935	4,074	3,467	2,885
	Minority interests	520	474	323	277	99
	Total assets	42,992	42,550	36,262	33,993	35,965
	Assets in banking operations	20,165	19,409	14,737	11,936	13,195
	Average number of employees	1,718	1,625	1,567	1,602	1,678
	Return on equity before tax	20.0%	18.9%	14.0%	12.4%	5.2%
	Return on equity after tax	16.3%	17.7%	11.5%	11.8%	5.1%
PARENT COMPANY	**Profit/loss before tax**	**1,004**	**749**	**494**	**387**	**136**
	Tax	– 197	– 60	– 95	– 15	0
	Profit/loss for the year	**807**	**689**	**399**	**372**	**136**
	Total assets	5,531	5,001	4,404	3,.785	3,395
	Total investment assets	5,459	4,923	3,797	3,318	3,085
	Share capital	1,788	1,788	1,788	1,788	1,788
	Shareholders' equity	4,901	4,454	3,743	3,190	2,786
	Payables	579	496	579	569	586
	Return on equity before tax	21.5%	18.3%	14.1%	13.0%	5.1%
	Return on equity after tax	17.3%	16.8%	11.2%	12.5%	5.1%
	Earnings per share of DKK 80.	37	31	18	17	6
	Diluted earnings per share of DKK 80	37	31	18	-	-
	Net asset value per share of DKK 80	234	199	168	143	125
	Share price at 31 December	400	267	208	133	70
	Price/net asset value	1.71	1.34	1.24	0.93	0.56
	No. of shares at year end (in thousands)	20,929	22,030	21,911	21,852	21,565
	Average no. of shares (in thousands)	21,644	21,987	21,882	21,709	21,621
	No. of repurchased shares (in thousands)*	1,452				
	Average price of repurchased shares, DKK*	344				
	Total pay-our ratio*	6%				

** Measured at the expiry date of the repurchase programme, 31 January 2007.*

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

GOALS: RETURN

A good return on equity is essential for ensuring a strong organisation, access to cheap capital and, in turn, the opportunity for future growth and for further strengthening the organisation.

Our target is to produce an annual return on equity before tax equal to the money market rate (the so-called risk-free interest rate) plus 10 percentage points. In other words, at the current interest rate level, we aim to provide our shareholders with an annual return of about 13% per year, on average, over the business cycle. This is quite an ambitious goal relative to historic returns achieved by insurance companies.

Nevertheless, Alm. Brand has outperformed this target by a substantial margin in the last three years, recording a return on equity of 22% in 2006, equal to the money market rate plus 19 percentage points.

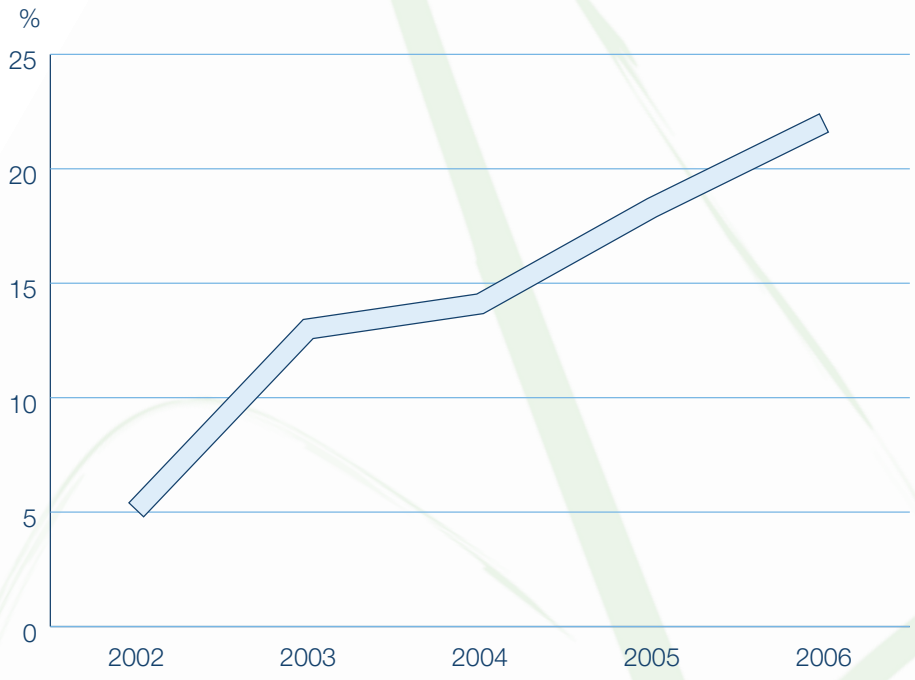
Almost everyone in the financial sector has shown impressive performances in the past few years. At Alm. Brand, we achieved our results during a period of investing in a whole new IT platform, new processes and business procedures and, especially during the last 12 months, for future growth. These investments are now beginning to produce results.

METHOD OF MEASUREMENT

We measure the return on equity regularly in connection with the release of our full-year and interim financial reports and calculate it by dividing the profit before tax by the consolidated equity of the Alm. Brand A/S.

We have defined individual return requirements for the group's three business areas, non-life insurance, banking and life insurance. For each business area, the target takes into account investment plans, and thus costs, the market situation, legislation and other factors.

ON EQUITY



Return on equity before tax.

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 comprise the private, commercial and agricultural segments.

GOALS

We aim to have satisfied and loyal customers with whom we can develop long-term business relationships. Our vision is to take care of our customers, provide quality in our advice and services and to provide fast and fair claims handling.

We have made targeted efforts in recent years to build profitability in all segments. In 2005, we defined a new strategy for the period to 2010, which aims, among other things, to lift gross premium income from our non-life operations by 50% to DKK 5.8 billion by the end of 2010, corresponding to a market share of just over 12%.

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

Like for the group as a whole, our goal is to have 90% satisfied and 50% very satisfied customers. Non-life customer satisfaction again improved in 2006, with 86% of customers being satisfied and 52% being very satisfied. Although the target for very satisfied customers has already been reached, we will direct even more attention to customer service and customer satisfaction in the next few years.

STRATEGY

Alm. Brand's new strategy for the period to 2010 is based 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 contact with customers. Combined with regular customer surveys, these tests contribute to bringing quality and how customers perceive our claims handling into focus.

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

The dobbeltKUNDE concept remains an important part of the strategy of strengthening sales and enhancing customer loyalty. Under this concept, customers pooling a large part of their financial business with the Alm. Brand Group get a substantial discount on their non-life insurance premiums. Core benefits to the group under this scheme are increased income from a larger commitment per customer, lower distribution costs as well as more loyal customers, all of which serve to make customers stay longer with Alm. Brand.

Alm. Brand carries on non-life insurance, banking and life insurance activities under one roof. We intend to apply the resulting strength towards increasing our offering of combinatory products that stand out from the products offered by our peers by combining products from our three business units.

A new strategy for the Commercial/Agriculture segment was developed in 2006. The initial results have already materialised, as our business in the field has expanded. The new strategy involves, among other things, developing both new commercial and agricultural products as well as updating products in a new non-life insurance system. The system is expected to support the sales process by providing flexible products and simplified processes, in turn leading to more satisfied customers. The new commercial business strategy implies enhanced efforts targeting the medium-sized commercial market, including selected parts of the market served by brokers.



MARKET CONDITIONS

Private customers

The greater investment in distribution produced an increase in sales to the private customer segment during the year, but at the same time the shorter notice of termination combined with the more competitive market resulted in a large customer outflow.

We believe that the shorter notice of termination introduced in the autumn of 2005 has been to our benefit, as we estimate that the inflow of customers to Alm. Brand due to the shorter termination period exceeds the outflow.

Motor insurance is often the first step in a private customer relationship. In the autumn of 2006, Alm. Brand implemented a new motor insurance product. During that period, several other insurers lowered their prices on motor insurance, making the market much more competitive.

In spite of the stronger competition, we retained our market share in the private customer segment thanks to improved distribution and competitive prices.

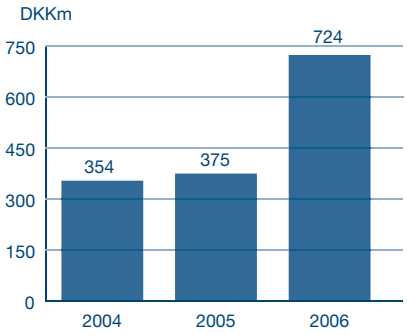
Commercial customers

The group remains focused on increasing the market share among small and medium-sized businesses, whereas we do not intend to offer insurance to the industrial market. The business growth achieved in 2006 is considered very satisfactory.

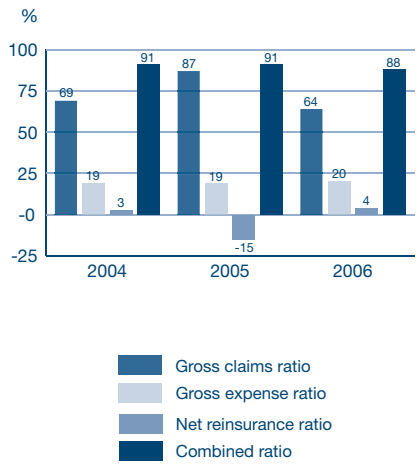
Due to the municipal reform in Denmark, tenders have been invited for a large number of insurance contracts to the public sector. Alm. Brand has taken part in a number of tenders and a satisfactory number of our bids were successful.

The strategy for the commercial sector has produced a number of initiatives to ensure faster and more flexible procedures for writing new business and to ensure that growth builds on customer segments in which we have something special to offer our customers. Overall, we believe that the part of the commercial segment which we focus on offers good opportunities for profitable growth in 2007.

PROFIT BEFORE TAX



TREND IN KEY RATIOS



NON-LIFE INSURANCE

Agriculture
Alm. Brand is one of the leading providers of insurance for Danish agriculture, holding an estimated market share of about 30%. The target group includes the entire market segment from hobby farmers and part-time farmers to full-time commercial farmers, specialist farmers and large estates.

The agricultural market is characterised by sustained, significant structural change involving a declining number of active farms, which on the other hand are generally becoming larger.

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

Overall, 2006 produced satisfactory results for the agriculture segment. We estimate that we extended our market share slightly in 2006.

Reinsurance
Alm. Brand's reinsurance programme is intended to protect the technical result and the company's capital. Alm. Brand's reinsurance programme for 2006 was entirely based on non-proportional business with relatively high retention.

The reinsurance programme was placed at higher prices in 2006 than in 2005.

The international reinsurance market experienced a relatively quiet year in 2006 compared with the preceding years when catastrophe events occurred in different locations around the world, including in Denmark. The more quiet year in 2006 had an effect on price levels when the programme was renewed for 2007, as Alm. Brand encountered slightly falling prices in most lines.

The group reviews the risk exposure for all lines on a regular basis. The principal risk is still a nationwide hurricane event. As a result, Alm. Brand has acquired reinsurance windstorm cover for up to DKK 4.4 billion which we believe is sufficient.

FINANCIAL RESULTS

The non-life insurance operations reported a profit of DKK 724 million before tax, against DKK 375 million in 2005 when the results were affected by DKK 160 million due to the windstorm on 8 January 2005, equivalent to an annualised return on equity before tax of 37%, compared with 22% in 2005.

The performance was highly satisfactory.

Premiums
Gross premiums were DKK 4,279 million, an increase of DKK 200 million, or 4.9%, from DKK 4,079 million in 2005.

The performance was highly satisfactory and reflected the activities the group has initiated with a view to enhancing sales and customer loyalty. Such activities include a larger sales force, both in terms of insurance agents and customer consultants. The group expects to strengthen the sales and service force further in 2007.

Claims experience
In 2006, the claims ratio was 63.9 against 86.7 in 2005. Excluding the January storm the 2005 claims ratio was 65.6.

The healthy claims ratio is the product of the group's focused efforts during the last couple of years of achieving satisfactory profitability in all segments. In addition, the number of major claims and weather-related claims were well below normal.

The claims experience in motor insurance was again very satisfactory with a claims ratio of 60.7. The claims ratio for the year was lifted by run-off gains of DKK 35 million, net of which the claims ratio would have been 63.2.

Workers' compensation insurance, including run-off losses, recorded a claims ratio of 97.2, which was still not satisfactory. The profit for the year was impacted by a Supreme Court ruling in February, which resulted in run-off losses of DKK 12 million. Although we have raised premiums regularly, the workers' compensation business is still not profitable.

Total run-off gains in 2006 amounted to DKK 45 million. In addition to the loss on workers' compensation and the gain on motor, the run-off gain was due to the favourable run-off on prior-year claims.

Expenses
The expense ratio was 20.5 in 2006, compared with 19.1 in 2005. The 1.4 percentage point increase was mainly due to the group's investment in expanding the sales force and for enhancing growth. For example, we have appointed a substantial number of insurance agents and customer consultants, strengthening the sales and service resources considerably.

Expenses were in line with expectations in 2006. Expenses are also expected to be around 20% in 2007. Some of the cost-savings achieved by the group through new and more efficient processes and business procedures will be invested in allocating more resources to the group's sales and service force.



FIVE-YEAR HIGHLIGHTS OF NON-LIFE INSURANCE

DKKm	2006	2005	2004	2003	2002
Gross premiums	4,279	4,079	4,143	3,927	3,668
Investment income on insurance business	88	45	63	118	174
Claims incurred	– 2,735	– 3,536	– 2,859	– 2,729	– 2,757
Changes in other technical provisions	–	–	–	– 4	– 5
Bonus payments and premium discounts	–	–	– 1	– 2	– 2
Underwriting management expenses	– 877	– 779	– 791	– 968	– 930
Profit/loss from business ceded	– 157	590	– 133	– 135	– 210
Change in equalisation provisions	–	–	–	– 43	1
Underwriting profit/loss	**598**	**399**	**422**	**164**	**– 61**
Interest and dividends etc,	267	269	231	220	205
Capital gains/losses	93	– 129	– 130	7	64
Management expenses relating to investment business	– 14	– 16	– 13	– 15	– 16
Interest on technical provisions	– 209	– 136	– 136	– 128	– 183
Profit/loss on investment business after allocation of interest	**137**	**– 12**	**– 48**	**84**	**70**
Other ordinary items	– 11	– 12	– 20	– 29	– 4
Profit before tax	**724**	**375**	**354**	**219**	**5**
Tax	– 186	– 152	– 20	– 255	0
Profit after tax	**538**	**223**	**334**	**– 36**	**5**
Run-off gains/losses	45	27	5	– 64	24
Total technical provisions	5,719	5,612	5,071	4,635	4,285
Insurance assets	142	269	78	78	115
Total shareholders' equity	2,169	1,801	1,288	1,067	1,057
Total assets	8,224	7,821	6,666	6,044	5,983
Gross claims ratio	63.9%	86.7%	69.0%	69.6%	75.3%
Gross expense ratio	20.5%	19.1%	19.1%	24,7%	25.4%
Net reinsurance ratio	3.7%	–14.5%	3.2%	3.4%	5.7%
Combined ratio	88.1%	91.3%	91.3%	97.7%	106.4%
Operating ratio	86.3%	90.3%	89.9%	94.8%	101.5%
Relative run-off result	1.0%	0.8%	0.2%	-	-
Return on equity before tax	37.2%	22.2%	31.6%	20.6%	0.5%
Return on equity after tax	27.6%	13.2%	29.8%	– 3.4%	0.5%
Solvency ratio*	3.0	2.7	2.8	2.6	-

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation af financial reports by insurance companies and profession-specific pension lunds. The accounting policies were changed in 2005. Financial highlights and key ratios for 2002 and 2003 have not been restated to reflect the change in accounting policies.

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

NON-LIFE INSURANCE

Net reinsurance ratio
The net reinsurance ratio for the full year 2006 was 3.7, compared with minus 14.5 in 2005, when the ratio was strongly impacted by reinsurance claims related to the storm on 8 January of that year. A negative reinsurance ratio is equivalent to income for Alm. Brand. The net reinsurance ratio for 2005, excluding the effects of the storm, was 2.7.

Reinsurance costs have risen relative to 2005, in part due to rising prices in the market, in part to the fact that the group has increased the reinsurance programme coverage.

Combined ratio
The combined ratio was 88.1 in 2006, against 91.3 in 2005. The storm on 8 January 2005 affected the 2005 combined ratio by 3.9 percentage points, resulting in a 2005 combined ratio, excluding the storm, of 87.4.

Investment return
The investment return exclusive of technical interest was DKK 346 million in 2006. The investment return was supported by the fact that, during the first half of the year, assets used to hedge reserves for workers' compensation were placed at a substantially shorter duration than the reserves were. Due to the rising level of interest rates during 2006, this lifted the investment return by approximately DKK 100 million. Duration of the assets was gradually increased during the third quarter, and from the end of the quarter until year-end, duration was virtually the same for assets and liabilities.

BALANCE SHEET

At 31 December 2006, the equity allocated to the non-life division was DKK 2.2 billion. Alm. Brand Forsikring A/S had a solvency ratio of 3.0 at 31 December 2006.

Total technical provisions amounted to DKK 5.7 billion at 31 December 2006, against DKK 5.6 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 2006 by a fair margin.

MAJOR EVENTS

Fewer customer complaints and improved claims handling
According to the official statistics from the Danish Insurance Complaints Board, Alm. Brand has one of the lowest complaints-to-market-share ratios in the market.

The strong position is the result of the efforts made by Alm. Brand to reduce the number of complaints and to generally increase the number of satisfied customers. Some of these efforts involve focusing more strongly on communications with our customers and the possibility of getting a second opinion in cases where customers disagree with our decision.

The positive trend has continued, as the number of complaints submitted to the Danish Insurance Complaints Board fell by a further 31% from 2005 to 2006.

Project New Commercial/Agriculture
Project New Commercial/Agriculture implements the group's new strategy for the commercial and agricultural segment. The project involves, among other things, developing new commercial and agricultural products and significantly improved sales and administrative processes. In addition, the strategy takes a more individualised approach to the needs of different customer groups. The segment's customer target group will also be expanded.

For Alm. Brand's commercial customers, the strategy implies enhanced efforts targeting the medium-sized commercial market, including selected parts of the market served by brokers. For the group's agricultural customers, the strategy is based on a further segmentation of the customer portfolio, more streamlined processes for writing new business and specialisation of sales and customer service functions. The project is expected to be fully implemented in 2008.

Making decentralised policy and claims handling more efficient
At the end of August, we launched extensive organisational changes to decentralised policy and claims handling processes. The new organisation will provide better and more efficient policy and claims handling services throughout the country, in part by bringing employees and know-how together in fewer locations, in part by defining responsibilities more clearly. At the same time, the departments will be better equipped to handle difficult situations, such as major storm events, etc.

Staff will be concentrated in Copenhagen, Århus and Roskilde. Policy handling for private customers will be based in a single location at the head office in Copenhagen, whereas policy handling for commercial customers will be based in Roskilde and agricultural policies will be based in Århus.

Claims handling for the private and commercial customer segments will be based in Roskilde, while claims handling for agricultural customers including their private claims will be based in Århus.



The organisational changes are expected to be in place by the end of 2007.

Insuring new larger municipalities and regions
The structural transition of municipalities and counties into large municipalities and regions prompted several of these public sector units to call for EU tenders for their insurance requirements. Providing insurance for the new larger municipalities and regions is a focal area for Alm. Brand, and the group therefore took an active part in the tender rounds. Alm. Brand won a number of the tenders in 2006.

Setting up new sales centres
As part of Alm. Brand's continuous efforts to improve sales channel efficiency, the group has set up 12 insurance sales centres across Denmark. All sales centres are located in provincial cities offering a substantial growth potential. The sales centres target new private customer and small business segments.

In connection with the setting up of the new sales centres, contracts with the group's independent brokers have been terminated. The majority of the employees from these brokers have stayed in their jobs but are now employed with Alm. Brand.

New sales tool for insurance agents
In October, Alm. Brand implemented a new sales tool supporting Alm. Brand's "We take care of our customers" vision. The tool is a mobile online application for our insurance system which enables our insurance agents to complete their work at customer locations by writing policies on location, thereby enhancing the service we provide to our customers.

Initially, the system covers all private customer and pension products. As soon as the new insurance system for the commercial and agricultural segments has been developed, the agricultural and commercial products will also be added to the system.

Supreme Court ruling on workers' compensation
A judgement handed down by the Danish Supreme Court in February 2006 means that the Danish National Board of Industrial Injuries will have to reopen all cases involving temporary annuities decided in the period 9 February 1986 to 10 January 2002. During this period, claimants were automatically awarded 25% occupational disability. The Supreme Court found that the claimants' actual occupational disability rate should be assessed. The judgement affects the entire industry and in Alm. Brand's case has caused a DKK 12 million run-off loss on prior year claims.

Subordinate capital
In February 2007, Alm. Brand Forsikring raised subordinate capital of EUR 20 million with a term of 13 years. Repayment is expected after 10 years. The subordinate capital forms part of Alm. Brand Forsikring's capital base. Also in February 2007, Alm. Brand Forsikring intends to contribute DKK 120 million to Alm. Brand Liv&Pension as subordinate capital with a similar term and expected time of repayment.

OUTLOOK

Due to the extensive initiatives completed in 2006 for the purpose of strengthening business growth, we expect premiums to continue to grow in 2007. At the same time, we will work to maintain the quality of our customer portfolio at the current level.

The combined ratio is expected to be negative in 2007 due to the increased price competition. In addition, 2006 was a year of extraordinary low claims expenses for major claims and weather-related claims, and forecasting a similar situation in 2007 would be unrealistic. Expenses are expected to be around 20% in 2007.

The 2006 investment return was supported by the fact that, during the first half of the year, assets used to hedge reserves for workers' compensation were placed at a substantially shorter duration than the reserves were.

Overall, non-life operations are expected to generate profit before tax at the level of DKK 540 million in 2007, corresponding to a combined ratio at the level of 92.

The earnings forecast for 2007 assumes normal weather-related claims at the level of DKK 120 million. Also reflected in the forecast for 2007 are expectations of slightly lower reinsurance expenses due to the lower price level. No run-off gains or losses are expected in 2007.

GOALS: GRO

The group's overall growth target is 50% in the period 2005–2010. Each of the group's three business areas also has a growth target of 50%.

The targets are defined as follows: non-life insurance premiums to increase from DKK 3.9 billion to DKK 5.8 billion by 2010; banking operations to grow loans and advances from DKK 10.7 billion to DKK 16 billion; pension funds received to grow from DKK 4.3 billion to DKK 6.5 billion, inclusive of pension contributions to personal market schemes.

When we launched the strategy in 2005, the growth targets attracted the most attention, not least those for the non-life business. In 2006, we either outperformed or achieved our growth targets for all business areas. For example, loans and advances and pension funds received exceeded the expectations for 2006, while the non-life business was exactly on track.

The impressive growth performance builds on the initiatives the group has implemented since the strategy was presented in 2005. In addition to stepping up marketing of the group's products, some of the most important initiatives taken are strengthening our customer-directed sales and service resources. We have done this by hiring more sales and service staff, by restructuring and by spotlighting local offices, by being more accessible and by making customers not only satisfied, but very satisfied. These efforts have yielded an increase in new business and growing customer loyalty, in other words: growth.

METHOD OF MEASUREMENT

We measure growth rates in terms of gross premiums including indexation for the non-life business, in terms of loans and advances for the banking operations, and in terms of pension funds received excluding policyholders savings with 4.5% guarantees, index-linked contracts and private pension funds for the pension business. Targets are measured regularly throughout the year.

W T H



Growth in the group

BANKING



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

MARKET

The banking market in Denmark is characterised by increasing competition on all markets, which among other things has resulted in a narrowing of interest rate margins.

Over the past few years, many banks have seen substantial growth in lending. Alm. Brand Bank has recorded lower growth rates than some of the other banks. This was due to Alm. Brand Bank focusing on profitable growth in segments where the bank has significant competences.

GOALS

The goal for 2010 comprises ambitious plans for all the banking group's business segments. Our aim for the period 2005 to 2010 is growth of more than 50%.

Parallel with growth in lending, we aim for substantial growth in deposits and expansion in all other operations in the bank's business segments. Among other things, the means of achieving these goals is to become the principal banker for a larger number of the group's 500,000 customers. Larger volumes are expected to increase the scale economies and further strengthen the bank's competitiveness.

We do not aim to grow without also increasing earnings. Hence, we sharpened our return objectives in 2005 and we now aim at a return on equity of the money market rate plus 13 percentage points by 2010.

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. The banking group has been recording strongly improving customer satisfaction rates in the last few years, and the latest survey showed 83% of customers to be satisfied and 46% to be very satisfied, which is substantially above the expectations for 2006.

STRATEGY

The *dobbelt*KUNDE concept is one of the cornerstones of the bank's expected growth. Hence, the bank has invested heavily in this concept over the past couple of years. Among other things, we have strengthened the distribution of the bank's products. The bank has appointed a number of branch managers for the group's largest branch offices and increased the number of advisers at the branch offices. At the same time, we have intensified our training of both new and existing employees.

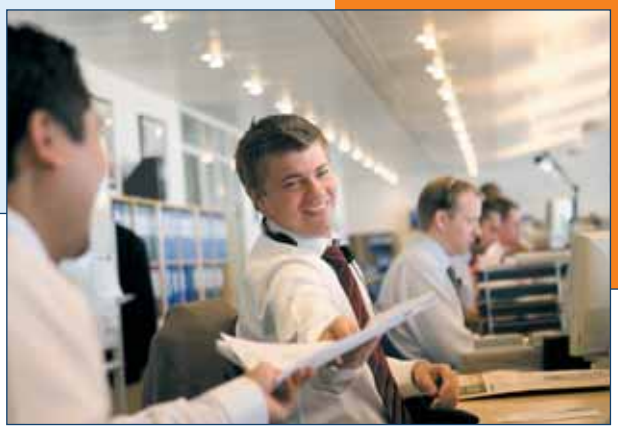
This way, the bank's customers are guaranteed efficient and competent advice, while the focus on local markets is intensified and business volumes are increased.

FINANCIAL RESULTS

The pre-tax profits of the bank amounted to DKK 167 million in 2006, compared with DKK 222 million in 2005. This corresponds to a return on equity of 15%. The result equals a decline on 2005 of DKK 55 million.

The result for 2006 is marked by the investments made in 2006. The reestablishment and strengthening of the group's markets function required substantial investments and further building of the branch network has been carried through with a view to strengthening our position in this strategically important area. In addition, the bank's return on the financial markets was not quite as good in 2006 as in 2005.

Both the reestablishment of the markets function and the investment in branch offices proceeded as planned. The effects of these measures are expected to lift the banking results in the years ahead.



Net interest and fee income
Net interest and fee income amounted to DKK 516 million against DKK 511 million in 2005. Interest income was favourably impacted by stronger growth in the bank and adversely affected by the declining interest margin. The interest margin declined as a result of increasing costs for debt financing and increasing competition.

Fee income was lower than last year, primarily attributable to the restructuring of the group's markets operations.

Value adjustments
Total value adjustments for the bank stood at DKK 75 million in 2006, including minorities. Of this amount, capital gains on equities accounted for DKK 127 million, of which DKK 83 million stemmed from Alm. Brand Formue A/S.

Value adjustments in Alm. Brand Bank amounted to DKK 60 million in 2006 against DKK 72 million in 2005

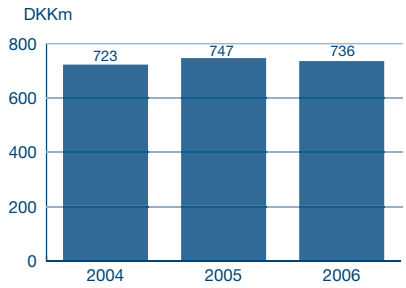
Expenses
The total costs amounted to DKK 439 million in 2006 against DKK 369 million in 2005. The higher costs were attributable to investments in the strengthening of our markets operations and to the appointment of more bank advisers as part of the strategy to strengthen growth within retail banking. The increase should also be seen in relation to the 22% rise in the level of business activity measured as growth in lending.

The income/cost ratio declined to 1.49 in 2006 against 1.88 in 2005. The decline is attributable to the mentioned investments in 2006 and to substantial value adjustments in Alm. Brand Formue A/S in 2005.

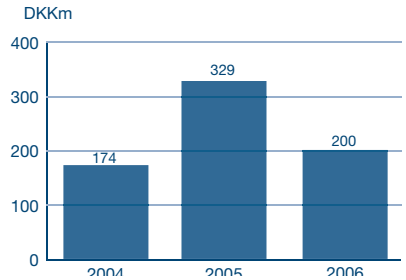
Impairment charges and provisions
The total impairment charges on lending and guarantees amounted to an income of DKK 27 million in 2006, compared with an expense of DKK 5 million in 2005. Accordingly, the bank benefited from low losses on the back of the favourable economic conditions in Denmark and the group's focus on low risk in the bank's exposures.

The bank's accumulated impairment charges/provisions for lending and guarantees amounted to DKK 182 million at 31 December 2006, corresponding to an accumulated impairment ratio of 1.2% against 1.7% at 31 December 2005.

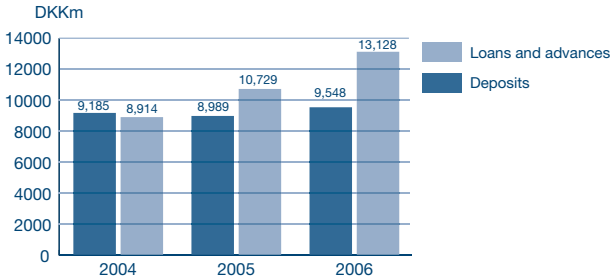
NET INTEREST AND FEE INCOME



PROFIT BEFORE TAX



DEPOSITS, LOANS AND ADVANCES



BANKING

BALANCE SHEET

The bank's balance sheet was positively impacted by continued growth in the loan portfolio, attributable, among other things, to continued success in providing home loans and project funding, including investment customers. In addition, the bank continued to record a general increase in business resulting from the Alm. Brand Group's *dobbelt*KUNDE concept.

The banking group's lending amounted to DKK 13.1 billion at 31 December 2006, which is an increase of DKK 2.4 billion on 31 December 2005, equal to 22%. Loans and advances in the banking group amounted to DKK 9.5 billion at 31 December 2006, which was 6% higher than the DKK 9.0 billion recorded at 31 December 2005. The group's guarantees and other liabilities stood at DKK 1.5 billion at 31 December 2006 against DKK 2.0 billion at 31 December 2005.

In 2006, the bank secured liquidity for future growth via two loan facilities. The bank has accordingly issued bonds of NOK 1.15 billion, which are listed on the Oslo Stock Exchange with a maturity of three years and have been purchased by Norwegian institutionals. In addition, the bank has raised a loan of EUR 50 million. This loan was granted by a number of foreign banks.

In 2006, the bank also raised hybrid capital for an amount of DKK 175 million. The hybrid capital is listed on the Copenhagen Stock Exchange and forms part of the bank's capital base.

The bank's equity excluding minorities stood at DKK 1.2 billion at 31 December 2006. The capital base totalled DKK 1.6 billion, whereas the bank had a solvency ratio of 12.1% and a tier 1 ratio of 10.4%.

The bank's activities are organised into retail customers, wholesale customers and customers within car financing.

RETAIL BANKING

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

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

Major events

New customers

In 2006, the retail bank saw strong growth in the inflow of new customers. At the same time, the disposal of customers was reduced, resulting in satisfactory growth. The primary growth in the retail bank's lending operations took place in home loans and was generated in the bank's branch offices as well as by our business partners.

Systematised credit granting

The retail bank systematised the credit granting of all lending activities in 2006 via the application of a scoring model. This has resulted in a more efficient lending process and has improved the quality of credit assessments. Among other things, the new scoring system is based on an IT system that supports and monitors the credit process in the bank.

In this connection, we transferred the decision competence for the individual customer to the adviser. We continue to transfer more and more competence to advisers and to the local management, thus benefiting from the local contact and knowledge about the customers.

WHOLESALE BANKING

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

	DKKm (consolidated figures)	2006	2005	2004	2003	2002
INCOME STATEMENT	Interest receivable	823	617	552	575	630
	Interest payable	– 464	– 275	– 224	– 246	– 323
	Net interest income	**359**	**342**	**328**	**329**	**307**
	Fees and commissions receivable (net) and dividend etc.	157	169	137	144	115
	Net interest and fee income	**516**	**511**	**465**	**473**	**422**
	Value adjustments	75	183	85	22	27
	Other operating income	10	9	14	15	25
	Profit before expenses	**601**	**703**	**564**	**510**	**474**
	Expenses and depreciation/amortisation	– 439	– 369	– 362	– 356	– 321
	Impairment on loans, advances and receivables, etc.	27	– 5	– 30	– 64	– 48
	Profit from equity investments	11	-	3	22	– 4
	Profit before tax	**200**	**329**	**174**	**112**	**101**
	Tax	– 34	63	6	5	– 4
	Profit after tax	**166**	**266**	**168**	**107**	**105**
	Share attributable to minority interests	– 39	– 110	– 44	– 3	– 6
	Profit after tax excluding minority interests	**127**	**156**	**124**	**104**	**99**
	Profit before tax excluding minority interests	**167**	**222**	**126**	**105**	**92**
BALANCE SHEET	Loans and advances	13,128	10,729	8,914	8,205	8,655
	Deposits	9,548	8,989	9,185	8,734	9,091
	Shareholders' equity	1,785	1,609	1,166	735	677
	Share attributable to minority interests	569	520	323	277	99
	Total assets	20,165	19,409	14,737	11,936	13,195
KEY RATIOS ETC.	Average number of employees, full-time equivalents	338	276	278	286	317
	Interest margin*	2.0%	2.3%	2.6%	2.5%	2.6%
	Income/cost ratio	1.49	1.88	1.44	1.27	1.28
	Impairment ratio	– 0.2%	0.0%	0.3%	0.7%	0.5%
	Solvency ratio*	12.1%	11.5%	12.4%	14.7%	12.6%
	Return on equity before tax	14.5%	23.0%	15.7%	14.9%	12.9%
	Return on equity after tax	11.1%	16.1%	15.4%	14.7%	13.8%
	Return in excess of the interest rate on certificates of deposits	11.5%	20.8%	13.5%	12.5%	9.4%

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. Note 50 contains five-year highlights of the key ratios in respect of schedule 6 to the mentioned Executive Order.

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

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

BANKING



Major events

Alm. Brand Henton

The rebuilding of the group's markets and asset management operations after the resignation of a number of employees at the end of 2005 was successfully completed by the merger with Henton Børsmæglerselskab in 2006. Before that, the group appointed a number of very experienced markets and asset management employees. Today, the bank has a substantially stronger markets and asset management organisation working out of both Copenhagen and Silkeborg. Hence, we foresee an increase in our markets activities in 2007, including an expansion of our market position in the professional market for securities trading.

In the autumn 2006, Alm. Brand Henton launched a new unique analysis concept combining traditional fundamental analysis with technical analysis in a way that results in better performance and, in turn, increased value for customers and the Alm. Brand Group.

Project funding

In the field of project funding, 2006 was a busy year characterised by a high level of activity. In addition to participating in traditional property funding tasks, the department also participated in the issuance of property bonds and in the issuance of property shares. In addition, the bank increased its activities within syndication of major property funding tasks.

Agriculture

Throughout many years, Alm. Brand has held a strong market position within insurance business to the agricultural segment.

The bank began granting loans to the agricultural segment in 2002 and has since then built up a market position based on the group's existing customer relations, combined with a banking concept targeted at large, efficient full-time farms. Since its establishment, the bank's agricultural portfolio has seen substantial growth. Alm. Brand Henton and the agricultural department have jointly developed a unique risk monitoring product for large agricultural customers.

ALM. BRAND FINANS A/S

Alm. Brand Finans, which is owned by Alm. Brand Bank, works with lease and financing agreements for private and corporate customers. The company is a merger from 2006 between the two wholly owned subsidiaries, Alm. Brand Bilkredit and Alm. Brand Leasing.

Alm. Brand Finans provides car loans to private and corporate customers, primarily through business partners. Also, the company offers financial leasing primarily of cars through collaboration partners and via fleet management agreements with corporate customers.

Pre-tax profits for 2006 stood at DKK 31 million against DKK 37 million in 2005.



ALM. BRAND PANTEBREVE A/S

Alm. Brand Pantebreve is a listed investment company with a wide circle of owners. The company, which was established in 1998, invests in mortgage deeds and Alm. Brand Bank owns 21% of the share capital and has 71% of the votes.

Alm. Brand Pantebreve saw a satisfactory year in 2006 with pre-tax profits of DKK 15 million against DKK 8 million in 2005. The result equals a return on equity of 11% before tax. The bank's share of the result amounted to DKK 3 million before tax.

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 owns 18% of the share capital and has 56% of the votes.

Alm. Brand Formue recorded pre-tax profits of DKK 26 million in 2006 against DKK 116 million in 2005. The result exceeded the expectation of DKK 6 million published in November 2006. The improvement was attributable to the good performance in the equity markets in the latter part of 2006. The bank's share of the result amounted to DKK 5 million before tax.

OUTLOOK

We expect pre-tax profits excluding minorities in the region of DKK 150 million for 2007.

In line with the group's strategy towards 2010, we expect continued profitable growth in both deposits and lending. In 2007 the group will invest further in the *dobbelt*KUNDE concept to create closer relations between the individual customer and the Alm. Brand Group and expand business volumes.

In 2007, the number of business areas is expected to be expanded. Through the branch network of the group, the bank will focus their efforts on small and medium-sized business enterprises. Alm. Brand expects to be able to exploit the existing customer relations and the group's good relations in the segment and we expect to be able to create synergies through increased sector knowledge and complete advising services on financing and hedging of risk.

The efforts of incorporating the new capital adequacy rules (Basel II) will continue in 2007. In 2005, the bank initiated a number of development activities together with Bankdata with a view to implementing the socalled IRB Foundation method. With this model the bank expects to achieve a number of capital and risk management related advantages that will further strengthen the bank's competitiveness.

Additionally, it is expected that the group's investments in the markets and asset management activities will have a positive impact on the profit for 2007 and the business volume of the retail bank is expected to record profitable growth.

GOALS: I M A

A company's corporate image is an essential means of attracting new, good customers and skilled employees. That is why we defined a goal in Strategy 2010 for Alm. Brand's corporate image to be among the top two in the insurance industry.

The fact that a number of the factors influencing a corporate image is outside our control makes this an ambitious goal. It is not enough to have customers and employees who are very satisfied, because we measure Alm. Brand's corporate image among non-customers. Consequently, we have to wait for our reputation to spread. In other words, for the group's customers and employees to tell others about how they have experienced Alm. Brand as a business/employer and as a service provider. It is also necessary that the media wants to run stories about the group's operations and results.

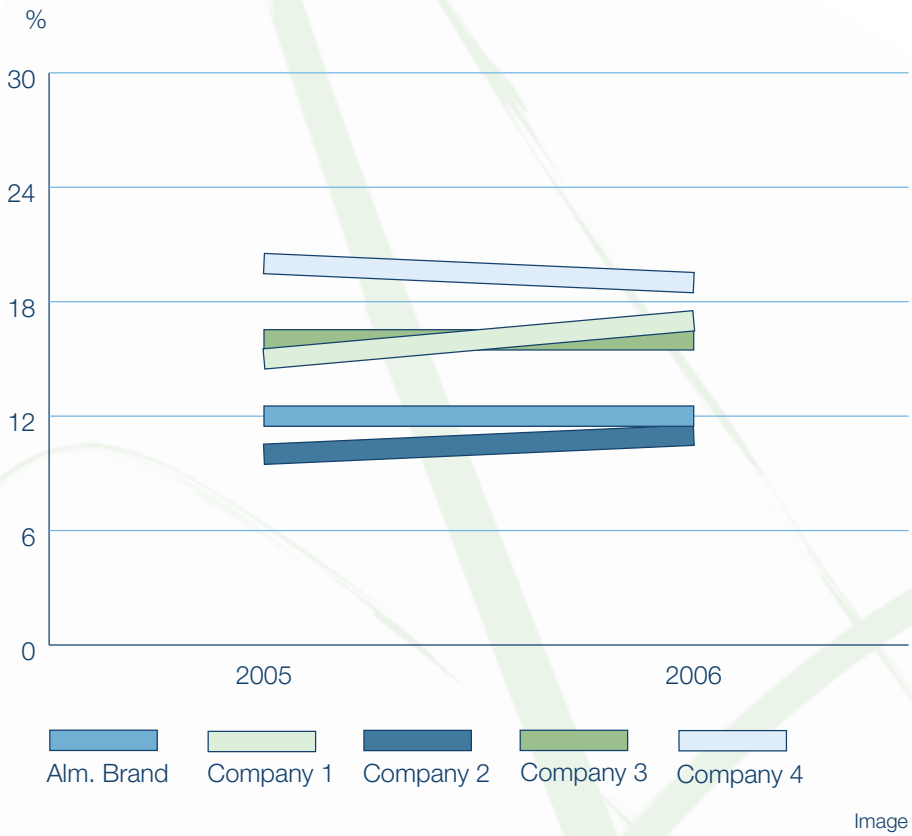
Backed by the group's impressive achievements in terms of customer and employee satisfaction, we aim to gradually enhance our corporate image. In addition, we are working to make the press more aware of Alm. Brand.

Nevertheless, we have not improved our ranking during the period from 2005, when we defined our strategic objectives, to 2006. Our corporate image still ranks fourth in the peer group of the five largest insurers we measure Alm. Brand against.

METHOD OF MEASUREMENT

Alm. Brand and the other of Denmark's five largest insurance companies have agreed to an independent quarterly survey of their corporate images. Surveys ask about the knowledge of each company and whether the respondent perceives this knowledge to be positive or negative. Surveys are conducted on an anonymous basis by an independent research institute.

G E


%
30
24
18
12
6
0
2005
2006
Alm. Brand
Company 1
Company 2
Company 3
Company 4

Image

LIFE INSURANCE



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

MARKET CONDITIONS

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 for which employees are covered by a pension agreement between the company and a pension provider; and
- Labour market-related schemes for which membership of a particular pension company or pension fund is mandatory.

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

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

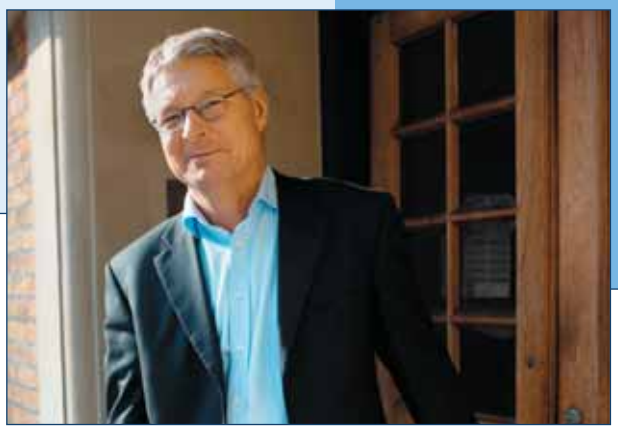
Alm. Brand Liv og Pension has around 120,000 insurance contracts, of which about 85,000 pay regular premiums.

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	8%
Private instalment pension schemes	3%
Employer schemes	<1%

GOALS

The goal is for the bank's total pension assets (savings), excluding index-linked contracts and private pension funds, plus the total assets of the life insurance company, excluding insurance policies with 4.5% shares, to grow by 50% in the period 2005–2010. The goal corresponds to an increase from DKK 4.3 billion at 31 December 2005 to DKK 6.5 billion at 31 December 2010.



Like for the group as a whole, the target is to have 90% satisfied and 50% very satisfied customers. The life group has been recording improving customer satisfaction rates in the last few years, and the latest survey showed 75% of customers to be satisfied and 41% to be very satisfied. Accordingly, the life group outperformed expectations for 2006.

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

In addition, we have an interim goal of at least balancing the expense result while keeping the company's expense loading competitive. Moreover, we have an interim goal of achieving a positive insurance risk result. In order to ensure a positive risk result, we maintain an acceptance policy requiring disclosure of personal health information and reducing 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 of choice across the traditional lines separating the banking and insurance industries.

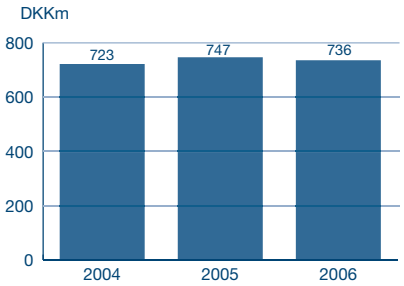
The life group is focused on individual schemes and on small and medium-sized corporate schemes. Our target groups are private individuals, owners and employees of small businesses and farmers who are all offered a pension concept tailored to their specific needs. The life group has opted not to offer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

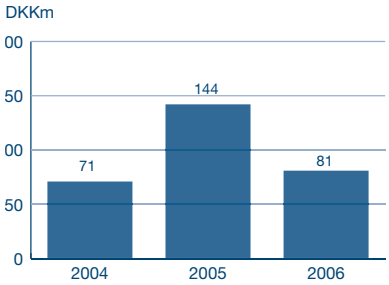
The life insurance company offers all essential types of insurance cover and savings types, and we review the product offering on a regular basis. We also offer an average rate principle with guaranteed benefits. The guarantee for new schemes is based on a rate of 1.5%.

More and more customers of the Alm. Brand Group prefer to place their pension savings in unguaranteed or market rate

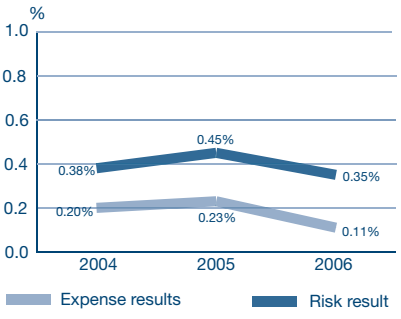
GROSS PREMIUMS



PROFIT BEFORE TAX



KEY FIGURES



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.

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 10–15% of overall investments.

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. The rate on policyholders' savings for Alm. Brand Liv og Pension for 2007 is unchanged at 4.5% after tax on pension investment returns. 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 products/services in-house. Hospital insurance, for instance, is offered through International Health Insurance.

RETURN ON EQUITY PRINCIPLES

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

Based on these guidelines, Alm. Brand Liv og Pension has reported that the return on equity for 2006 will correspond to the investment return on the assets included in the company's shareholders' equity plus a risk premium of 4.0 percentage points for equity stakes up to twice the solvency margin and 2.0 percentage points for equity stakes in excess thereof, and 20% of the risk and expense results for portfolios with bonus entitlement. Moreover, the result of portfolios without bonus entitlement is added. These portfolios cover health and personal accident insurance and annuities without bonus entitlement.

Alm. Brand has changed the profit principle for 2007 to the effect that we aim to achieve a return on equity corresponding to the investment return on the assets included in the company's shareholders' equity plus a risk premium of 0.5 percentage point of the average life insurance provisions inclusive of the collective bonus potential plus the full expense result and 25% of the risk result.

Based on the new profit principle, Alm. Brand will charge future losses against the expense result and, similarly, include future 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 an investment return in excess of the average rate of interest which the guaranteed pension benefits provided to customers are based on.

For Alm. Brand, this means that the allocation of the risk premium requires an investment return in excess of around 3.3% (end 2006), which is the average rate of interest the guaranteed pension benefits provided to customers are based on.

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

Rules for transfers from the shadow account to shareholders' equity applying to Alm. Brand Liv og Pension:

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

The full balance of the shadow account was recognised as income in 2005.

FINANCIAL RESULTS

The overall pre-tax profit for 2006 was DKK 81 million against DKK 144 million in 2005.

FIVE-YEAR HIGHLIGHTS OF NON-LIFE INSURANCE

Mio.kr.	2006	2005	2004	2003	2002
Premiums	736	747	723	714	696
Investment return after allocation of interest	91	1.031	857	376	314
Claims incurred	– 806	– 752	– 830	– 790	– 622
Change in life insurance provisions	256	– 614	– 638	– 77	– 373
Change in collective bonus potential	– 160	– 220	– 15	– 79	22
Underwriting management expenses	– 77	– 67	– 70	– 77	– 71
Profit/loss on business ceded	17	– 4	9	– 13	16
Underwriting profit/loss	**57**	**121**	**36**	**54**	**– 18**
Return on investments allocated to equity	24	23	35	44	26
Profit before tax	**81**	**144**	**71**	**98**	**8**
Tax	– 15	139	0	0	– 3
Profit after tax	**66**	**283**	**71**	**98**	**5**
Total technical provisions	11,294	11,416	10,545	9,894	9,747
Total shareholders' equity	**1,114**	**1,278**	**995**	**924**	**826**
Total assets	12,482	12,796	11,839	11,176	11,152
Key ratios for the life insurance company:					
Return before tax on pension returns	1.0%	10.6%	9.6%	4.6%	3.6%
Return on customers funds before tax on pension returns	0.9%	11.4%	10.1%	4.6%	-
Return on equity funds before tax on pension returns	2.2%	2.3%	3.9%	-	-
Return after tax on pension returns	0.9%	9.1%	8.3%	4.0%	3.3%
Expense ration on premiums	10.3%	8.9%	9.6%	10.8%	10.2%
Expense ratio on provisions	0.8%	0.7%	0.7%	0.8%	0.7%
Expenses per individual insured (rounded to nearest DKK)	708	577	585	626	558
Expense result	0.11%	0.23%	0.20%	0.15%	0.23%
Risk result	0.35%	0.45%	0.38%	0.71%	0.32%
Bonus rate	4.7%	3.1%	1.0%	0.8%	0.0%
Equity reserves	11.2%	12.8%	10.5%	10.3%	-
Capital base reserves*	3.3%	5.2%	7.1%	7.3%	4.1%
Solvency ratio*	165%	198%	236%	244%	185%
Return on equity before tax	7.0%	12,17%	7.4%	11.2%	-
Return on equity after tax	5.8%	24.9%	7.4%	11.2%	-
Interest in customer funds after expenses before tax	0.3%	9.3%	9.3%	-	-

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation af financial reports by insurance companies and profession-specific pension lunds. The accounting policies were changed in 2005. Financial highlights and key ratios for 2002 and 2003 have not been restated to reflect the change in accounting policies.

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

LIFE INSURANCE

Shareholders' equity included the full return requirement in both 2006 and 2005. The 2005 figure was favourably influenced by DKK 80 million transferred from the shadow account.

The profit for the year equals a return on equity of 7%, compared with 13% in 2005.

Premiums
Gross premium income amounted to DKK 736 million compared with DKK 747 million in 2005. The life company's premium performance was in line with expectations and reflects the group's growth strategy, of which more and more of the pension savings are 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 life insurance company, was DKK 892 million against DKK 792 million in 2005, an increase of almost 13%.

Insurance benefits
Benefits paid in the year amounted to DKK 834 million against DKK 714 million the year before. The performance was in line with expectations, due to, among other things, lower fees on policy surrenders and the fact that more funds are being moved to market rate products.

The change in life insurance provisions was DKK 256 million. The discount rate applied was 3.54% at 31 December 2006 against 2.94% at 31 December 2005.

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

When placing customer funds, we aim to optimise the return based on the duration and nature of the liabilities. Assets are allocated so as to place about 70-80% in interest-bearing instruments, 10-15% in equities and 10-15% in property.

The rate of interest paid to customers' pension savings in 2006 was 4.5% after tax on pension investment returns.

The overall return on equity and policyholder investment assets before tax on pension returns was DKK 129 million against DKK 1,248 million in 2005. The return for the year corresponds to a rate of return before tax on pension returns of 1.0% against 10.6% in 2005.

The return in 2006 was strongly affected by rising short-term and long-term interest rates. The lower return was largely offset by a reduced provisioning need, as the discounting rate on provisions also rose in 2006. The group's policy is to minimise risk to a significant extent by balancing assets and liabilities.

The return on investment assets before tax on pension investment returns attributable to policyholders was DKK 105 million against DKK 1,225 million in 2005. The rate of return before tax on pension returns was 0.9% in 2006 against 11.4% in 2005. Investment assets attributable to insurance customers are placed in property, shares or long-term bonds. The return for the year and the year-end distribution of investments attributable to policyholders are set out below:

	Share	Return
Bonds ect.	79%	-1.6%
Shares	9%	18.6%
Property	12%	7.6%
Total	100%	0.9%

The company's equity exposure including share options at the end of the year was about 13%.

The return on investment assets attributable to shareholders' equity was DKK 24 million in 2005, against DKK 23 million the year before. The rate of return was 2.2% in 2006, compared with 2.3% in 2005.

Expenses
Total costs amounted to DKK 77 million in 2006 against DKK 67 million in 2005. The 2006 costs were in line with expectations and reflect the company's investments in new IT tools and in enhancing the company's sales and service level.

Reinsurance
The reinsurance result amounted to a DKK 17 million gain. Reinsurance received in relation to permanent disability claims influenced the profit for the year.

Cost and risk results
The expense result, which expresses the difference between expense loading and expenses incurred, amounted to DKK 11 million as compared with DKK 23 million in 2005. The expense ratio (expenses as a percentage of gross premium income) was 10.3% relative to 8.9% the year before, and the expense per individual insured amounted to DKK 708 against DKK 577 in 2005. The overall expense result was satisfactory.

The risk result, the difference between risk premiums and claims expenses, amounted to DKK 45 million as compared

with DKK 44 million in 2005. The figure consists of the DKK 50 million surplus on death cover and the DKK 5 million loss on disability cover. The loss was due to a greater-than-expected number of permanent disability claims. The overall risk result was satisfactory.

BALANCE SHEET

The collective bonus potential stood at DKK 474 million at 31 December 2006 as compared with DKK 314 million at 31 December 2005. The bonus reserve amounted to 4.7% as at 31 December 2006 against 3.1% the year before.

As at 31 December 2006, the life group's shareholders' equity was DKK 1,114 million.

Capital base reserves amounted to 3.3% at 31 December 2006 with a solvency ratio of 165%.

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 2006 by a fair margin.

MAJOR EVENTS

Openness and Transparency

Customer communication is very important for better understanding and transparency, and thus for greater customer satisfaction. In 2006, we introduced "layered information", making it possible to target communication and give customers a better overview and understanding. The new opportunities have already been applied in a new sales tool, and the annual insurance and savings statements have been made much more simple.

The Internet is being used more and more by customers or stakeholders looking for service or information. Consequently, we are constantly developing our website, adding self-service options and information. For example, the Alm. Brand website contains information about profit formation, costs, market rates/rates on policyholders' savings and other issues that may be difficult to understand or assess.

This work supports an action plan involving openness and transparency announced by the Danish Insurance Association at its Annual Meeting in 2006. The objective is to give customers greater insight into insurance and pension, but also to respond to criticism raised from time to time regarding the information provided by the industry. Alm. Brand Liv og Pension supports openness and transparency.

New sales tool

In September, the group launched its new sales tool. As far as the pension area is concerned, the tool provides simplified, customer-oriented processes, overview for the customers through layered information, support of the overall growth strategy for life insurance and pension savings and efficiency enhancements through direct access to Alm. Brand's network and integration with administrative systems. All in all, the new sales tool provides a significantly better overview for customers as well as for sales and service staff.

Implementation of paperless working environment

In June 2006, Alm. Brand Liv og Pension introduced paperless customer service, which means that all incoming mail is now scanned and that in the future all other communications with and information to customers will be available in electronic form only. Existing paper archives are being registered electronically in a project expected to be completed in the spring of 2007. This paves the way for even quicker and better customer service, while also reducing costs.

Risk management and application of yield curve

Focus throughout the year has been on developing and implementing risk management models and calculation methods. We have developed a cash flow model for asset management, which estimated expected future cash flows for each agreement and subsequently discounts the cash flows using relevant yield curves. The model was implemented effective 1 January 2007. From that same date, we will use the yield curve published by the Danish FSA for discounting provisions. Previously, we applied 10-year duration.

Subordinate loan capital

In February 2007, Alm. Brand Forsikring A/S contributed DKK 120 million in subordinate loan capital to Alm. Brand Liv og Pension A/S. The subordinate capital will form part of the capital base.

OUTLOOK

We expect a pre-tax profit excluding health and personal accident insurance but including a full risk premium of DKK 90 million in 2007.

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 2007.

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.

GOALS: CUS

Satisfaction is at the core of Alm. Brand's strategy. Satisfied customers translate into loyalty and buying more products from our group. That is why we aim for 90% of our customers to be satisfied and 50% to be very satisfied.

Having satisfied customers comes natural to Alm. Brand. Very satisfied customers require an extra effort from the Alm. Brand group and that extra effort is essential for achieving our growth targets. For that reason, we invest in better service and accessibility and in better advising our customers. If a customer is not satisfied with our decision, we allocate new people to the case giving the customer the benefit of the doubt.

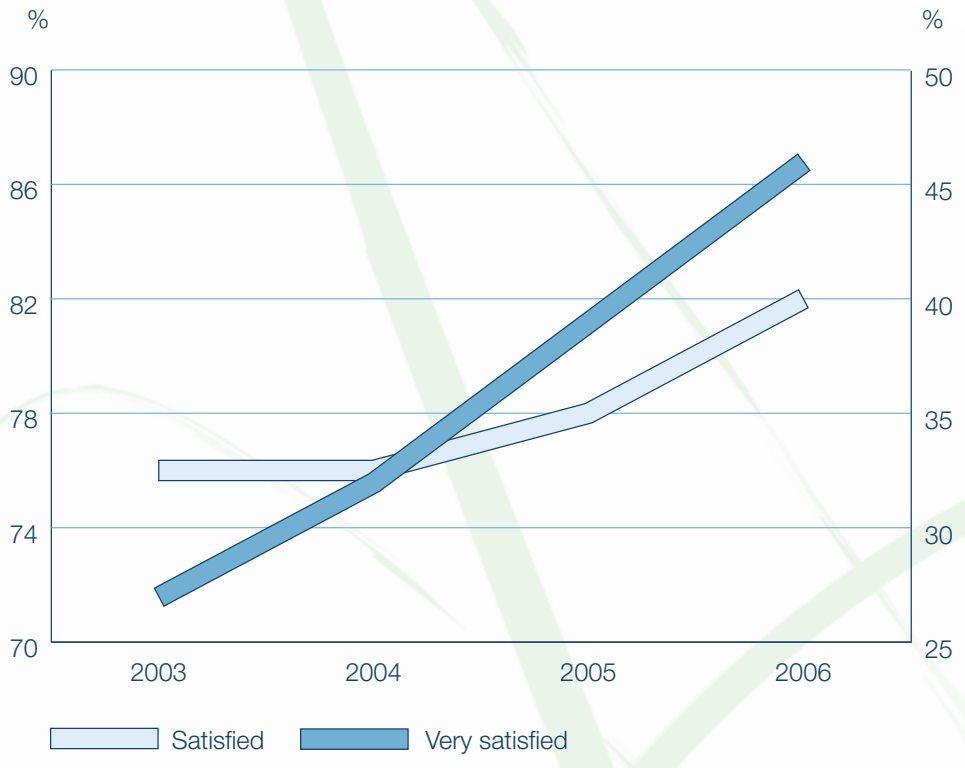
Our customer satisfaction rate has improved considerably over the years. At the last survey, it was above 80%, the highest ever, and more than 45% were very satisfied. We still have work to do before we achieve our target, and even when we achieve it, we will persist in our efforts to continue improving.

Alm. Brand's vision that "We take care of our customers" requires an unprecedented level of service and advice. That is Alm. Brand's final objective – the objective for the future.

METHOD OF MEASUREMENT

Customer satisfaction is surveyed quarterly by an independent research institute. Survey results are anonymous, but are specified for the group's three business areas. All business areas have the same satisfaction targets. Satisfaction rates are measured as a rolling average.

TOMER SATISFACTION



Customer satisfaction

OTHER ACTIVITIES



REINSURANCE

Kjøbenhavnske Re's equity was strengthened further in 2006. This strengthening happened concurrently with a continued reduction of the company's liabilities, and at the end of 2006 the solvency ratio stood at 1.2.

The branches in Singapore and Labuan were deregistered in 2006, and the remainder of the branches' portfolios were transferred to the head office in Copenhagen.

The branch in Australia remains in operation, but its administrative functions are now undertaken by a local service company. However, the group does aim, in collaboration with the Australian authorities, to wind up the Australian activities during the course of 2007/2008.

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.

Financial results

The company recorded a profit of DKK 60 million before tax, against a profit of DKK 38 million in 2005. At the beginning of the year, the profit forecast for 2006 was DKK 30 million. The better-than-expected performance was driven by better-than expected run-off of insurance liabilities, combined with rising interest rates in 2006.

The shareholders' equity of Copenhagen Re was up from DKK 140 million at the end of 2005 to DKK 212 million at the end of 2006. Total provisions net of reinsurance amounted to DKK 1.2 billion at the end of 2006, against DKK 1.6 billion at the end of 2005. Shareholders' equity thus equalled 17% of total provisions at the end of 2006.

Shareholders' equity is now adequate to meet the solvency requirements of the Danish Insurance Business Act. The company's solvency ratio at the end of 2006 was 1.2, which is an important improvement over 2005, when the solvency ratio stood at 0.6.

Exposure

Copenhagen Re's risk of being hit by new claims events was very limited at 31 December 2006. However, the final outcome of events that have already occurred is still subject to great uncertainty as is the outcome of contracts in the company's portfolio.

Copenhagen Re is recognised in the financial statements of Alm. Brand with an equity of DKK 212 million. If an increase in the liabilities of Copenhagen Re should lead to losses for the company, the effect on the financial statements of Alm. Brand would be limited to the loss of Copenhagen Re's shareholders' equity, since Alm. Brand has resolved not to contribute any further capital to the company.

As a result of its strategy to settle its insurance liabilities, Copenhagen Re is party to various lawsuits as to the validity and size of claims as well as outstanding issues regarding unsettled accounts. The company has closely observed all issues in the calculation of the necessary provisions for 2006.

World Trade Center (WTC) claims

The final calculation of the World Trade Center insurance losses is still subject to considerable uncertainty. A number of claims are still pending in the US legal system, and the final amount of damages will depend on the outcomes of these. Of



particular interest to Copenhagen Re is the lawsuit brought in 2005 by a number of companies, including Copenhagen Re, in London concerning the insurance policy for Port Authority of New York and New Jersey (PONY). The lawsuit was brought following PONY's indication that, in its opinion, the insurance policy taken out covered any shortfall of the properties' leaseholder's insurance policies that might potentially mean that the leaseholder was unable to re-erect the properties. PONY furthermore indicated that the policy in their opinion entitled it to more than one full cover. The lawsuit was brought to counter these claims and protect the insurance companies' interests. No date has been set for the first court hearing, and it could be several years before a decision is reached.

Investment risk
At 31 December 2006, the company had investment assets of DKK 1.8 billion. The return on these assets is subject to fluctuations. We are, however, pursuing a conservative investment strategy, as the small shareholders' equity does not allow the company to assume additional risk. At 31 December 2006, the company had very few shares in its portfolio and primarily placed investments as deposits with credit institutions and in short-duration bonds with a high credit score. A change in the level of interest rates will have an effect on the company's future financial results. At 31 December 2006, the price risk was DKK 5 million in case of a 0.7 percentage point increase in interest rates.

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

The cash position developed satisfactorily in 2006, and in 2007, the company is also expected to have sufficient cash resources to continue the planned activities in relation to commutations. In 2006, the company had a cash inflow from the winding up of the company's Singapore branch, and part of the capital from the Australian branch is also expected to be released in 2007. After this, the largest amount of tied up capital is in the UK company.

Outlook
Premiums are expected to be insignificant in 2007 and onwards. The company expects a positive technical result and an investment return exceeding administrative expenses.

This leads to an anticipation of a profit in the level of DKK 50 million in Copenhagen Re for 2007.

MISCELLANEOUS OTHER ACTIVITIES ETC.

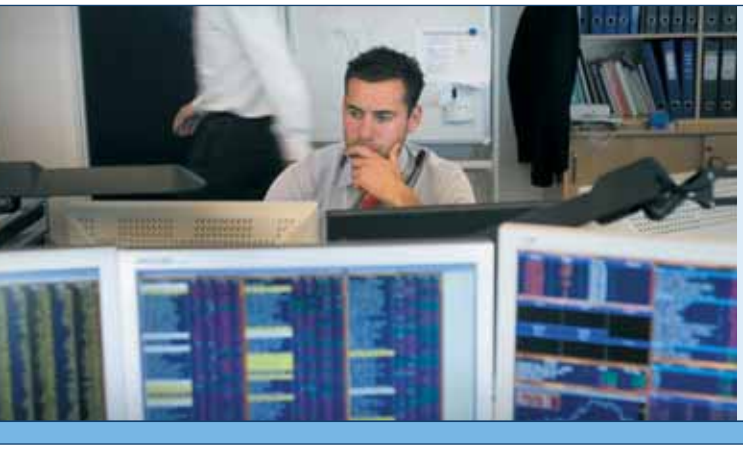
Other activities in the group contributed a loss of DKK 26 million before tax, as compared with a loss of DKK 32 million in 2005. These activities consist of corporate expenses, value adjustment of treasury shares and a number of inactive companies.

Outlook
We expect to incur a loss of DKK 30 million before tax on other activities etc. in 2007.

OUTLOOK

Overall we expect the group's reinsurance activities and other activities to generate a pre-tax profit of DKK 20 million.

INVESTMENTS



GOALS AND STRATEGY

The investment policy focuses on optimising returns with due regard to the chosen risk level. The majority of the Alm. Brand Group's financial assets are placed in Danish government bonds and mortgage bonds. In the life group and Alm. Brand Forsikring, similar durations are sought for assets and liabilities, and this contributes to reducing the overall interest rate exposure. The portfolios of other Alm. Brand Group companies have relatively short durations, also in order to limit interest rate exposure.

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

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

MARKET DEVELOPMENTS IN 2005

Denmark

The Danish economy performed quite strongly in 2006, driven mainly by increased consumer spending and a positive trend in exports. Consumer spending was stimulated by falling unemployment, rising real incomes and the fact that homeowners' fortunes have increased significantly as a result of the hikes in house prices. In 2006, the Danish bond market was characterised by rising short-term interest rates. The Danish equity market recorded fair price increases in 2006, supported by a favourable development in the international equity markets.

International markets

The global economy in 2006 reacted to signs of an economic slowdown in the USA following several years of high growth, continued strong growth in China and an economic upturn in Europe after a period of low growth and high unemployment. The economic upturn in Europe created a risk of rising inflationary pressure, causing the European Central Bank to hike its short-term benchmark interest rate.

The currency markets witnessed a depreciation of the US dollar against the euro in 2006. The drop in the USD rate should be seen in light of the gradual narrowing of the US-euroland yield spread during the year. In addition, the record US trade balance deficit remained, but was largely offset by strong demand for US financial assets by central banks in Asian and oil-producing countries.

The international equity markets saw decent gains in 2006, supported by general global corporate earnings growth. In terms of regions, US and, in particular, European equities saw fair price increases.

RETURN AND PERFORMANCE

Life and pension

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

Shares

Shares accounted for 8% of the life group's total investment assets at 31 December 2006 - which was on a par with 31 December 2005. This includes the portfolio of unlisted shares,



which makes up 2% of the investment assets. The share portfolio consists of shares and share-based options and futures. The holding of derivative financial instruments creates a market exposure to shares that is different from the market value of the instruments. Made up at exposure value, the share portfolio accounted for 13% of the investment assets at 31 December 2006.

Listed shares yielded a return of 16%, while the return on unlisted shares was 21%. The return on listed shares was satisfactory measured against the benchmark consisting of 40% OMXC20 and 60% MSCI World Index (local currencies) at the end of 2006. The return on unlisted shares was also satisfactory.

Bonds

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

The return on interest-bearing assets, including financial instruments, in the life group was a negative 1% in 2006. The negative return is due to the rise in interest rates during the year, which resulted in negative value adjustments on the bond portfolio. The return falls just short of the return on the selected benchmark, and is therefore not entirely satisfactory. The negative value adjustments on interest-bearing assets were largely offset by adjustments of the life insurance provisions, as the interest rate risk on assets and liabilities was more or less identical.

Property

Property investments accounted for 11% of the life group's overall investment assets at 31 December 2006. The return on properties amounted to 8% in 2006. The return is positively affected by a strong commercial letting market and generally falling target yields in the commercial property market, which in turn led to value increases in this segment.

The overall return on the life group's investment assets was 1.0% in 2006.

Alm. Brand Formue and Alm. Brand Pantebreve

Alm. Brand Formue mainly invests in bonds and shares and at the end of 2006 had an equity gearing of 3.0. The performance is negatively affected by the higher short and long term interest rates in 2006 and by the fact that the company invested significant funds in mortgage bonds. On the other hand, the performance was lifted by the increasing share prices in the latter part of 2006.

Alm. Brand Pantebreve mainly invests in mortgage deeds secured against real property and at the end of 2006 had an equity gearing of 5.5. The interest rate on newly issued fixed-rate home mortgages in 2006 rose by approximately 0.75 of a percentage point to approximately 7%. Prepayments remained high in 2006, although the trend declined toward the end of the year. In 2006, the company stepped up its investments in Swedish "bostadslån" (mortgage loans).

The rest of the Alm. Brand Group

A vast majority of investments by other parts of the group are placed in interest-bearing assets, mostly bonds. The duration on the assets is relatively short and balanced against liabilities in order to limit the risk of value fluctuations. The performance was positively affected by an imbalance in the first half of 2006 between assets and liabilities in workers' compensation in particular, resulting in a capital gain due to the increase in long-term interest rates during that period.

GOALS: EMPL

The group's employees are the key to high-quality customer service and advice, and thus satisfied customers. We have therefore defined an employee satisfaction objective corresponding to our customer satisfaction objective. In other words, we aim for 90% of the group's employees to be satisfied and 50% to be very satisfied.

Since 2002, the group has measured employee satisfaction annually. Based on these surveys, we adjust our employment terms, management style, level of communication, physical environment, etc. The adjustments do not necessarily mean easier conditions or a reduced workload – rather the opposite. But the work is planned and adjusted to the employees' own needs to enable them to best serve their customers.

Our efforts have paid off. Since the first surveys were made, our employee satisfaction rates have steadily been on the increase, starting at 79% of employees being satisfied and 35% being very satisfied in 2002 to the 2006 level of 88% satisfied and 48% very satisfied. Employee satisfaction is measured as an index of weighted components. When asked the question – "How satisfied are you with working at Alm. Brand?", 95% replied that they are satisfied.

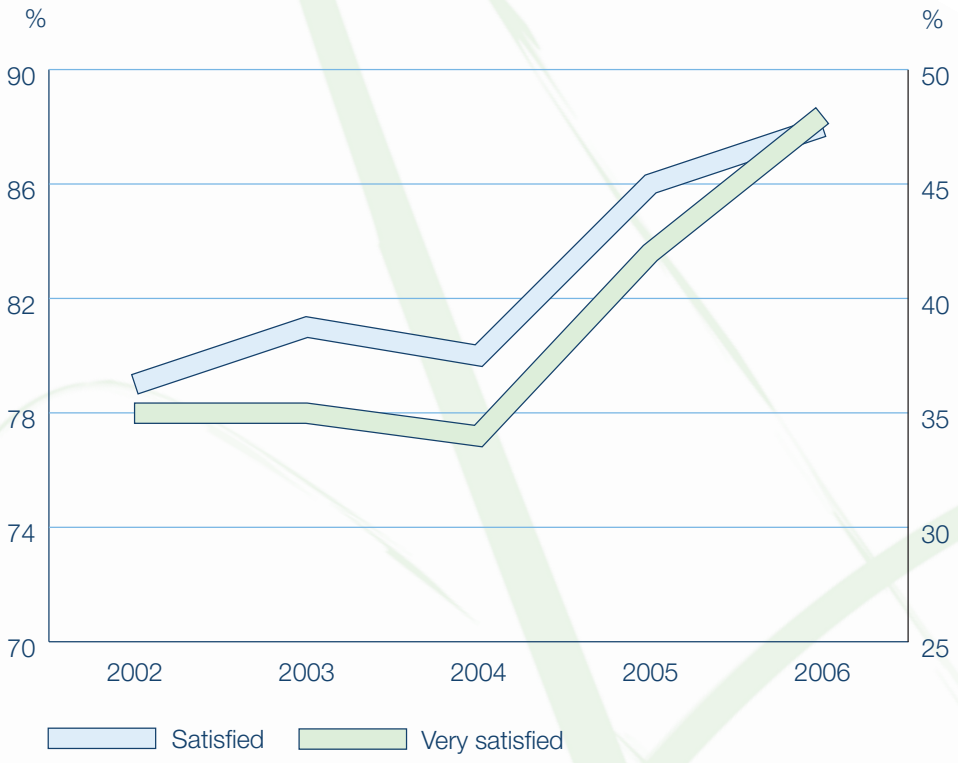
We still have some way to go before we reach our index target. When this has been reached, we have some fine-tuning to do to maintain the group's exceptionally high employee satisfaction rate.

The positive performance in customer satisfaction is now making its mark on our customer satisfaction rate, as well. This confirms the assumption that "satisfied employees lead to satisfied customers, and very satisfied employees lead to very satisfied customers". We therefore also expect to reach our ambitious customer satisfaction objective in the near future.

METHOD OF MEASUREMENT

Employee satisfaction is measured annually through an anonymous questionnaire survey. The response rate is over 90, and responses are therefore assumed to give a precise indication of the opinions as to the group's more than 2,000 employees. We survey the individual employees' opinions of their own job, communication, physical environment, training and, not least, their immediate superior. In addition, we survey the opinion as to the group's senior management and of the group's shared corporate values and cross-organisational collaboration.

OYEE SATISFACTION



Employee satisfaction

SALES, SERVICE AND MARKETING

SALES AND SERVICE

Organisation

The sales and service organisation is structured in five regional units each focusing on in-depth knowledge of local markets and extensive decision-making competence. We have established insurance customer service centres at each of our regional offices which serve customers by telephone. The regional offices coordinate sales through our 300 or so insurance agents and a number of customer advisers. Also supporting the regions is a network of 37 branches, 25 of which are combined bank and insurance branches while the remaining 12 are specialised insurance centres.

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

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

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

GOALS

Sales

Having an efficient and professional sales and service organisation is essential for Alm. Brand to reach its overall growth, expense and customer satisfaction targets. The group's growth strategy 2010 creates a special need for continuous improvement of the sales and service organisation.

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

Strategy

Alm. Brand's distribution is made up of product concepts, efficient marketing, advice-oriented employees possessing strong professional skills, efficient and motivating sales bonus systems, up-to-date sales tools and other components that combine to ensure efficient distribution.

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

- increase customer loyalty – through increased customer satisfaction and other measures
- increase cross sales and additional sales to existing customers, and to
- increase sales to new customers.

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

The group's five regions each retain the sales responsibility for its own market. This provides an opportunity to benchmark between regions and individual distribution channels.

2006 highlights and achievements

Previous years' efforts in the distribution area continue to pay off. The results achieved in 2006 may be divided into service and sales achievements, respectively.

Service achievements

- The target of a telephone response rate of 90 in the customer service centres was reached and maintained in 2006.
- Customer satisfaction improved substantially for the second year running.
- The quality of service provided to the group's largest business partner, the EDC Mæglerne chain of estate agents, was maintained in 2006, and the satisfaction rate with our products and services is still over 90%.

Sales achievements:

- Sales improved substantially in 2006.
- The number of multi-product customers is growing. At the end of 2006, some 33,000 people had become multi-product customers (the goal is to have 75,000 such customers by the end of 2010).
- The regular customer surveys reveal very high customer satisfaction and loyalty among multi-product customers. The group of multi-product customers has thus already reached the strategic goal that 90% of the customers are to be satisfied and 50% very satisfied.
- Sales through the group's largest business partner, the EDC chain of estate agents, improved in both non-life insurance and in banking. In banking alone, sales rose by more than 50% over the previous year.

Greater distribution power
The Alm. Brand Group strengthened its decentralised distribution power considerably in 2006 by comprehensively refurbishing a number of the group's branch offices to a highly customer-friendly standard and by increasing the number of customer advisers and insurance brokers.

Moreover, 12 branch managers have been appointed to strengthen sales of both banking and insurance products. All these jobs were filled in the first quarter of 2006. In connection with the efforts to strengthen the decentralised branches, more competences and customer responsibility have been channelled into the branches.

Outlook
Distribution will remain an important focal point in 2007, the goals being to continue increasing sales in tandem with a decline in cessation.

To underscore these goals, a number of new initiatives will be launched in 2007, along with the continuation of the long-term initiatives from 2006.

For example, the second half of Alm. Brand's branches will be refurbished according to the new concept in 2007. Also, the implementation of the group's new sales tool, which was completed toward the end of 2006, will be finalised.

MARKETING

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

Strategy
The marketing strategy is intended to create a strong brand and a good image for the group.

The marketing of the group's three business areas has been consolidated, thereby becoming more visible in the market and maximising the benefits of the group's unique structure with non-life insurance, banking and life insurance under one roof.

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

Highlights and achievements
The number of measurable results of the external marketing efforts rose for the fourth consecutive year. According to independent analyses, Alm. Brand was in 2006 once again among the best-known providers of insurance and banking products. Finally, the unprompted recognition of the (*dobbelt*KUNDE) concept remained high in 2006.

OUTLOOK

In 2006, a number of initiatives were launched in relation to the marketing efforts aimed at existing customers. These initiatives have had highly positive results, and as a result the marketing efforts will be strengthened further in 2007. The main objectives of this part of our marketing are to retain customers and maintain cross sales and additional sales.

In terms of external marketing, we expect to see a move toward a more image-oriented marketing strategy in 2007. Given that the multi-product concept has become a well-known concept in the market, we see a possibility of changing the marketing strategy without jeopardising the market position of the multi-product concept.

The overall sponsorship strategy will be maintained in 2007. Our sponsorship with Riis Cycling (Team CSC) was extended, while the sponsorship with the Danish football club AGF was changed, Alm. Brand no longer being the main sponsor. Alm. Brand does, however, continue as a sponsor of AGF. In addition, Alm. Brand will continue to support a number of local sports associations and events.

EMPLOYEES AND DEVELOPMENT



SATISFIED EMPLOYEES MAKE A DIFFERENCE

Satisfied employees – not to mention very satisfied employees – make a difference. Satisfied employees make satisfied customers, and satisfied customers are more loyal and buy additional products and services within 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.

STRATEGY AND GOALS

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

One of the Alm. Brand Group's five strategic goals are 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 objectives through a focused effort in the following areas:

- by ensuring that the Alm. Brand Group's image as a popular workplace is well-known and attractive,
- by ensuring that the Alm. Brand Group's managers are aware of corporate governance requirements and are interested in and able to achieve results through others,
- by keeping the group's four values in focus and ensuring that they are used on an everyday basis,
- by maintaining that continuous development of competences 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 good customer service.

EMPLOYEE SATISFACTION

Employee satisfaction is measured annually among all the group's employees, and is stated as a weighted average of responses to a number of selected questions. The satisfaction rate was again improved in 2006, from 86% in 2005 to 88%.

This is better than expected and highly satisfactory. The response rate rose to 94%, which is high, thereby making it possible to draw conclusions from the results with a high degree of certainty. The response rate also reflects the great commitment demonstrated by the group's employees.

Satisfied employees are a prerequisite for good customer service and a pleasant work environment. But it is the very satisfied customers who 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 customers in 2010. In 2006, the rate achieved was 48%, against 42% in 2005, which is significantly better than expected.

It is a great pleasure to note that 92% of the employees are proud to be employed by Alm. Brand, and that 95% state that, on the whole, they are satisfied with working for the group. These achievements place the group in a good position to continue attracting qualified employees in a market where demand exceeds supply.

MANAGEMENT QUALITY

Managers as well as employees attach great importance to competent management as a means of achieving the group's objectives. We therefore consider management an important factor, at par with image, service and customer satisfaction.

At Alm. Brand, a manager's role includes creating results through the employees. To this end, it is vital for managers and employees to maintain trust, dialogue and close working relations. Our annual management quality survey, in which the employees rate managers' conduct relative to the group's values, showed that 94% of employees were either satisfied or very satisfied with their manager, representing a one percentage point increase on 2005. Once again, we recorded progress in

all areas, and the many survey comments would indicate that our managers have made dedicated efforts to improve their performance during the year.

Satisfaction with the immediate superior and the group's reputation creates loyalty and is important in ensuring satisfied employees. The results were therefore highly satisfactory.

WORKING TO DEVELOP THE GROUP'S VALUES

The 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. Therefore, it is only natural that the values are a core component of our efforts to achieve the 2010 strategy.

VALUES AND CONDUCT WATCHWORDS

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

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

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

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

ALM. BRAND ACADEMY – DEVELOPING THE SKILLS OF OUR EMPLOYEES

The range and complexity of financial products has grown significantly in recent years and the legislative basis is constantly changing. This puts pressure on the group's employees to keep developing their skills to be able to provide customers with the optimal service and advice.

In response to this, the group has established the Alm. Brand Academy for the purpose of developing employee skills. In the years ahead, Alm. Brand intends to invest considerable resources in in-house training of new and existing employees. In order to build a visible platform for the group's training initiatives, 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. An important element in this will be to build an understanding of the importance of providing good customer service.

In connection with the establishment of the Alm. Brand Academy, the group worked on setting up new, intensive introduction programmes for new employees in the sales organisation. The new, intensive programme is expected to give new employees an introduction and getting them settled in their new job in two months.

REMUNERATION POLICY

The members of the company's 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 also 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.

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 some 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 obtain a share of the company's shareholders' equity. If relevant, this will be paid out no later than the beginning of 2009.

Similarly, the bank's Markets and Asset Management division has set up bonus schemes based on performance etc.

In addition, a bonus scheme exists for the customer service centres engaged in sales and service to private customers in respect of insurance and the provision of referrals to the bank. As from 2007, this scheme will be extended to include the employees of the company's branches.

In 2005, the company complied with the remuneration policy described in the Annual Report 2005, and in 2006 it complied with the remuneration policy described above. There are no plans to change this policy in 2007.

INFORMATION TECHNOLOGY



IT STRATEGY AND OVERALL TARGETS

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

Core elements of the IT strategy:

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

In the years up to 2010, Alm. Brand aims to become among the best players in the industry in terms of using information technology efficiently. The goal is to identify fast, flexible and cost effective opportunities to develop new high-quality products, processes and distribution channels. In 2008, Alm. Brand will realise the remaining major elements of the programme to renew the core IT systems, which have been underway in recent years. After its completion, Alm. Brand will be well equipped to reach the above goals.

There is continuing focus on the group's IT costs with this objective: "Same input, more output". In recent years, the company has invested substantially in new, effective, standardised and simplified systems to ensure further cost reductions in the future. The intention is for Alm. Brand to have IT cost ratios relative to premium income (insurance) and bank earnings (banking) that are in line with those of our peers.

COMPETENCE AND COLLABORATION

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

Bankdata is responsible for developing and operating the banking systems, whereas IBM is responsible for most of the group's infrastructure, which is operated jointly by IBM and Alm. Brand's IT department.

The collaboration with Bankdata was intensified in 2006, among other objectives to place the bank's general infrastructure entirely with Bankdata. The major part of this work is expected to be realised in 2007.



DATA WAREHOUSING

Alm. Brand's group data warehousing is based on a standard model comprising both banking and insurance. In 2006, a more stable data framework was achieved and a new Microsoft reporting environment implemented, expected to significantly improve the group's reporting systems during 2007.

The work in 2006 was mainly aimed at non-life activities. The bank also collaborated with Bankdata on BASEL II, however.

INFRASTRUCTURE

Alm. Brand's infrastructure is strengthened on an ongoing basis to provide increased robustness and greater flexibility. The core elements are centralisation and virtualisation. To improve the operational reliability and data security, the systems were in 2006 prepared for dual-location operation. Dual-location operation is expected to be implemented during 2007.

As for the new sales platform for insurance brokers, it became possible in 2006 to log onto Alm. Brand's systems from all PCs with Internet access, substantially improving business processes as well as customer service.

IT PROCESSES

Work has begun to realign the internal processes in order to create flexibility, heighten security and increase transparency, etc. This work will be further strengthened in 2007, among other things with improved tool support.

IT SECURITY

In 2006, the focus was on consolidation of the new security guidelines. These efforts are going to continue in 2007.

RISK MANAGEMENT



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

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

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

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

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

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

GOALS AND STRATEGY

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

NON-LIFE INSURANCE

Acceptance and assumption of risk

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

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

For risks written, we calculate and estimate the potential accumulation of 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 2007 is based on largely the same guidelines as in 2006.

For 2007, Alm. Brand has bought catastrophe reinsurance for up to DKK 4.4 billion with retention of DKK 150 million.

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

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

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

COPENHAGEN RE

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

LIFE INSURANCE

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

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

Changes in the value of life group investment assets resulting from changes in interest rates are partly offset by corresponding changes in the value of the technical provisions and the collective bonus potential. As a result, shareholders' equity may, however, be affected if the average return generated over the life of the policies 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 2006, this account had a relatively short duration, limiting the risk of price falls triggered by interest rate fluctuations.

BANKING

Alm. Brand Bank also 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.

RISK MANAGEMENT

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

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

The bank's credit department has the overall responsibility for assessing and following up on the bank's credit exposure, both in terms of the individual customer and in terms of loan portfolios.

The credit policy has been worked out on the basis of the bank's individual products and the customer segments buying the bank's lending products. The bank strives to ensure that the return on individual products and customer segments is satisfactory relative to the risk involved.

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

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

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 write-down 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.

BASEL II
In 2005, the bank implemented a number of development activities intended to ensure the bank's compliance with the requirements of the new capital adequacy rules (Basel II). The development activities touch on all the bank's business areas and are implemented in close collaboration with the bank's main IT solution provider, Bankdata.

In the credit area, the bank has decided to apply the IRB Foundation method, which involves a number of requirements in respect of data framework, development and use of risk management models as well as regular testing of this framework. The bank aims at becoming an IRB Foundation institute from the beginning of 2010. According to the approval rules of the Danish Financial Supervisory Authority, the mentioned risk models have to be developed and implemented before the end of 2007. Until then, the bank will apply the standard method under Basel II.

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

The bank expects to achieve a number of capital and risk management benefits by implementing the IRB Foundation. The expected capital benefits are in the form of a relaxation of capital requirements in relation to the bank's lending. These benefits will not be realised until 2010.

Meanwhile, as early as 2007 the bank expects to achieve a number of benefits in the regular credit processing through the risk models being completed and implemented. At the same time, the bank is creating a data framework, which is expected to strengthen the risk management at portfolio level.

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 on financial markets influence the group's shareholders' equity and investment performance.

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

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

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

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

This type of risk arises on fixed-rate financial instruments, while floating-rate instruments are subject to cash flow interest rate risk. Management of the group's fair value interest rate risk seeks to appropriately match interest rate risk on assets and liabilities.

In Alm. Brand, it is primarily the group's life insurance company and the Alm. Brand Bank Group that are exposed to fair value interest rate risk. The life group limits its fair value interest rate risk by matching the risk of assets and liabilities, which have opposite exposures to fair value interest rate risk. Alm. Brand Bank seeks to limit its interest rate risk primarily by accepting and providing deposits and loans at floating rates. As part of the risk management efforts, the banking group hedges the fair value of certain fixed-rate loans through the use of derivative financial instruments.

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

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

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

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

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

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

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

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

The Alm. Brand Group's equity risk is sometimes reduced by way of derivative financial instruments. Alm. Brand Formue's equity risk is unhedged in accordance with the investment strategy. The group is also exposed to changes in prices of real property, mainly through property investments held by the

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

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 compensations. To limit this risk, Alm. Brand Forsikring has entered into inflation swaps to partially hedge the inflation risk on workers compensation provisions, assuming a stable development in 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 limited investments in corporate bonds, the majority of which are investment grade (AAA to BBB). This ensures a limited credit risk exposure to the investment assets.

Liquidity risk
Liquidity risk management includes day-to-day management of liquidity and continuous assessments of short-term and long-term requirements relative to its cash resources.

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

In 2006, Alm. Brand Bank strengthened its cash resources and ensured adequate cash for the future growth by raising two loan facilities. At the end of the third quarter, the bank issued a NOK 1.15 billion bond loan. The bond is listed on the Alternative Bond Market in Oslo and was purchased by Norwegian institutional investors.

At the end of the fourth quarter, the bank received the proceeds from a EUR 50 million loan. The loan was issued by a number of international banks. In connection with the two issues, the interest in providing loans to Alm. Brand Bank was significant.

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 threats to the group and their assessed likelihood as well as the potential business consequences, should the threats materialise.

The ongoing risk assessment helps to reduce the group's operational risks to 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 emergency organisation, evacuation plans, contingency manuals in each business area, a robust fundamental technical IT setup and focus on standardising processes and IT.

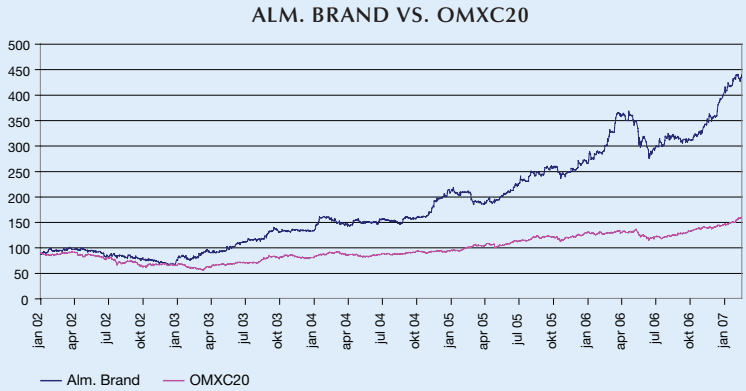
The group continuously seeks to improve its IT security, which in Alm. Brand is based on an IT security policy adopted by the Board of Directors. The policy defines general IT security requirements to ensure that the Alm. Brand Group's overall use of IT is secure and controlled. The IT policy is implemented in IT security guidelines, user guidance as well as other 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 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 further support to the internal audit, the group's own elements as well as those outsourced to Bankdata, IBM and others are subjected to external IT audits.

SHAREHOLDER INFORMATION





ACTIVITIES

Alm. Brand conducted substantial investor relations activities in Denmark and abroad in 2006 as part of the efforts to keep the market informed about the company and its financial results. The number of investor and analyst presentations grew substantially in 2006. The intensified analyst coverage and increased interest in the share in general thus meant significantly increased meeting activity. These events included road show presentations of Alm. Brand in Denmark, the USA, Canada, the UK and continental Europe. In addition, we addressed the professional market by holding a number of one-on-one meetings and presentations with larger audiences. Finally, as has become a regular part of the group's investor relations work, we arranged press meetings when announcing our full-year and interim reports.

During the year, the group held around 100 meetings with existing and potential investors and analysts.

In order to reach as wide an audience as possible, the announcement of the annual report for 2005 was also webcast on the company's and the Copenhagen Stock Exchange websites. The interim report was announced in an audiocast.

SHARE PERFORMANCE

We have experienced a growing demand for information in recent years, especially since Alm. Brand became a component of the MidCap+ index in 2004. To accommodate the increasing interest in the share, we have regularly allocated more resources – and not least management resources - to these activities.

A further three finance houses began to provide analyst coverage in 2006, while one stopped as a result of a change of strategy. This was reflected in a sharp increase in share turnover.
As a result, liquidity in the Alm. Brand stock improved and the average daily turnover reached DKK 18.7 million. The share price rose from DKK 267 at 31 December 2005 to DKK 400 at 31 December 2006, or a total price increase of 50% in 2006.

The price equals 171% of the net asset value per share. The market capitalisation was DKK 8.9 billion at 31 December 2006.

According to the new Nordic rules at the Copenhagen Stock Exchange, a company is included in the Large Cap list if its market cap exceeds EUR 1 million. Consequently, the higher price of the group's shares meant that the Alm. Brand share moved from the Mid Cap list to the Large Cap list at 1 January 2007.

DIVIDENDS

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

Times the statutory solvency margin		2006
Non-life insurance	2.4	1,565
Banking excluding partly-owned listed subsidiaries	1.3	1,410
Banking, investments in partly-owned listed subsidiaries	1.0	699
Life insurance	2.0	1,036
Reinsurance	1.0	212
Capital target		**4,922**
Consolidated shareholders' equity		**5,432**
Net tax asset		- 449
Intangible assets		- 187
Adjusted consolidated shareholders' equity excluding capital base		**4,796**
Dividend distribution excluding capital base		**- 126**
Capital base		475
Dividend distribution including capital base		**349**



As a result of the highly satisfactory results seen in recent years, at the beginning of 2006 the group had excess cover according to the capital model. Therefore, a share repurchase programme for 2006 was launched in connection with the announcement of the annual report for 2005, involving the repurchase of shares in the amount of DKK 400 million. In connection with the announcement of the Q3 report for 2006, the programme was extended to a total of DKK 500 million.

The shares were repurchased during the year up to January 2007, and the repurchase complied with the rules stated on the group's website. The average purchase price was DKK 344 per share. Overall, this corresponded to a pay-out ratio of 6%. The share purchases were effected so as to keep the parent company's ownership interest unchanged. This meant that the number of shares purchased in the market was just 40% of the announced DKK 500 million. Alm. Brand A/S will purchase the remainder at the same price from Alm. Brand af 1792 fmba.

The group plans to cancel 1.5 million shares in 2007. The decision must be made by the company in general meeting.

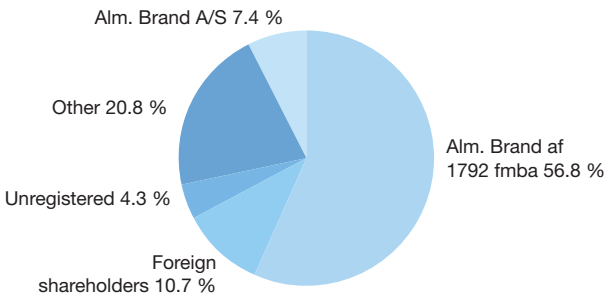
In October 2006, the Group raised hybrid Tier 1 capital in Alm. Brand Bank in a total amount of DKK 175 million. The capital was raised by issuing corporate bonds, listed on the Copenhagen Stock Exchange.

In February 2007, Alm. Brand Forsikring raised subordinate capital of EUR 20 million. The capital has a term of 13 years with expected redemption after 10 years.

For the financial year 2006, the Board of Directors proposes that no dividend be distributed, and that the profit for the year be transferred to retained earnings.

Assuming a pre-tax profit of DKK 800 million for 2007, the group expects to effect a share repurchase programme of DKK 600 million from March 2007 to the end of January 2008, corresponding to an expected pay-out ratio of 7% based on the share price at mid-February 2007.

OWNERSHIP



ANALYSTS

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

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

Danske Bank A/S, Gianandrea Roberti, tel: +45 33 44 04 32, email: GIAN@danskebank.dk

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

Svenske Handelsbanken, Jacob Brink, tel: +45 33 41 85 15, email: jabr09@handelsbanken.se

Standard&Poors (for Nordea), Joakim Ström, tel: +46 854 50 6957, email: joakim_strom@standardandpoors.com

REMUNERATION

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

SHAREHOLDER INFORMATION

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 2006:

	No. of shares	Market value (DKK) at 31 December 2006
Board of Directors of Alm. Brand A/S	4,691	1,876,400
Management Board of Alm. Brand A/S	2,609	1,043,600

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

THE ALM. BRAND SHARE

The company's share capital is DKK 1,788 million nominal value divided into 22,350,000 shares of DKK 80 each. Each share carries one vote. Excluding Alm. Brand A/S's treasury shares, the number of shares is 20,928,720.

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

OWNERSHIP

At 31 December 2006, 21,386,715 of the company's shares were registered. The shareholders registered by name represented 95.7% of the share capital. Foreign investors held 10.7% of the shares at 31 December 2006.

Only one shareholder – other than the company itself – has notified Alm. Brand of holding in excess of 5% of the company's share capital: Alm. Brand af 1792 fmba held 56.78% at 31 December 2006. 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 2007, Alm. Brand A/S held 7.39% of the company's share capital. This percentage will be reduced significantly in connection with the sale of shares to employees and the cancellation of shares, if this is approved by the company in general meeting.

ANNUAL GENERAL MEETING

The annual general meeting of Alm. Brand A/S will be held at 11:00 a.m. on 26 April 2007 at Radisson SAS Scandinavia Hotel, Amager Boulevard 70, DK-2300 Copenhagen S.

FINANCIAL CALENDAR

2006 Annual Report to be released on 27 February 2007

- Annual general meeting to be held on 26 April 2007
- Q1 report to be released on 24 May 2007
- Interim report for the first half-year to be released on 28 August 2007
- Q3 report to be released on 20 November 2007.

ANNOUNCEMENTS TO THE COPENHAGEN STOCK EXCHANGE IN 2005:

5 January 2006:	Financial Calendar 2006
23 February 2006:	Annual Report 2005
27 February 2006:	Report on transactions
24 March 2006:	Report on transactions
24 March 2006:	Report on transactions
24 March 2006:	Report on transactions
24 March 2006:	Report on transactions
24 March 2006:	Report on transactions
18 April 2006:	Ordinary General Meeting – Complete Proposals
26 April 2006:	Result of the ordinary general meeting
23 May 2006:	Quarterly Report Q1 2006
24 May 2006:	Report on transactions
9 June 2006:	Report on transactions
22 August 2006:	Interim Report, first half-year 2006
18 September 2006:	Holding of own shares increased
22 September 2006:	Hybrid Tier 1 Capital
21 November 2006:	Quarterly Report Q3 2006
2 January 2007:	Holding of own shares increased
5 January 2007:	Financial Calendar 2007

INVESTOR RELATIONS POLICY

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

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

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.

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

CORPORATE GOVERNANCE

In 2005, Alm. Brand's Board of Directors first considered all recommendations applying the 'comply or explain' principle.

The Board of Directors believes that corporate governance should be based on a holistic approach that considers relations and the interaction with all stakeholders. Alm. Brand strives to obtain maximum transparency and openness and thus agrees with the basic principles of the corporate governance recommendations. This is reflected in the company's management approach, which generally complies with the recommendations on corporate governance. A detailed review of Alm. Brand's position on each recommendation is provided on the company's website.

The few areas where Alm. Brand does not comply with the recommendations are discussed below:

BOARD OF DIRECTORS

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

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

Alm. Brand af 1792 fmba holds approximately 60% of the voting rights in Alm. Brand A/S af 1792 and five Board members are elected by the principal shareholder. Management believes that the principal shareholder and the remaining shareholders have identical interests in the company.

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

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

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

The Board of Directors held 11 meetings in 2006.

NUMBER OF DIRECTORSHIPS HELD

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

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

It is recommended that information about the remuneration of each Board member and each member of the Management Board be provided individually in the annual report. The Board of Directors is monitoring 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.

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



FINANCIAL STATEMENTS

ACCOUNTING POLICIES



GENERAL INFORMATION

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

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

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

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

STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

At the date of the 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 IAS 32, Financial Instruments: Disclosure and presentation, concerning requirements on disclosure about financial instruments, which are transferred to IFRS 7. The revised standard comes into force for financial years starting on or after 1 January 2007.
- Revised IFRS 39, Financial instruments: Recognition and measurement, concerning financial guarantee contracts. The revised standard comes into force for financial years starting on or after 1 January 2007.
- Revised IFRS 4, Insurance contracts, concerning financial guarantee contracts. The revised standard comes into force for financial years starting on or after 1 January 2007.
- New IFRS 8, Operating segments. The 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.
- New IFRIC 7, Applying the restatement approach in IAS 29 Financial reporting in hyperinflationary economies. The interpretation comes into force for financial years starting on or after 1 March 2006.
- New IFRIC 8, Scope of IFRS 2. The interpretation comes into force for financial years starting on or after 1 May 2006.
- New IFRIC 9, Reassessment of embedded derivatives. The interpretation comes into force for financial years starting on or after 1 June 2006.
- New IFRIC 10, Interim financial reporting and impairment. The interpretation comes into force for financial years starting on or after 1 November 2006. The interpretation has not yet been adopted for use in the EU.
- New IFRIC 11, Group and treasury share transactions. The interpretation comes into force for financial years starting on or after 1 March 2007. The interpretation has not yet been adopted for use in the EU.
- New IFRIC 12, Service concession arrangements. The interpretation comes into force for financial years starting on or after 1 January 2008. The interpretation has not yet been adopted for use in the EU.



Alm. Brand has opted for early adoption of IFRS 7 in the consolidated financial statements.

Management believes that the application of other new and revised standards and interpretations will not have any material impact on the annual report for the coming financial years, except for the additional disclosure requirements for business segments that follow from the implementation of IFRS 8.

BASIS OF CONSOLIDATION

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

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

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

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

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

Acquisitions

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

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

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 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 accounts carry interest on market terms. Intra-group transactions in securities and other assets are settled at market prices.

FOREIGN CURRENCY

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

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

Exchange differences arising on the translation of the equity of foreign subsidiaries at the beginning of the year using the exchange rates ruling on the balance sheet date are recognised in shareholders' equity. Differences arising on the transla-

tion 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.

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

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

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

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

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

ACCOUNTING ESTIMATES

The 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.

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

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

Land and buildings

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

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

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

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

Owner-occupied properties
Owner-occupied properties are measured at a revalued 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. Write-downs that do not offset previous revaluations are made in the income statement.

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

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

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

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

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

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

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

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

Cost comprises acquisition cost and directly attributable costs.

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

Investment assets, loans, advances, etc.
Investment assets comprise financial assets measured at fair value. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at 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 liabilities payable 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.

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

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

Changes in the fair value of derivatives 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.

Balances due from credit institutions
Balances due from credit institutions are measured at fair value on initial and subsequent recognition 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 and subsequent recognition.

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.

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

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.

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

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

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

is estimated based on the Company's historical claims ratios on mortality and disability, respectively, and costs relative to the assumptions in the calculation basis for new contracts. The actuary regularly assesses whether the assumptions used to determine the market value calculation basis still apply to the company's portfolio.

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

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

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

Life insurance provisions are calculated at market value, 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.

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

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

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

Current costs in respect pensions etc. for the group's employees are treated as defined benefit plans. 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 premium provisions which can be ascribed to a change in the discount rate applied after inflation is transferred to market value adjustments.

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

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

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

Fee income, etc.
Fees, 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 selling of securities is recognised under market value adjustments.

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

Acquisition costs and administrative expenses
The part of the insurance 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 taken to the income statement according to the same principles as those applied for the corresponding items under the gross business.

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

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

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

ACCOUNTING POLICIES

TAX

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

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

SEGMENT INFORMATION

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

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

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

CASH FLOW STATEMENT

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

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

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

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

Cash and cash equivalents comprise cash and demand deposits.

SIGNATURES

The Board of Directors and the Management Board have today reviewed and adopted the annual report for 2006 of Alm. Brand A/S.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act. 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 2006 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 2006.

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

MANAGEMENT BOARD

Copenhagen, 27 February 2007

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

BOARD OF DIRECTORS

Copenhagen, 27 February 2007

Christian N.B. Ulrich **Jørgen H. Mikkelsen** **Boris N. Kjeldsen**

Niels Kofoed **Jørgen S. Larsen** **Henrik Stenbjerre**

Susanne Larsen **Lone Clausen** **Henning Kaffka**

AUDITORS' REPORT

INTERNAL AUDIT

We have audited the annual report of Alm. Brand A/S for the financial year 1 January to 31 December 2006. The annual report comprises the Management's review, the statement by Management on the annual report, the accounting policies, the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent financial statements have 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 annual reports of listed financial services companies.

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

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 have tested the basis for the amounts and other disclosures in the annual report, including evidence supporting disclosures in the annual report. Our audit also included assessing the accounting policies used and accounting 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 has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's financial position at 31 December 2006 and of its financial performance and its cash flows for the financial year 1 January to 31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed financial services companies.

In addition, in our opinion, the annual report gives a true and fair view of the Parent's financial position at 31 December 2006 and of its financial performance for the financial year 1 January to 31 December 2006 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for annual reports of listed financial services companies.

Copenhagen, 27 February 2007

Poul-Erik Winther Nielsen
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 1 January to 31 December 2006. The annual report comprises the statement by Management on the annual report, the Management's review, the in-come statement, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the financial statements. The consolidated financial statements have been prepared in accordance with Interna-tional Financial Reporting Standards as adopted by the EU, and the parent financial statements have been pre-pared in accordance with the Danish Financial Business Act. In addition, the annual report has been prepared in accordance with additional Danish disclosure requirements for annual reports of listed financial services companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report in accordance with In-ternational Financial Reporting Standards as adopted by the EU in respect of the consolidated financial state-ments, in accordance with the Danish Financial Business Act in respect of the parent financial statements, and additional Danish disclosure requirements for listed financial companies. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 auditor's 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of 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 has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group’s financial position at 31 December 2006 and of its financial performance and its cash flows for the financial year 1 January to 31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclo-sure requirements for annual reports of listed financial services companies.

In addition, in our opinion, the annual report gives a true and fair view of the Parent’s financial position at 31 December 2006 and of its financial performance for the financial year 1 January to 31 December 2006 in accor-dance with the Danish Financial Business Act and additional Danish disclosure requirements for annual reports of listed financial services companies.

Copenhagen, 27 February 2007

Deloitte
Statsautoriseret Revisionsaktieselskab

Jørgen Jørgensen
State-Authorised
Public Accountant

Henrik Priskorn
State-Authorised
Public Accountant

BALANCE SHEET

DKKm	Note	Group 2006	2005
Assets			
Intangible assets	1	187	130
Owner-occupied properties	2	632	632
Deferred tax assets	3	449	553
Investments in joint ventures	4	20	21
Reinsurers' share of insurance contracts	5	636	859
Current tax assets	6	41	0
Other assets	7	1,543	1,850
Loans and advances	8	13,128	10,728
Investment properties	9	756	723
Investment assets	10	23,604	23,957
Balances due from credit institutions and central banks	11	1,631	2,766
Cash in hand and balances at call		365	331
Total assets		**42,992**	**42,550**
Liabilities and equity			
Share capital		1,788	1,788
Reserves, retained earnings, etc.		3,124	2,673
Minority interests		520	474
Consolidated shareholders' equity	12	**5,432**	**4,935**
Subordinated debt	13	474	300
Provisions for insurance contracts	14	18,718	19,193
Other provisions	15	246	333
Deferred tax liabilities	16	51	51
Issued bonds	17	1,040	0
Other liabilities	18	1,213	1,691
Deposits	19	9,109	8,632
Payables to credit institutions and central banks	20	6,709	7,415
Total liabilities and equity		**42,992**	**42,550**
Contingent liabilities, guarantees and leasing	40		
Collateral security	41		
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INCOME STATEMENT

DKKm	Note	Group 2006	Group 2005
Income			
Premium income	21	5,026	4,863
Interest income, etc.	22	1,621	1,413
Fee income, etc.	23	136	144
Other income from investment activities	24	35	41
Profit from investments in joint ventures	25	0	1
Other income	26	37	27
Total income		**6,855**	**6,489**
Costs			
Claims incurred	27	-3,552	-4,261
Interest expenses	28	-572	-358
Other expenses from investment activities		-51	-54
Impairment of loans, advances and receivables, etc.	29	27	-2
Acquisition costs and administrative expenses	30	-1,414	-1,289
Other costs	31	-39	-30
Total costs		**-5,601**	**-5,994**
Profit/loss from business ceded	32	-111	591
Change in life insurance provisions	33	256	-614
Change in collective bonus potential		-153	-215
Value adjustments	34	-194	767
Tax on pension investment returns	35	-15	-172
Profit before tax		**1,037**	**852**
Tax	36	-190	-56
Profit after tax		**847**	**796**
The profit before tax is allocated as follows:			
Share attributable to Alm. Brand		1,006	747
Share attributable to minority shareholders	37	31	105
		1,037	**852**
The profit after tax is allocated as follows:			
Share attributable to Alm. Brand		811	688
Share attributable to minority shareholders	37	36	108
		847	**796**
Earnings per share, DKK		37	31
Diluted earnings per share, DKK		37	31
Underwriting result, non-life insurance	38		
Actual result, life insurance	39		

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Contin-gency funds	Revalua-tion re-serves	Retained earnings	Share-holders' equity	Minority interests	Consoli-dated share-holders' equity
Shareholders' equity at 1 January 2005	**1,788**	**182**	**1,778**	**3**	**3,751**	**323**	**4,074**
Profit for the year			688	0	688	108	796
Revaluation of owner-occupied properties			0	5	5	0	5
Transferred to collective bonus potential			0	-5	-5	0	-5
Sale of treasury shares			22	0	22	0	22
Intra-group ownership			0	0	0	-44	-44
Change in share attributable to minority interests			0	0	0	87	87
Shareholders' equity at 1 January 2006	**1,788**	**182**	**2,488**	**3**	**4,461**	**474**	**4,935**
Profit for the year			811	0	811	36	847
Revaluation of owner-occupied properties			0	7	7	0	7
Transferred to collective bonus potential			0	-7	-7	0	-7
Sale of treasury shares			44	0	44	0	44
Repurchased shares			-404	0	-404	0	-404
Change in share attributable to minority interests			0	0	0	10	10
Shareholders' equity at 31 December 2006	**1,788**	**182**	**2,939**	**3**	**4,912**	**520**	**5,432**

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 2006 exclusive monority interests	4,912
Consolidtation of Pensionskassen under Alm. Brand A/S	-11
Shareholders' equity under the rules of the Danish Financial Supervisory Authority exclusive monority interests	**4,901**

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

CASH FLOW STATEMENT

	Group	
DKKm	**2006**	2005
Cash flows from operating activities		
Premiums received	5,063	4,892
Claims paid	-3,908	-4,208
Interest receivable, dividends, etc.	1,756	1,536
Interest payable	-440	-260
Payments concerning reinsurance	117	489
Fee income received	151	159
Fee income paid	-32	-28
Expenses paid	-1,569	-1,356
Tax on pension investment returns paid	-62	-148
Acquisition of intangible assets, furniture, equipment, etc.	-117	-53
Other ordinary income received	10	0
Taxes paid/received	-127	-8
Cash flows from operating activities	**842**	**1,015**
Change in investment placement (net)		
Properties acquired or converted	-19	-33
Sale of property	18	0
Sale/acquisition of equity investments	312	-241
Sale/repayment of mortgage deeds and loans	-2,452	-1,455
Sale/repayment of bonds	-465	-2,938
Dividend received from joint ventures	1	1
Change in receivables from credit institutions over 3 months	-253	9
Change in investment placement (net)	**-2,858**	**-4,657**
Change in financing (net)		
Other provisions	-12	-36
Sale/purchase of treasury shares	-360	22
Sale/acquisition of subsidiaries (change in minority interests)	10	140
Subordinated debt	174	0
Change in issued bonds	1,040	0
Change in deposits	559	-195
Change in payables to credit institutions	-709	4,214
Change in financing (net)	**702**	**4,145**
Gross change in cash and cash equivalents	**-1,314**	**503**
Exchange rate adjustment of cash and cash equivalents, beginning of year	-40	58
Net change in cash and cash equivalents	**-1,354**	**561**
Cash and cash equivalents, beginning of year	3,056	2,495
Cash and cash equivalents, year end	**1,702**	**3,056**
Cash and cash equivalents comprise the following items:		
Cash at bank and in hand	365	331
Amounts due from credit institutions and central bank, cf. Note 11	261	219
Amounts due from credit institutions and central bank, cf. Note 11	1,076	2,506
	1,702	**3,056**

SEGMENT REPORTING - BALANCE SHEET

DKKm	Note	Non-life	Bank	Life	Other	Elimi-nation	Total
							2006
Assets							
Intangible assets	1	135	52	0	0		187
Owner-occupied properties	2	6	0	0	0	626	632
Deferred tax assets	3	209	126	67	47		449
Investments in joint ventures	4	0	0	0	20		20
Reinsurers' share of insurance contracts	5	142	0	31	463		636
Current tax assets	6	-65	49	9	48		41
Other assets	7	590	549	345	150	-91	1,543
Loans and advances	8	0	13,128	0	0		13,128
Investment properties	9	21	0	1,361	0	-626	756
Investment assets	10	7,041	5,194	10,619	799	-49	23,604
Balances due from credit institutions and central banks	11	1	1,030	0	725	-125	1,631
Cash in hand and balances at call		144	37	50	448	-314	365
Total assets		**8,224**	**20,165**	**12,482**	**2,700**	**-579**	**42,992**
Liabilities and equity							
Share capital		0	0	0	1,788		1,788
Reserves, retained earnings, etc.		2,169	1,216	1,114	-1,375		3,124
Minority interests		0	569	0	0	-49	520
Consolidated shareholders' equity	12	**2,169**	**1,785**	**1,114**	**413**	**-49**	**5,432**
Subordinated debt	13	0	474	0	0		474
Provisions for insurance contracts	14	5,719	0	11,294	1,705		18,718
Other provisions	15	94	9	0	143		246
Deferred tax liabilities	16	0	0	0	51		51
Issued bonds	17	0	1,040	0	0		1,040
Other liabilities	18	242	600	74	388	-91	1,213
Deposits	19	0	9,548	0	0	-439	9,109
Payables to credit institutions and central banks	20	0	6,709	0	0		6,709
Total liabilities and equity		**8,224**	**20,165**	**12,482**	**2,700**	**-579**	**42,992**
							2005
Assets							
Intangible assets	1	81	49	0	0		130
Owner-occupied properties	2	24	0	0	0	608	632
Deferred tax assets	3	244	179	89	41		553
Investments in joint ventures	4	0	0	0	21		21
Reinsurers' share of insurance contracts	5	269	0	26	564		859
Current tax assets	6	0	0	50	85	-135	0
Other assets	7	652	786	333	172	-93	1,850
Loans and advances	8	0	10,728	0	0		10,728
Investment properties	9	20	0	1,311	0	-608	723
Investment assets	10	6,422	5,740	10,896	945	-46	23,957
Balances due from credit institutions and central banks	11	0	1,907	0	984	-125	2,766
Cash in hand and balances at call		109	20	91	344	-233	331
Total assets		**7,821**	**19,409**	**12,796**	**3,156**	**-632**	**42,550**
Liabilities and equity							
Share capital		0	0	0	1,788		1,788
Reserves, retained earnings, etc.		1,801	1,089	1,278	-1,495		2,673
Minority interests		0	520	0	0	-46	474
Consolidated shareholders' equity	12	**1,801**	**1,609**	**1,278**	**293**	**-46**	**4,935**
Subordinated debt	13	0	300	0	0		300
Provisions for insurance contracts	14	5,612	0	11,416	2,165		19,193
Other provisions	15	95	12	0	226		333
Deferred tax liabilities	16	0	0	0	51		51
Current tax liabilities	6	86	49	0	0	-135	0
Other liabilities	18	227	1,034	102	421	-93	1,691
Deposits	19	0	8,990	0	0	-358	8,632
Payables to credit institutions and central banks	20	0	7,415	0	0		7,415
Total liabilities and equity		**7,821**	**19,409**	**12,796**	**3,156**	**-632**	**42,550**

SEGMENT REPORTING, INCOME STATEMENT

DKKm	Note	Non-life	Bank	Life	Other	Elimi-nation	Total
							2006
Income							
Premiums	21	4,279	0	736	11		5,026
Interest income, etc.	22	267	823	451	100	-20	1,621
Fee income, etc.	23	0	157	0	0	-21	136
Other income from investment activities	24	1	0	77	0	-43	35
Profit from investments in joint ventures	25	0	0	0	0		0
Other income	26	27	10	0	0		37
Total income		**4,574**	**990**	**1,264**	**111**	**-84**	**6,855**
Costs							
Claims incurred	27	-2,735	0	-806	-11		-3,552
Interest expenses	28	-121	-464	-1	-6	20	-572
Other expenses from investment activities		-14	0	-18	-40	21	-51
Impairment of loans, advances and receivables, etc.	29	0	27	0	0		27
Acquisition costs and administrative expenses	30	-877	-439	-77	-64	43	-1,414
Other costs	31	-39	0	0	0		-39
Total costs		**-3,786**	**-876**	**-902**	**-121**	**84**	**-5,601**
Profit/loss from business ceded	32	-157	0	17	29		-111
Change in life insurance provisions	33	0	0	256	0		256
Change in collective bonus potential		0	0	-160	0	7	-153
Value adjustments	34	93	86	-379	16	-10	-194
Tax on pension investment returns	35	0	0	-15	0		-15
Profit before tax		**724**	**200**	**81**	**35**	**-3**	**1,037**
Tax	36	-186	-34	-15	45		-190
Profit after tax		**538**	**166**	**66**	**80**	**-3**	**847**
							2005
Income							
Premiums	21	4,079	0	747	37		4,863
Interest income, etc.	22	268	617	434	107	-13	1,413
Fee income, etc.	23	0	169	0	0	-25	144
Other income from investment activities	24	1	0	75	0	-35	41
Profit from investments in joint ventures	25	0	0	0	1		1
Other income	26	18	9	0	0		27
Total income		**4,366**	**795**	**1,256**	**145**	**-73**	**6,489**
Costs							
Claims incurred	27	-3,536	0	-752	27		-4,261
Interest expenses	28	-91	-275	-1	-4	13	-358
Other expenses from investment activities		-16	0	-21	-42	25	-54
Impairment of loans, advances and receivables, etc.	29	0	-5	0	3		-2
Acquisition costs and administrative expenses	30	-779	-369	-67	-109	35	-1,289
Other costs	31	-30	0	0	0		-30
Total costs		**-4,452**	**-649**	**-841**	**-125**	**73**	**-5,994**
Profit/loss from business ceded	32	590	0	-4	5		591
Change in life insurance provisions	33	0	0	-614	0		-614
Change in collective bonus potential		0	0	-220	0	5	-215
Value adjustments	34	-129	183	739	-19	-7	767
Tax on pension investment returns	35	0	0	-172	0		-172
Profit before tax		**375**	**329**	**144**	**6**	**-2**	**852**
Tax	36	-152	-63	139	20		-56
Profit after tax		**223**	**266**	**283**	**26**	**-2**	**796**

OVERVIEW OF NOTES



NOTES WITH REFERENCE

1 Intangible assets
2 Owner-occupied properties
3 Deferred tax assets
4 Investments in joint ventures
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
15 Other provisions
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 joint ventures
26 Other income
27 Claims incurred
28 Interest expenses
29 Impairment of loans, advances and receivables, etc.
30 Acquisition costs and administrative expenses
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32 Profit/loss from business ceded
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36 Tax
37 Share of profit attributable to minority shareholders

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DKKm	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total
Note 1 Intangible assets										
Software	135	3			138	81	0			81
Goodwill	0	49			49	0	49			49
Carrying amount, year end	**135**	**52**			**187**	**81**	**49**			**130**
Software										
Cost, beginning of year	164	0			164	162				162
Additions during the year	88	3			91	24				24
Disposals during the year	0	0			0	-22				-22
Cost, year end	252	3			255	164				164
Accumulated amortisation and impairment, beginning of year	-83	0			-83	-58				-58
Amortisation	-34	0			-34	-36				-36
Reversal of prior years' amortisation and impairment	0	0			0	11				11
Accumulated amortisation and impairment, year end	-117				-117	-83				-83
Carrying amount, year end	135	3			138	81				81
Goodwill										
Cost, beginning of year		49			49		0			0
Additions during the year		0			0		49			49
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.

Note 2 Owner-occupied properties										
Cost, beginning of year	37				726	37				714
Additions during the year					6	0				12
Disposals during the year	-34				-34	0				0
Cost, year end	3				698	37				726
Accumulated revaluations, beginning of year	4				20	3				14
Revaluations during the year					7	1				8
Reversal of prior year revaluation through shareholders' equity	-1				-1	0				-2
Accumulated revaluations, year end	3				26	4				20
Accumulated depreciation and impairment, beginning of year	-17				-114	-14				-117
Impairment for the year					0	-3				-16
Reversal of prior year impairment through the income statement					5	0				19
Accumulated depreciation and impairment, year end	-17				-109	-17				-114
Carrying amount, year end	**6**				**632**	**24**				**632**

DKKm	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total
Restated value, beginning of year	24				632	26				611
Additions during the year	0				9	0				12
Disposals during the year	-18				-18	0				0
Value adjustment recognised through the income statement	0				2	-2				4
Value adjustment recognised through shareholders' equity	0				7	0				5
Restated value, year end	**6**				**632**	**24**				**632**
Average return, office property					6.06%	5.37%				6.14%

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.

Note 3 Deferred tax assets

Deferred tax on tax loss carried forward	0	0	0	0	0	24	5	0	2	31
Deferred tax on net fees	0	1	0	0	1	0	2	0	0	2
Deferred tax on equipment	50	2	0	10	62	69	2	0	3	74
Deferred tax on shares and bonds	2	0	72	0	74	0	0	89	0	89
Deferred tax on real estate	0	0	-5	0	-5	0	0	0	0	0
Deferred tax on goodwill	117	0	0	0	117	138	0	0	0	138
Deferred tax on lease assets	0	109	0	0	109	0	155	0	0	155
Deferred tax on provisions	40	14	0	37	91	13	15	0	36	64
	209	**126**	**67**	**47**	**449**	**244**	**179**	**89**	**41**	**553**

Deferred tax has been capitalised taking into account future earnings and the potential for utilisation. The group had total tax assets of some DKK 470 million at 31 December 2006, of which DKK 449 million has been capitalised.

Note 4 Investments in joint ventures

Cost		60	60		60	60
Revaluations and impairment, beginning of year		-39	-39		-39	-39
Profit for the year		0	0		1	1
Dividend		-1	-1		-1	-1
Revaluations and impairment, year end		-40	-40		-39	-39
Carrying amount, year end		**20**	**20**		**21**	**21**

Investments in joint ventures comprise Alm. Brand's investment in EDC-udvikling a/s. Alm. Brand' ownership interest is 50%. Assets totalled DKK 41 million and are are pricipally placed in securities and cash.

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

Note 5 Reinsurers' share of insurance contracts

Reinsurers' share of life insurance provisions	0	30	0	30	0	26	0	26
Reinsurers' share of outstanding claims provisions	142	1	463	606	269	0	564	833
	142	**31**	**463**	**636**	**269**	**26**	**564**	**859**
Reinsurers' share of life insurance provisions								
Beginning of year		26		26		24		24
Change for the year		4		4		2		2
		30		30		26		26
Reinsurers' share of outstanding claims provisions								
Beginning of year	269	0	564	833	75	0	554	629
Value adjustment	0	0	-34	-34	0	0	68	68
Claims ceded	47	42	28	117	839	23	9	871
Payments received from reinsurers	-175	-41	-95	-311	-646	-23	-67	-736
Discounting	1	0	0	1	1	0	0	1
	142	1	463	606	269	0	564	833

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.

				2006					2005
DKKm	**Non-life**	**Bank**	**Life**	**Other**	**Total**	**Non-life**	**Bank**	**Life**	**Other**	**Total**
Note 6 Current tax assets										
Tax payable, beginning of year	-86	-49	50	85	0	0	4	0	0	4
Tax received in respect of prior years	86	49	-50	-85	0	0	-5	0	-1	-6
Tax paid during the year	86	30	2	9	127	0	2	0	0	2
Tax on profit for the year	-151	19	7	39	-86	-86	-50	50	86	0
	-65	**49**	**9**	**48**	**41**	**-86**	**-49**	**50**	**85**	**0**
Note 7 Other assets										
Reinsurance deposits	0	0	0	17	17	0	0	0	30	30
Receivables from policyholders	191	0	35	0	226	227	0	56	0	283
Receivables from insurance brokers	3	0	0	0	3	2	0	0	0	2
Receivables from insurance companies	52	0	14	88	154	83	0	6	92	181
Receivables from subsidiaries	70	0	0	0	0	62	0	0	5	0
Other receivables	17	0	175	23	194	17	3	146	27	167
Positive market value of derivatives	0	339	0	0	339	0	571	0	0	571
Furniture and equipment, computers, cars, etc.	51	10	0	0	61	50	6	0	0	56
Other assets	0	182	0	0	182	0	190	0	0	190
Pensionskassen under Alm. Brand A/S	0	0	0	11	11	0	0	0	7	7
Assets temporarily acquired	0	11	0	0	11	0	9	0	0	9
Interest receivable	187	0	108	9	304	180	0	116	8	304
Prepayments and accrued income	19	7	13	2	41	31	7	9	3	50
	590	**549**	**345**	**150**	**1,543**	**652**	**786**	**333**	**172**	**1,850**
Furnitures and equipmet, computers, cars, etc.										
Cost, beginning of year	189	10		7	206	167	11		7	185
Additions during the year	19	7		0	26	32	6		0	38
Disposals during the year	-6	-1		-2	-9	-10	-7		0	-17
	202	16	0	5	223	189	10	0	7	206
Accumulated depreciation and impairment, beginning of year	-139	-4		-7	-150	-129	-8		-7	-144
Depreciation for the year	-15	-2		0	-17	-16	-2		0	-18
Depreciation on disposals	3	0		2	5	6	6		0	12
Accumulated depreciation and impairment, year end	-151	-6	0	-5	-162	-139	-4	0	-7	-150
Carrying amount, year end	51	10	0	0	61	50	6	0	0	56

DKKm	2006 Total	2005 Total
Alm. Brand has hedged part of its pension commitments in Pensionskassen under Alm. Brand A/S		
Discount rate, beginning of year	1.96%	2.50%
Expected return on plan assets, beginning of year	3.25%	3.50%
Present value of commitment, beginning of year	-155	-153
Interest expenses	-3	-4
Benefits paid	14	14
Actuarial gains/losses on commitment	8	-12
Present value of commitment, year end	-136	-155
Fair value of plan assets, beginning of year	162	161
Expected return on plan assets	6	6
Benefits disbursed	-14	-14
Actuarial gains/losses on plan assets	-7	9
Fair value of plan assets, year end	147	162
Present value of commitment	-136	-155
Fair value of plan assets	147	162
Net asset recognised in the balance sheet, beginning of year	11	7
Interest expenses	-3	-4
Expected return on plan assets	6	6
Actuarial gains/losses recognised	1	-3
Costs recognised in the income statement	4	-1
Net asset, beginning of year	7	8
Costs recognised in the income statement	4	-1
Net asset recognised in the balance sheet, year end	11	7
Expected return on plan assets	6	6
Actuarial gains/losses on plan assets	-7	9
Actual return on plan assets	-1	15

DKKm	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total
Note 8 Loans and advances										
Loans and advances at fair value		1,893			1,893		1,446			**1,446**
Loans and advances at amortised cost		11,235			11,235		9,282			**9,282**
		13,128			**13,128**		**10,728**			**10,728**
Loans and advances at fair value										
Mortgage deeds		1,893			1,893		1,446			1,446
		1,893			1,893		1,446			1,446

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		10,770			10,770		8,900			8,900
Leases		647			647		594			594
		11,417			11,417		9,494			9,494
Impairment etc.		-182			-182		-212			-212
		11,235			11,235		9,282			9,282

DKKm	Non-life	Bank	Life	Other	2006 Total	Non-life	Bank	Life	Other	2005 Total
Gross investment in finance leases										
Term of less than one year		80			80		77			77
Term of between one and five years		594			594		539			539
Term of more than five years		7			7		1			1
		681			681		617			617
Unearned financial income		-78			-78		-57			-57
Net investment in finance leases		603			603		560			560
Net investment in finance leases										
Term of less than one year		76			76		73			73
Term of between one and five years		521			521		486			486
Term of more than five years		6			6		1			1
Total		603			603		560			560
Of this, any unguaranteed residual value		47			47		50			50
Depreciation on finance leases		27			27		28			28
Value of loans and advances for which there is an objective indication of impairment										
Individual assessment										
Loans and advances before impairment		451			451		258			258
Impairment, etc.		-137			-137		-158			-158
Loans and advances after impairment		314			314		100			100
Group assessment										
Loans and advances before impairment		3,373			3,373		2,321			2,321
Impairment, etc.		-45			-45		-54			-54
Loans and advances after impairment		3,328			3,328		2,267			2,267
Total loans and advances after impairment		3,642			3,642		2,367			2,367

For certain of the fixed-rate loans, the fair value is hedged, as part of the risk management, by means of derivative financial instruments, see note 48.

Note 9 Investment properties

Carrying amount, beginning of year	20	1,311	723	19	1,236	670
Additions during the year	0	30	24	0	33	21
Disposals during the year	0	-6	-6	0	0	0
Value adjustments	1	26	15	1	42	32
Carrying amount, year end	**21**	**1,361**	**756**	**20**	**1,311**	**723**
Average return, office property	7.23%	6.17%	6.28%	7.39%	6.29%	6.42%
Average return, residential property		5.00%	5.00%		5.00%	5.00%
Total average return	7.23%	6.14%	6.21%	6.43%	6.25%	6.32%

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.

DKKm	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total
Note 10 Investment assets										
Government bonds	696	153	5,442	397	6,688	217	532	4,560	502	5,811
Mortgage bonds	6,175	4,078	4,040	0	14,293	6,048	4,335	5,214	3	15,600
Other fixed-rate instruments	64	146	182	29	421	53	133	177	28	391
Other floating-rate instruments	83	0	22	353	458	83	0	7	389	479
Listed shares	0	700	700	10	1,361	6	667	715	11	1,353
Unlisted shares	23	117	230	8	378	14	73	223	12	322
Other	0	0	3	2	5	1	0	0	0	1
	7,041	**5,194**	**10,619**	**799**	**23,604**	**6,422**	**5,740**	**10,896**	**945**	**23,957**

The group's holding of listed and unlisted shares had a market value of DKK 1,739 milion at 31 December 2006. A significant part of the group's equity exposure is achieved through the use of derivatives such as options and futures. The aggregate equity exposure, including derivatives, was DKK 2,235 million at 31 December 2006.

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	180	0	180	977	0	977		
Balances due from credit institutions	1	850	725	1,451	930	984	1,789		
	1	**1,030**	**725**	**1,631**	**1,907**	**984**	**2,766**		
By term to maturity:									
Balances at call	0	261	0	261	219	0	219		
Up to and including 3 months	1	769	431	1,076	1,647	984	2,506		
Over 3 months and up to and including 1 year	0	0	294	294	41	0	41		
	1	1,030	725	1,631	1,907	984	2,766		
Receivables in connection with genuine purchase and resale transactions:									
Due from credit institutions and central banks		98		98	635		635		

DKKm	2006	2005

Note 12 Consolidated shareholders' equity

Share capital	1,788	1,788

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

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

DKKm	2006	2005	2004	2003	2002
Share capital, beginning of year	1,788	1,788	1,788	1,788	1,500
Capital increase	0	0	0	0	288
Share capital, year end	1,788	1,788	1,788	1,788	1,788

Reference is made to the statement of changes in equity.

DKKm	2006	2005
Solvency		
Tier 1 capital after deductions	5,388	4,659
Capital base and short-term supplementary capital after deductions	4,378	3,574
Weighted assets outside trading portfolio	13,573	12,079
Weighted assets subject to market risks, etc.	6,191	4,696
Total weighted assets	19,764	16,775
Tier 1 capital after deductions as a percentage of total weighted assets	27.3%	27.8%
Solvency ratio in accordance with section 124(1) of the Danish Financial Business Act	22.1%	21.3%

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

Treasury shares		
Carrying amount, beginning of year	0	0
Value adjustment	-359	22
Acquired during the year	707	102
Sold during the year	-348	-124
Carrying amount, year end	0	0
Nominal value, beginning of year	26	35
Acquired during the year	177	36
Sold during the year	-89	-45
Nominal value, year end	114	26
Holding (number of shares), beginning of year	319,832	439,052
Acquired during the year	2,214,782	453,524
Sold during the year	-1,113,334	-572,744
Holding (number of shares), year end	1,421,280	319,832
Percentage of share capital	6.4%	1.4%

DKKm	Non-life	Bank	Life	Other	2006 Total	Non-life	Bank	Life	Other	2005 Total
Note 13 Subordinated debt										
Subordinated loan capital										
Variable rate bullet loans in DKK maturing 3 May 2009		0			0		100			100
Variable rate bullet loans in DKK maturing 9 May 2012		100			100		100			100
Variable rate bullet loans in DKK maturing 9 May 2013		100			100		100			100
Variable rate bullet loans in DKK maturing 9 May 2014		100			100		0			0
		300			300		300			300
Hybrid loan capital										
Fixed rate bullet loans in DKK with indefinite terms		175			175		0			0
		175			175		0			0
Hedging of interest rate risk at fair value		-1			-1		0			0
		474			**474**		**300**			**300**
Interest on subordinated debt		17			17		14			14
Extraordinary instalments		100			100		100			100
Costs incurred in connection with the raising of the subordinat		1			1					0

The subordinated loan capital carries interest at floating rates of three-month CIBOR plus 1.05-1.5 percentage point.

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 plus 2.70 percentage point. 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	1,662	0	13	1,675	1,567	0	13	1,580	
Life insurance provisions	0	10,772	0	10,772	0	11,027	0	11,027	
Outstanding claims provisions	4,057	48	1,692	5,797	4,045	75	2,152	6,272	
Collective bonus potential	0	474	0	474	0	314	0	314	
	5,719	**11,294**	**1,705**	**18,718**	**5,612**	**11,416**	**2,165**	**19,193**	
Unearned premium provisions									
Beginning of year	1,567		13	1,580	1,447		18	1,465	
Exchange rate adjustment	0		-1	-1	0		8	8	
Premiums received	4,390		12	4,402	4,179		47	4,226	
Premuims recognised as income	-4,279		-11	-4,290	-4,079		-60	-4,139	
Discounting	9		0	9	6		0	6	
Value adjustment, all years	-25		0	-25	14		0	14	
	1,662		13	1,675	1,567		13	1,580	

	2006	2005
Life insurance provisions		
Life insurance provisions, beginning of year	11,027	10,413
Accumulated value adjustments, beginning of year	-1,045	-766
Retrospective provisions, beginning of year	9,982	9,647
Change in share of provisions in Forenede Gruppeliv	1	0
Gross premiums	736	747
Interest	433	432
Claims and benefits	-806	-739
Expense supplement after addition of expense bonus	-87	-89
Risk gain after addition of risk bonus	-36	-44
Change as a result of changes in the level of interest rates and mortality rates (annuities)	-13	28
Other changes	-29	0
Retrospective provisions, year end	10,181	9,982
Accumulated value adjustments, year end	591	1,045
Life insurance provisions, year end	10,772	11,027
Guaranteed benefits	8,736	9,457
Bonus potential on future premiums	1,336	1,156
Bonus potential on paid-up policy benefits	700	414
	10,772	11,027

DKKm	2006 Garanteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Total	2005 Garanteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Total
Life insurance provisions per basis								
G82 2%	571	940	470	1,981	562	775	308	1,645
G82 3%	1,140	188	164	1,492	1,250	173	76	1,499
G82 3,49%	2,111	113	147	2,371	2,087	110	76	2,273
G82 5%	4,482	95	-81	4,496	5,092	98	-46	5,144
G82 8%-16%	13	0	0	13	15	0	0	15
L66 4,5%	1	0	0	1	1	0	0	1
Non-guaranteed	203	0	0	203	200	0	0	200
Portfolios without bonus entitlement, year end	8,521	1,336	700	10,557	9,207	1,156	414	10,777
L66 13,6%	2	0	0	2	2	0	0	2
U74 12%-20%	213	0	0	213	248	0	0	248
Portfolios without bonus entitlement, year end	215	0	0	215	250	0	0	250
	8,736	1,336	700	10,772	9,457	1,156	414	11,027
Discount rate applied in calculating life insurance provisions				3.54%				2.94%

DKKm	2006	2005
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	56	39
Without taking into account the probability of surrender, the supplement amounts to	56	39
When calculating life insurance provisions at market value, a risk premium has been included, which amounts to	5.00%	5.00%

DKKm	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total
Outstanding claims provisions										
Beginning of year	4,045		75	2,152	6,272	3,624		38	2,298	5,960
Exchange rate adjustments	0		0	-132	-132	0		0	231	231
Claims paid regarding current year	-1,463		-834	0	-2,297	-2,017		-714	0	-2,731
Claims paid regarding previous years	-1,256		0	-339	-1,595	-1,212		0	-350	-1,562
Change in claims regarding current year	2,765		807	0	3,572	3,526		751	0	4,277
Change in claims regarding previous years	-29		0	11	-18	10		0	-27	-17
Discounting	113		0	0	113	84		0	0	84
Value adjustment, all years	-114		0	0	-114	30		0	0	30
Hedging of inflation risk	-4		0	0	-4	0		0	0	0
	4,057		48	1,692	5,797	4,045		75	2,152	6,272

The determination of expected future inflation is explained in the accounting policies. For provisions for workers' compensation the inflation factor applied for 2006 is 3.19%, and for children's dental damage the inflation factor is 3.10%.

DKKm	2001	2002	2003	2004	2005	2006	Total
Run-off triangle, gross							
Estimated accumulated claims							
Year end	2,724	3,116	2,662	2,913	3,560	2,826	
1 year later	2,409	3,054	2,679	2,954	3,534		
2 years later	2,412	3,095	2,695	2,897			
3 years later	2,462	3,126	2,725				
4 years later	2,480	3,179					
5 years later	2,508						
	2,508	3,179	2,725	2,897	3,534	2,826	17,669
Paid to date	-2,320	-2,904	-2,315	-2,326	-2,755	-1,462	-14,082
Provisions before discounting effect, year end	188	275	410	571	779	1,364	3,587
Discounting effect	-5	-6	-12	-20	-32	-47	-122
Accumulated value change, health and personal accident insurance		1	2	3	2	3	11
	183	270	400	554	749	1,320	3,476
Provisions from 2000 and prior years							581
Gross outstanding claims provisions, year end							4,057
Run-off triangle, net of reinsurance							
Estimated accumulated claims							
Year end	2,690	3,069	2,643	2,877	2,768	2,803	
1 year later	2,373	2,981	2,661	2,872	2,740		
2 years later	2,362	3,022	2,681	2,798			
3 years later	2,416	3,043	2,709				
4 years later	2,443	3,105					
5 years later	2,474						
	2,474	3,105	2,709	2,798	2,740	2,803	16,629
Paid to date	-2,278	-2,833	-2,300	-2,243	-2,059	-1,465	-13,178
Provisions before discounting effet, year end	196	272	409	555	681	1,338	3,451
Discounting effect	-5	-6	-12	-20	-31	-47	-121
Accumulated value change, health and personal accident insurance	2	2	2	4	2	1	13
	193	268	399	539	652	1,292	3,343
Provisions from 2000 and prior years							572
Outstanding claims provisions, year end, net of reinsurance							3,915

The table indicates the historical development of the assessed final liability (the sum of payments and provisions) for each claim year from 2001 to 2006. 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.

	2006					2005				
DKKm	Non-life	Bank	Life	Other	Total	Non-life	Bank	Life	Other	Total
Collective bonus potential										
Beginning of year			314		314			94		94
Provisions during the year through the income statement			160		153			220		215
Transferred from revaluation reserves										
from shareholders' equity			0		7			0		5
			474		474			314		314

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 insurance.

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

Adequacy of provisions

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

				2006					2005
DKKm	**Non-life**	**Bank**	**Life**	**Other**	**Total**	**Non-life**	**Bank**	**Life**	**Other**	**Total**
Note 15 Other provisions										
Provisions for jubilees, severance payments, etc.	38	9		35	82	39	10		45	94
Provisions for losses on guarantees	0	0		0	0	0	2		0	2
Other provisions	56	0		108	164	56	0		181	237
	94	**9**		**143**	**246**	**95**	**12**		**226**	**333**
Provisions for jubilees, severance payment, etc., etc., beginning of year	39	10		45	94	37	10		41	88
Provisions for the year	0	0		12	12	2	0		8	10
Reversed provisions for the year	-1	-1		0	-2	0	0		0	0
Provisions used during the year	0	0		-22	-22	0	0		-4	-4
Other provisions, year end	38	9		35	82	39	10		45	94
Provisions for losses on guarantees, beginning of year		2			2		0			0
Provisions for the year		0			0		2			2
Reversed provisions for the year		-1			-1		0			0
Provisions used during the year		-1			-1		0			0
Provisions for losses on guarantees, year end		0			0		2			2
Other provisions, beginning of year	56			181	237	56			183	239
Reversed provisions for the year	0			-50	-50	0			-2	-2
Provisions used during the year	0			-23	-23	0			0	0
Other provisions, year end	56			108	164	56			181	237

Other provisions cover provisions for:

Rent commitments for Copenhagen Re's London offices.

Provisions have been made in Copenhagen Re for the purpose of retaining employees still with the company and to provide an incentive for them in the quality of their work.

Provisions have been made for various legal disputes.

				2006					2005
DKKm	**Non-life**	**Bank**	**Life**	**Other**	**Total**	**Non-life**	**Bank**	**Life**	**Other**	**Total**
Note 16 Deferred tax liabilities										
Deferred tax liabilities				51	51				51	51
				51	**51**				**51**	**51**

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 372 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.

DKKm	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total
Note 17 Issued bonds										
Floating-rate loan in NOK with expiry on 29.09.2009		1,040			1,040					
		1,040			**1,040**					
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. The first tranche is for NOK 1,150 million.										
Note 18 Other liabilities										
Reinsurance deposits	0	0	0	118	118	0	0	0	108	108
Payables to policyholders	14	0	0	0	14	11	0	0	0	11
Payables related to direct insurance	0	0	14	0	14	0	0	6	0	6
Payables related to reinsurance	3	0	0	169	172	10	0	0	228	238
Payables to subsidiaries	0	61	5	10	6	10	44	10	3	0
Negative market value of derivatives	0	294	0	0	294	0	563	0	0	563
Other payables	225	223	54	89	570	196	421	85	78	754
Accruals and deferred income	0	22	1	2	25	0	6	1	4	11
	242	**600**	**74**	**388**	**1,213**	**227**	**1,034**	**102**	**421**	**1,691**
Note 19 Deposits										
Deposits at call		5,613			5,327		6,136			5,903
At notice		2,088			2,088		1,134			1,134
Time deposits		1,273			1,120		1,147			1,022
Special categories of deposits		574			574		573			573
		9,548			**9,109**		**8,990**			**8,632**
Note 20 Payables to credit institutions and central banks										
Credit institutions		6,709			6,709		7,415			7,415
		6,709			**6,709**		**7,415**			**7,415**
Of which falling due after more than five years		1,420			1,420		2,239			2,239
Debt arising from genuine purchase and resale transactions:										
Debt to credit institutions and central banks		77			77		1,882			1,882
Note 21 Premium income										
Gross premium	4,390		736	12	5,138	4,179		747	29	4,955
Change in unearned premium provisions	-111		0	-1	-112	-100		0	8	-92
	4,279		**736**	**11**	**5,026**	**4,079**		**747**	**37**	**4,863**
Direct insurance is exclusively written in Denmark										
Premium income, life insurance										
Regular premiums			679		679			683		683
Single premiums			57		57			64		64
			736		736			747		747
Individually written insurance			388		388			396		396
Insurance written in employment relationship			221		221			228		228
Group life schemes			127		127			123		123
			736		736			747		747
Number of policies ('000)										
Individually written insurance			85		85			99		99
Insurance written in employment relationship			8		8			9		9
Group life schemes			67		67			68		68
All policies written include a bonus arrangement.										
The life insurance company only writes direct Danish insurance.										

DKKm	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total
Note 22 Interest income, etc.										
Equity investments	0	0	11	0	11	0	0	16	1	17
Bonds	252	162	430	35	879	237	110	408	54	809
Loans secured by mortgages	0	110	0	0	110	0	83	0	0	83
Other loans	0	499	0	0	499	0	371	0	0	371
Deposits in credit institutions	10	42	6	48	86	8	42	5	39	81
Other investment assets	5	10	4	17	36	23	11	5	13	52
	267	**823**	**451**	**100**	**1,621**	**268**	**617**	**434**	**107**	**1,413**
Interest receivable from genuine purchase and resale transactions:										
Balance due from credit institutions and central banks		6			6		23			23
Loans, advances and other receivables		2			2		1			1
Note 23 Fee income, etc.										
Securities trading and deposits		119			98		139			114
Payment transfers		6			6		4			4
Loan fees		11			11		11			11
Commission fees		8			8		7			7
Other fees and commissions		27			27		22			22
Dividends		17			17		10			10
Fee income paid		-31			-31		-24			-24
		157			**136**		**169**			**144**
Note 24 Other income from investment activities										
Rental income	2		112		56	2		111		63
Operation and maintenance - occupied leases	-1		-33		-20	-1		-34		-21
Operation and maintenance - vacant leases	0		-2		-1	0		-2		-1
	1		**77**		**35**	**1**		**75**		**41**
Note 25 Profit from investments in joint ventures										
EDC-udvikling a/s				0	0				1	1
Note 26 Other income										
Income related to building surveyors	27	0			27	18	0			18
Other	0	10			10	0	9			9
	27	**10**			**37**	**18**	**9**			**27**
Note 27 Claims incurred										
Claims paid	-2,718		-834	-339	-3,891	-3,229		-714	-350	-4,293
Change in outstanding claims provisions	-17		28	328	339	-307		-38	377	32
	-2,735		**-806**	**-11**	**-3,552**	**-3,536**		**-752**	**27**	**-4,261**
Run-off result, gross	29			-3	26	-10			61	51
Run-off result, ceded business	16			29	45	37			5	42
	45			26	71	27			66	93
Claims and benefits paid, life insurance										
Insurance sums on death			-80		-80			-86		-86
Insurance sums on critical illness			-11		-11			-10		-10
Insurance sums on disability			-8		-8			-8		-8
Insurance sums on expiry			-159		-159			-158		-158
Pension and annuity benefits			-268		-268			-257		-257
Surrenders			-241		-241			-132		-132
Cash bonus payments			-67		-67			-63		-63
			-834		-834			-714		-714

DKKm	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total
Note 28 Interest expenses										
Credit institutions and central banks	0	-198	0	-6	-204	0	-93	0	-4	-97
Deposits and other payables	0	-239	0	0	-219	0	-167	0	0	-154
Issued bonds	0	-10	0	0	-10	0	0	0	0	0
Subordinated debt	0	-16	0	0	-16	0	-14	0	0	-14
Other interest expenses	0	-1	-1	0	-2	0	-1	-1	0	-2
Discounting insurance contracts	-121	0	0	0	-121	-91	0	0	0	-91
	-121	**-464**	**-1**	**-6**	**-572**	**-91**	**-275**	**-1**	**-4**	**-358**
Interest payable on genuine sale and repurchase transactions:										
Payables to credit institutions and central banks		21			21		17			17
Deposits and other payables		0			0		1			1
Note 29 Impairment of loans, advances and receivables, etc.										
Individual assessment:										
Impairment and value adjustments, respectively, during the year		-69			-69		-67			-67
Reversal of impairment in previous years		80			80		52			52
		11			11		-15			-15
Group assessment:										
Impairment and value adjustments, respectively, during the year		-7			-7		-27			-27
Reversal of impairment in previous years		17			17		34			34
		10			10		7			7
Losses not previously provided for		-12			-12		-13			-13
Bad debts recovered		18			18		16			16
Other losses and provisions		0			0		0		3	3
		27			**27**		**-5**		**3**	**-2**
Note 30 Acquisition costs and administrative expenses										
Acquisition commission, etc.	-213	0	-4	-4	-221	-197	0	-6	-3	-206
Other acquisition costs	-117	0	-26	0	-143	-85	0	-24	0	-109
Administrative expenses	-547	-439	-47	-60	-1,050	-497	-369	-37	-106	-974
	-877	**-439**	**-77**	**-64**	**-1,414**	**-779**	**-369**	**-67**	**-109**	**-1,289**
Salaries and wages					-948					-884
Pension					-115					-104
Payroll tax, etc.					-78					-76
					-1,141					-1,064
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					1,718					1,625
From this:										
Remuneration to the Management Board (DKK '000)										
Salaries					10,782					8,859
Pension plans					1,671					1,445
					12,453					10,304
Remuneration to the Board of Directors (DKK '000)										
Directors' fees					1,635					1,538
					1,635					1,538

Salaries to members of the Management Board include the bonus earned in 2006, which will be paid in 2007. 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.

					2006					2005
DKKm	**Non-life**	**Bank**	**Life**	**Other**	**Total**	Non-life	Bank	Life	Other	Total
Audit fees (DKK '000)										
Deloitte - Audit	1,456	2,069	459	1,223	5,207	1,393	1,393	468	1,084	4,338
Deloitte - Non-audit services	243	650	33	273	1,199	135	595	114	1,450	2,294
	1,699	2,719	492	1,496	6,406	1,528	1,988	582	2,534	6,632
Note 31 Other costs										
Expenses relating to building surveyors	-39				-39	-30				-30
	-39				**-39**	**-30**				**-30**
Note 32 Profit/loss from business ceded										
Reinsurance premiums ceded	-206		-33	-1	-240	-250		-33	1	-282
Reinsurers' share received	175		41	95	311	646		23	67	736
Change in reinsurers' share of insurance contracts	-129		5	-66	-190	191		2	-60	133
Commissions and profit commissions from reinsurance companies	3		4	1	8	3		4	-3	4
	-157		**17**	**29**	**-111**	**590**		**-4**	**5**	**591**
Note 33 Change in life insurance provisions										
Guaranteed benefits			721		721			-782		-782
Bonus potential on future premiums			-180		-180			97		97
Bonus potential on paid-up policy premiums			-285		-285			71		71
			256		**256**			**-614**		**-614**
Note 34 Value adjustments										
Investment assets										
Equity investments	4	128	111	2	242	7	169	287	5	466
Unit trust units	0	10	18	0	28	0	27	0	0	27
Bonds	-50	-58	-555	5	-658	-74	17	400	-8	335
Shares in collective investments	0	0	0	0	0	0	0	14	0	14
Loans secured by mortgages	0	2	0	0	2	0	6	0	0	6
Other investment assets	-1	-15	15	0	5	-17	-53	-4	1	-73
Exchange rate adjustments	0	19	0	9	28	0	17	0	-17	0
	-47	86	-411	16	-353	-84	183	697	-19	775
Land and buildings										
Investment properties	1	0	32	0	15	1	0	42	0	32
Owner-occupied properties	0	0	0	0	5	-2	0	0	0	4
	-46	86	-379	16	-333	-85	183	739	-19	811
Discounting insurance contracts	139	0	0	0	139	-44	0	0	0	-44
	93	**86**	**-379**	**16**	**-194**	**-129**	**183**	**739**	**-19**	**767**

DKKm	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total
Change in fair values based on valuation models and recognised in the income statement										
Mortgage deeds	0	-1	0	0	-1	0	-8	0		-8
Unlisted shares	2	24	32	2	60	-1	3	49		51
Investment properties	1	0	32	0	15	1	0	42		32
Owner-occupied properties	0	0	0	0	5	-2	0	0		4
	3	23	64	2	79	-2	-5	91		79

Note 35 Tax on pension investment returns

Tax on pension investment returns regarding prior years			0		0			3		3
Tax on pension investment returns regarding current year			-15		-15			-175		-175
Change in deferred tax on pension investment returns			0		0			0		0
			-15		**-15**			**-172**		**-172**
Exemption rate			4.9%		4.9%			5.0%		5.0%

Note 36 Tax

Estimated tax on operating profit for the year	-151	19	7	39	-86	-86	-50	50	86	0
Prior-year adjustment	0	0	0	0	0	-2	0	0	-6	-8
Adjustment of deferred tax	-35	-53	-22	6	-104	-64	-13	89	-60	-48
	-186	**-34**	**-15**	**45**	**-190**	**-152**	**-63**	**139**	**20**	**-56**
Effective tax rate:										
Current tax rate	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Adjustment of deferred tax (30% to 28%)	0.0%	0.0%	0.0%	0.0%	0.0%	5.5%	3.9%	0.0%	56.5%	4.3%
Adjustment of deferred tax	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.4%	0.0%	-88.3%	-0.9%
Prior-year adjustment of deferred tax	-2.1%	0.0%	0.0%	0.0%	-1.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Change in valuation of tax assets	-0.3%	0.0%	0.0%	-148.6%	-4.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Prior-year adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.1%	0.0%	71.6%	0.7%
Tax-related adjustment on non-capitalised deferred tax	0.1%	-11.0%	-9.5%	-8.0%	-3.3%	6.8%	-12.7%	-124.5%	-413.3%	-25.7%
Charge on provisions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%
	25.7%	17.0%	18.5%	-128.6%	18.3%	40.6%	19.0%	-96.5%	-345.5%	6.5%

Note 37 Share attributable to minority shareholders

Share of profit before tax attributable to minority interests										
Alm. Brand Formue A/S		21			19		102			100
Alm. Brand Pantebreve A/S		12			12		5			5
		33			**31**		**107**			**105**
Share of profit after tax attributable to minority interests										
Alm. Brand Formue A/S		30			27		107			105
Alm. Brand Pantebreve A/S		9			9		3			3
		39			**36**		**110**			**108**

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	Liability insurance	Other direct insurance	2006 Total	2005 Total
Gross premiums	403	281	522	937	931	1,012	95	209	4,390	4,179
Gross premium income	382	284	490	920	903	1,016	90	194	4,279	4,079
Gross claims incurred	-233	-276	-487	-369	-636	-574	-27	-133	-2,735	-3,537
Gross operating expenses	-81	-59	-59	-234	-188	-198	-19	-39	-877	-779
Profit/loss from business ceded	0	-6	-2	0	-26	-123	-5	5	-157	591
Investment return on insurance business	8	7	12	14	22	18	1	6	88	45
Total underwriting result	**76**	**-50**	**-46**	**331**	**75**	**139**	**40**	**33**	**598**	**399**
Numbers of claims	8,687	3,132	15,575	46,139	70,955	22,260	2,228	16,261	185,237	213,007
Frequency of claims	0.026	0.100	0.041	0.122	0.164	0.144	0.055	0.111	0.099	0.129
Average damages paid for claims incurred, DKK '000	25	83	30	9	9	27	17	8	15	17

Direct insurance is written only in Denmark

DKKm	2006	2005
Note 39 Actual result, life insurance		
Technical result of life insurance activities	57	121
Transfer of investment return	22	23
Tax on pension investment return	16	172
Change in collective bonus potential	160	220
Result of portfolios without bonus entitlement	-2	13
Addition of bonus	119	109
Return equity deposit	-24	-23
Health and accident insurance deposits	2	0
Actual result	350	635
Return requirement for shareholders' equity		
Unconditional shares:		
Actual investment return before tax on pension investment return	24	23
Result of portfolios without bonus entitlement	2	-13
Result of health and accident insurance	26	-16
	52	-6
Conditional shares:		
Risk premium 4% / 2%	44	40
20% of cost and risk result	11	14
	55	54
Total return requirement for shareholders' equity	107	48
Transferred from shadow account	0	80
Profit for the year before tax including health and accident insurance	107	128
Profit for the year before tax excl. health and accident insurance	81	144
Shadow account, beginning of year	0	77
Interest on shadow account	0	3
Reversal of shadow account	0	-80
Shadow account, year end	0	0

DKKm	2006	2005
Note 40 Contingent liabilities, guarantees and leasing		
Guarantee commitments	2,220	2,518

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

The group's companies have made lease and rental agreements for computer equipment and premises with total annual payments of DKK 71 million allocated over a seven-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. Copenhagen Re is included in the financial statements of Alm. Brand A/S with shareholders' equity of DKK 212 million. If an increase in the liabilities of Copenhagen Re should lead to losses for the company, the effect on the financial statements of Alm. Brand A/S would be limited to the loss of Copenhagen Re's shareholders' equity, since Alm. Brand A/S has resolved not to contribute any further capital to the company

Alm. Brand Bank A/S has not recognised guarantee commitments consisting of financial guarantees, loss guarantees for mortgage loans, etc. totalling DKK 1,5 billion.

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

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

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

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

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

	2006					2005				
DKKm	Non-life	Bank	Life	Other	Total	Non-life	Bank	Life	Other	Total
Note 41 Collateral security										
Carrying amounts of assets provided as collateral security for technical provisions										
Cash	34	30	33	97	67	87	147	301		
Bonds	5,454	9,884	100	15,438	4,937	10,060	226	15,223		
Equity investments and units in unit trusts	0	397	9	406	20	233	10	263		
Shares in collective investments	0	127	0	127	0	74	0	74		
Interest receivable	145	109	0	254	142	115	0	257		
Properties, mortgage deeds	0	0	0	0	0	84	0	84		
Loans guaranteed by insurance companies	0	146	0	146	0	131	0	131		
Loans to group enterprises	0	116	0	0	0	116	0	0		
Investments in subsidiaries	0	1,020	0	0	112	956	0	0		
Other assets	0	0	0	0	1	0	0	1		
	5,633	11,829	142	16,468	5,279	11,856	383	16,334		

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 2006 the bank provided bonds as security vis-à-vis the Danish Central Bank at a market value of DKK 402 million (2005: DKK 528 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)
- 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 og Directors of A/S	2006 Companies controlled by members of the Board of Directors
Sale of services	0	756	4	0
Purchase of services	0	506	0	0
Interest and fee income	0	90	1	0
Interest and fee expenses	8	0	1	0
Receivables	430	2,170	4	0
Debt	0	0	42	13
Collateral	0	0	0	0
Interest rates			4,75-6,00%	4,75-5,68%
				2005
Sale of services	1	654	5	2
Purchase of services	0	525	0	0
Interest and fee income	0	74	0	0
Interest and fee expenses	6	0	0	0
Receivables	0	1,499	6	20
Debt	183	0	25	3
Collateral	0	0	0	7

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.

Mio.kr.	2006 Amortised cost	2006 Fair value	2006 Total	2005 Amortised cost	2005 Fair value	2005 Total
Note 43 Classification of financial instruments						
Financial assets						
Loan and advances	11,235	1,893	13,128	9,282	1,446	10,728
Investment assets	0	23,604	23,604	0	23,957	23,957
Balances due from credit institutions and central banks	1,030	601	1,631	1,907	859	2,766
Cash in hand and balances at call	36	329	365	20	311	331
	12,301	26,427	38,728	11,209	26,573	37,782

Mio.kr.	2006 Amortised cost	2006 Fair value	2006 Total	2005 Amortised cost	2005 Fair value	2005 Total
Financial liabilities						
Subordinated debt	474	0	474	300	0	300
Bonds issued	1,040	0	1,040	0	0	0
Other liabilities	0	1,213	1,213	0	1,691	1,691
Deposits	9,548	-439	9,109	8,990	-358	8,632
Payables to credit institutions and central banks	6,709	0	6,709	7,415	0	7,415
	17,771	774	18,545	16,705	1,333	18,038

Mio.kr.	Assets and liabilities at amortised cost	Fair value	Total	Assets and liabilities at amortised cost	Fair value	Total
Note 44 Return on financial instruments						
Interest income, etc.	652	969	1,621	490	923	1,413
Fee income, etc.	23	113	136	20	124	144
Other income	7	30	37	8	19	27
Total income	682	1,112	1,794	518	1,066	1,584
Interest expenses	-464	-108	-572	-275	-83	-358
Value adjustments	1	-195	-194	0	767	767
Profit before tax	219	809	1,028	243	1,750	1,993

Mio.kr.	Fair value	Recognised amount	Fair value	Recognised amount
Note 45 Fair value on financial instruments				
Financial assets				
Loan and advances	13,133	13,128	10,757	10,728
Investment assets	5,534	23,604	6,310	23,957
Balances due from credit institutions and central banks	1,030	1,631	1,907	2,766
Cash in hand and balances at call	36	365	20	331
	19,733	38,728	18,994	37,782
Financial liabilities				
Subordinated debt	475	474	300	300
Bonds issued	1,040	1,040	0	0
Other liabilities	294	1,213	563	1,691
Deposits	9,548	9,109	8,990	8,632
Payables to credit institutions and central banks	6,709	6,709	7,415	7,415
	18,066	18,545	17,268	18,038

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.

Deposits and other payables are relatively short term, and recognised amounts at amortised cost are assumed to equal fair values.

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 3.8 million at the end of 2006, against DKK 11.8 million at the end of 2005.

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

	2006					2005				
DKKm	**Non-life**	**Bank**	**Life**	**Other**	**Total**	Non-life	Bank	Life	Other	Total
Note 46 Financial instruments by term to maturity										
Loans, advances and receivables										
Expiry within 1 year	213	4,083	49	725	4,945	269	5,159	62	984	6,349
Expiry between 1 year and 5 years	34	5,309	0	0	5,343	43	3,758	0	0	3,801
Expiry after more than 5 years	0	4,766	0	0	4,766	0	3,718	0	0	3,718
	247	14,158	49	725	15,054	312	12,635	62	984	13,868
Deposits										
Expiry within 1 year	17	11,013	14		10,633	21	11,643	6		11,670
Expiry between 1 year and 5 years	0	3,512	0		3,484	0	2,233	0		1,875
Expiry after more than 5 years	0	1,733	0		1,733	0	2,529	0		2,529
	17	16,258	14		15,850	21	16,405	6		16,074
Issued bonds										
Expiry between 1 year and 5 years		1,040			1,040					
		1,040			1,040					

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	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total
Note 47 Credit risk										
Credit risk by type of financial asset										
Mortgage deeds	0	1,893	0	0	1,893	0	1,446	0	0	1,446
Loans, advances and receivables	0	12,774	0	725	13,374	0	11,400	0	984	12,259
Credit bonds	83	0	80	38	201	83	0	65	48	196
	83	14,667	80	763	15,468	83	12,846	65	1,032	13,901

The group's exposure to credit risk primarily involves financial receivables such as mortgage deeds and other loans and advances as well as credit risk on the portfolio of credit bonds. The life group's portfolio of credit bonds forms part of the investment assets attributable to insurance customers. Of the credit bond portfolio, 73% are rated Investment Grade (BBB or higher).

Loans and guarantees distributed by sector and industry				
Public authorities	0.4%	0.4%	0.5%	0.5%
Business sectors:				
Agriculture, hunting and forestry	4.9%	4.9%	5.4%	5.4%
Fishery	0.0%	0.0%	0.0%	0.0%
Manufacturing, raw materials extraction, utilities	0.2%	0.2%	0.2%	0.2%
Construction	1.1%	1.1%	1.2%	1.2%
Trade, restaurant and hotel industry	1.3%	1.3%	1.4%	1.4%
Transport, post and telecommunications	0.1%	0.1%	0.1%	0.1%
Credit and financing and insurance	16.7%	0.0%	18.6%	18.6%
Property administration and trading, business services	23.4%	23.4%	26.0%	26.0%
Other business	4.8%	4.8%	5.3%	5.3%
Business total	52.5%	52.5%	58.2%	58.2%
Private customers	47.1%	47.1%	41.3%	41.3%
Total	100.0%	100.0%	100.0%	100.0%

Unweighted and weighted credit risks on financial assets

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

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

Positive market value after netting (after counterparty risk)				
Counterparty with a 20% risk weight	278		524	
Counterparty with a 100% risk weight	61		41	
Impairment (provision)				
Individual assessment				
Impairment, beginning of year	158	158	155	155
Impairment during the year	68	68	65	65
Reversal of impairment	-79	-79	-52	-52
Loss (written off)	-10	-10	-10	-10
Impairment, year end	137	137	158	158
Group assessment				
Impairment, beginning of year	54	54	62	62
Impairment during the year	7	7	27	27
Reversal of impairment	-16	-16	-35	-35
Impairment, year end	45	45	54	54
Total impairment	182	182	212	212
Value of security for loans found to be impaired based on individual assessments	260	260	158	158
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	2006 Total	Non-life	Bank	Life	Other	2005 Total
Reasons for individual impairment write-downs										
Loans, advances and other receivables before impairment										
Bankruptcy		33			33		19			19
Suspension of payments		67			67		38			38
Other reasons		351			351		201			201
		451			451		258			258
Impairment, etc.										
Negotiations for composition started/granted		22			22		29			29
Account terminated		32			32		36			36
Other reasons		83			83		93			93
		137			137		158			158
Loans, advances and other receivables after impairment		314			314		100			100
Description of security										
Value of security										
Real property, private		4			4		6			6
Real property, commercial		205			205		117			117
Cash, deposits and highly liquid securities		8			8		0			0
Cars		28			28		21			21
Other security		25			25		14			14
		270			270		158			158

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		1			1		1			1
Real property, commercial		27			27		27			27
Cars		15			15		20			20
		43			43		48			48

Forced realisation of collateral is required if the bank is unable to get a voluntarily agreement with debtor or mortgagor for voluntary realisation. Before forced realisation is initiated, the debtor and/or mortgagor are given notice, typically eight days, but shorter if there is an imminent risk of the value of the collateral becoming impaired. Particularly in relation 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		35			35		11			11
Three to six months		29			29		14			14
Six to twelve months		9			9		6			6
More than twelve months		1			1		0			0
Arrears, year end		74			74		31			31
Value of collateral security for loans in arrears		756			756		278			278

DKKm	2006 Non-life	Bank	Life	Other	Total	2005 Non-life	Bank	Life	Other	Total

Note 48 Hedge accounting

As part of the risk management, certain fixed-rate loans and the hybrid Tier 1 capital are hedged at fair value by means of derivative financial instruments.

Nature of the hedged item										
Fixed-rate loans in DKK										
At amortised cost		144			144		159			159
At adjusted amortised cost (carrying amount)		148			148		169			169
Hybrid Tier 1 capital in DKK										
At amortised cost		474			474					
At adjusted amortised cost (carrying amount)		574			574					
Nature of hedging instruments										
For fixed-rate loans in DKK										
Interest rate swaps in DKK										
Fair value		-4			-4		-11			-11
Synthetic principal		152			152		169			169
For hybrid Tier 1 capital in DKK										
Interest rate swaps in DKK										
Fair value		100			100					
Synthetic principal		474			474					
Recognised through profit and loss										
Value adjustment of hedged assets and liabilities		-6			-6		-3			-3
Value adjustment of hedging instruments		6			6		3			3

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%.

NOTES

DKKm	2006 Non-life	Bank	Life Shareholders' equity	Other	Total	% of Shareholders' 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	64	-26	-10	-6	22	0.4%
Interest rate fall of 0.7 pct. point	-64	26	10	6	-22	-0.4%
Equity price fall of 12%	-7	-19	0	-2	-28	-0.5%
Fall in property prices of 8%	-2	0	0	0	-2	0.0%
Maximum exchange rate loss of 99.5%						
probability of 10 days	0	-23	0	-2	-25	-0.5%
Loss on counterparties of 8%	-23	-9	-3	-30	-65	-1.2%
Caststrophic events:						
- one "100-year event"	-250	0	0	0	-250	-4.6%
- two "100-year events"	-400	0	0	0	-400	-7.4%

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

DKK '000	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	-9,968	-75,129	221,505	0
Interest rate fall of 0.7 pct. point	9,967	-71,091	-171,671	0
Equity price fall of 12%	0	-133,942		0
Fall in property prices of 8%	0	-76,926		0
Exchange rate risk (VaR 99.5%)	0	-1,648		0
Loss on counterparties of 8%	-2,529	-36,499		0
Fall in mortality intensity of 10%	-10,416	-41,663	7,083	0
Increase in mortality intensity of 10%	9,174	36,695	-6,282	0
Increase in disability intensity of 10%	-4,109	-16,436	-5,377	0

	2006	2005	2004	2003	2002
Note 50 Key ratios for the banking group					
Solvency ratio *	12.1%	11.5%	12.4%	14.7%	12.6%
Tier 1 ratio *	10.4%	9.5%	9.7%	11.3%	9.1%
Return on equity before tax	14.5%	23.0%	15.7%	14.9%	12.9%
Return on equity after tax	11.1%	16.1%	15.4%	14.7%	13.8%
Income/cost ratio	1.5	1.9	1.4	1.3	1.3
Interest rate risk *	13.3%	15.2%	10.1%	12.9%	9.7%
Foreign exchange position *	41.1%	19.1%	9.5%	3.0%	2.5%
Foreign exchange risk *	0.7%	0.2%	0.2%	0.1%	0.0%
Loans and advances as a percentage of deposits	139.4%	121.9%	99.4%	97.0%	97.8%
Gearing of loans and advances	7.4	6.7	7.6	11.2	12.8
Annual growth in lending	22.4%	20.5%	8.2%	-5.2%	26.4%
Excess cover relative to statutory liquidity requirement *	71.5%	82.0%	71.2%	90.7%	87.4%
Total amount of large exposures *	225.1%	275.3%	218.4%	101.8%	149.5%
Impairment ratio for the year	-0.2%	0.0%	0.3%	0.7%	0.5%

Financial highlights and key ratios for 2004-2006 have been prepared in accordance with IFRS. For 2002 and 2003, they were prepared in accordance with the previously applicable rules.

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



FINANCIAL STATEMENTS

PARENT COMPANY

ACCOUNTING POLICIES

GENERAL

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

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

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

The value of Pensionskassen under Alm. Brand A/S is not recognised in the balance sheet but is exclusively disclosed in the notes as a contingent liability.

BALANCE SHEET

		Parent company	
DKKm	**Note**	**2006**	**2005**
Assets			
Investment in group enterprises	1	5,222	4,749
Investment in associates	2	20	21
Total investments in group enterprises and associates		**5,242**	**4,770**
Equity investments		1	0
Other loans and advances		2	2
Deposits with credit institutions	3	125	125
Cash in hand and balances at call	4	89	26
Total other financial investment assets		**217**	**153**
Total investment assets		**5,459**	**4,923**
Receiveables from group enterprises		2	5
Other receivables		22	21
Total receivables		**24**	**26**
Current tax assets		25	28
Deferred tax assets	5	23	24
Total other assets		**48**	**52**
Total assets		**5,531**	**5,001**
Liabilities and equity			
Share capital		1,788	1,788
Retained earnings		3,113	2,666
Total shareholders' equity	6	**4,901**	**4,454**
Deferred tax liabilities	7	51	51
Total provisions		**51**	**51**
Payables to group enterprises		502	428
Other payables		77	68
Total Payables		**579**	**496**
Total liabilities and equity		**5,531**	**5,001**
Contingent liabilities, guarantees and leases	8		
Staff costs	9		
Auditors' fees	10		
Related parties	11		

INCOME STATEMENT

		Parent company	
DKKm	**Note**	**2006**	**2005**
Income from group enterprises	12	1,093	789
Income from associates	13	0	1
Interest income and dividends, etc.	14	15	7
Value adjustments	15	0	1
Interest expenses	16	-17	-15
Administrative expenses related to investment activities	17	-87	-34
Total return on investments		**1,004**	**749**
Profit before tax		**1,004**	**749**
Tax	18	-197	-60
Profit for the year		**807**	**689**
Proposed allocation of profit:			
Retained earnings		807	689

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Retained earnings	Share-holders' equity
Shareholders' equity at 1 January 2005	**1,788**	**1,955**	**3,743**
Profit for the year		689	689
Sale of treasury shares		22	22
Shareholders' equity at 1 January 2006	**1,788**	**2,666**	**4,454**
Profit for the year		807	807
Share buyback programme		-404	-404
Sale of treasury shares		44	44
Shareholders' equity at 31 December 2006	**1,788**	**3,113**	**4,901**

NOTES

DKKm	2006	2005
Note 1 Investment in group enterprises		
Cost, beginning of year	6,042	6,042
Disposals	0	0
Cost, year end	6,042	6,042
Revaluation and impairment, beginning of year	-1,609	-2,941
Dividend received	-400	-104
Disposals	0	0
Revaluation during the year	0	562
Profit for the year	872	700
Remission of loans, subsidiaries	0	173
Revaluation and impairment of treasury shares in subsidiaries	3	1
Revaluation and impairment, year end	-1,134	-1,609
Set off against receivables and capital base	314	316
Carrying amount, year end	**5,222**	**4,749**
Specification of carrying amount:		
Alm. Brand Bank A/S	1,216	1,087
Alm. Brand Forsikring A/S	3,495	3,219
Asgaard Finans A/S	0	0
Finansieringsselskabet Balder A/S	435	368
Finansieringsselskabet af 9/10 1992 A/S	76	75
	5,222	**4,749**
Note 2 Investment in associates		
Cost, beginning of year	60	60
Cost, year end	60	60
Revaluation and impairment, beginning of year	-39	-39
Dividend received	-1	-1
Profit for the year	0	1
Revaluation and impairment, year end	-40	-39
Carrying amount, year end	**20**	**21**
Specification of carrying amount:		
EDC-udvikling a/s, ownership interest 50%	20	21
	20	**21**
Note 3 Deposits with credit institutions		
Term deposits, Alm. Brand Bank	125	125
	125	**125**
Note 4 Cash in hand and balances at call		
Deposits held at call, Alm. Brand Bank	87	24
Escrow account, Alm. Brand Bank	2	2
	89	**26**
Note 5 Deferred tax assets		
Deferred tax on tax loss carried forward	0	2
Deferred tax on provisions	23	22
	23	**24**

DKKm	2006	2005

Note 6 Shareholders' equity

Share capital	1,788	1,788

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

DKKm	2006	2005	2004	2003	2002
Share capital, beginning of year	1,788	1,788	1,788	1,788	1,500
Capital increase	0	0	0	0	288
Capital reduction	0	0	0	0	0
Share capital, year end	1,788	1,788	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	2006	2005
Sovency		
Tier 1 capital after deductions	4,878	4,430
Capital base and short-term supplementary capital after decuctions	3,568	3,044
Weighted assets outside trading portfolio	4,002	3,443
Weighted assets subject to market risks, etc.	551	468
Total weighted assets	4,553	3,911
Tier 1 capital after deductions as a percentage of total weighted items	107.1%	113.3%
Solvency ratio in accordance with section 124(1) of the Danish Financial Business Act	78.4%	77.9%

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

Treasury shares		
Carrying amount, beginning of year	0	0
Value adjustment	-363	22
Buying during the year	404	0
Sold during the year	-41	-22
Carrying amount, year end	0	0
Nominal value, begining of year	25	34
Buying during the year	98	0
Sold during the year	-9	-9
Nominal value, year end	114	25
Holding (number of shares), beginning of year	311,372	430,000
Buying during the year	1,221,937	0
Sold during the year	-112,461	-118,628
Holding (number of shares), year end	1,420,848	311,372
Percentage of share capital, year end	6.4%	1.4%

DKKm	2006	2005

Note 7 Deferred tax liabilities

Deferred tax on contingency funds in group enterprises	51	51
	51	**51**

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 325 million.

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

Note 8 Contingent liabilities, guarantees and leases

Guarantee commitments	551	461

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

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

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

Alm. Brand A/S has made rental agreements for premises with total annual payments of DKK 109 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	13
Pension	2	2
Payroll tax, etc.	1	1
	19	16
Average number of employees	6	6
Remuneration to the Board of Directors (DKK '000)	1,635	1,538
Remuneration to the Management Board (DKK '000)	12,453	10,304
	14,088	11,842

Remuneration includes the bonus earned in 2006, which will be paid in 2007.

Note 10 Audit fees (DKK '000)

Deloitte:		
Audit	432	309
Non-audit services	1,996	1,273
	2,428	1,582

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	2006	2005
Note 12 Income from group enterprises		
Alm. Brand Bank A/S	126	154
Alm. Brand Forsikring A/S	676	540
Asgaard Finans A/S	2	0
Finansieringsselskabet Balder A/S	67	11
Finansieringsselskabet af 9/10 1992 A/S	1	-5
	872	**700**
The profit/loss is recognised in the following items:		
Income from group enterprises	1,093	789
Tax	-221	-89
	872	**700**
Note 13 Income from associates		
EDC-Udvikling a/s	0	1
	0	**1**
The profit/loss is recognised in the following items:		
Income from associates	0	1
Tax	0	0
	0	**1**
Note 14 Interest income and dividends, etc.		
Interest, Alm. Brand Bank	5	4
Other interest	10	3
	15	**7**
Note 15 Value adjustments		
Equity investments	0	1
	0	**1**
Note 16 Interest expenses		
Interest expenses, group enterprises	-11	-10
Other interest expenses	-6	-5
	-17	**-15**

DKKm	2006	2005
Note 17 Administrative expenses related to investment activities		
Cost, group enterprises	-14	-18
Other costs	-73	-16
	-87	**-34**
Note 18 Tax		
Estimated tax on operating profit for the year	24	27
Adjustment of deferred tax	0	2
Share of estimated tax in group enterprises	-221	-89
	-197	**-60**
Effective tax rate		
Current tax rate	28.0%	28.0%
Adjustment of deferred tax (30% to 28%)	0.0%	4.9%
Adjustment of deferred tax	-5.1%	-1.0%
Prior-year adjustment	-1.6%	0.8%
Tax adjustments and adjustment of non-capitalised deferred tax	-1.6%	-24.7%
	19.7%	**8.0%**

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 = $\frac{\text{Shareholders' equity x 100}}{\text{Average number of shares, year end}}$

Earnings per share = $\frac{\text{Profit for the year x 100}}{\text{Average number of shares}}$

Diluted earnings per share = $\frac{\text{Profit for the year x 100}}{\text{Average number of shares}}$

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

FINANCIAL RATIOS, NON-LIFE INSURANCE

Key ratios for non-life insurance have been calculated in accordance with the executive order on financial reports presented by insurance companies and profession-specific pension funds:

Gross claims ratio = $\frac{\text{Gross claims incurred x 100}}{\text{Gross premium income}}$

Gross expense ratio = $\frac{\text{Underwriting management expenses x 100}}{\text{Gross premium income}}$

Net reinsurance ratio = $\frac{\text{Profit/loss from business ceded x 100}}{\text{Gross premium income}}$

Combined ratio = $\frac{\text{(Gross claims incurred + Underwriting management expenses + Profit/loss from business ceded) x 100}}{\text{Gross premium income}}$

Operating ratio = $\frac{\text{(Gross claims incurred + Underwriting management expenses + Profit/loss from business ceded) x 100}}{\text{Gross premium income + Investment return on insurance business}}$

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

FINANCIAL RATIOS, BANKING

Key ratios for non-life insurance have been calculated in accordance with the executive order on the preparation of financial reports presented by credit institutions and investment companies, etc.:

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

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

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

FINANCIAL RATIOS, LIFE INSURANCE

Key ratios for life insurance have been calculated in accordance with the executive order on financial reports presented by insurance companies and profession-specific pension funds.

DIRECTORSHIPS

BOARD OF DIRECTORS

CHRISTIAN N.B. ULRICH, Chairman

Chairman of the Board of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

Member of the Board of Directors of:
Agroinvest A/S

JØRGEN H. MIKKELSEN, Deputy Chairman

Deputy Chairman of the Board of Directors of:
Alm. Brand A/S
Alm. Brand Bank A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

Chairman of the Board of Directors of:
DPL Invest A/S
(Investeringsselskabet for Dansk Primær Landbrug)
Ø.A. Byggecenter A/S
Agro Discount A/S
ØA Fyn A/S
Østsjællands Andel amba
Merløse Landbutik A/S
Chr. Petersen A/S

Deputy Chairman of the Board of Directors of:
Køge Elnet A/S
Køge Holding A/S

Member of the Board of Directors of:
Hesselbjerg Agro A/S
KRAM Madservice A/S
Slovakian Farm Invest A/S
Den Lokale Andel amba

BORIS NØRGAARD KJELDSEN, Board member

Member of the Board of Directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

Chief Executive of:
DADES A/S

General Manager of:
DAVISTA Komplementarselskab A/S

Chairman of the Board 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 Board of Directors of:
DAVISTA Komplementarselskab A/S
Benny Johansen & Sønner A/S

NIELS KOFOED, Board member

Member of the Board of Directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

General Manager of:
EDC-Mæglerne Kofoed & Mikkelsen A/S

Member of the Board of Directors of:
EDC-Mæglerne Kofoed & Mikkelsen A/S
Netdanmark A/S

JØRGEN S. LARSEN, Board member

Member of the Board af Directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

Directorships outside the Alm. Brand Group

Chairman of the Board of Directors of:
NETSAM A/S

Member of the Board af Directors of:
TRE-FOR Entreprise A/S

HENRIK STENBJERRE, Board member

Member of the Board af Directors of:
Alm. Brand A/S

Directorships outside the Alm. Brand Group

Chairman of the Board of Directors of:
Camfil A/S

Deputy Chairman of the Board of Directors of:
Averhoff & Co. A/S
Stena Metall A/S

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

LONE CLAUSEN, Board member

Member of the Board af Directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

SUSANNE LARSEN , Board member

Member of the Board af Directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

HENNING KAFFKA , Board member

Member of the Board af Directors of:
Alm. Brand A/S
Alm. Brand Fond
Alm. Brand af 1792 fmba

DIRECTORSHIPS

MANAGEMENT BOARD

SØREN BOE MORTENSEN, Chief Executive

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

General Manager of:
Alm. Brand Invest II A/S
Alm. Brand Holding II A/S

Chairman of the Board of Directors of:
Alm. Brand Forsikring A/S
A/S Det Kjøbenhavnske Reassurance-Compagni
Finansieringsselskabet Balder A/S
Asgaard Finans A/S
Finansieringsselskabet af 9/10 1992 A/S
Alm. Brand Service ApS

Deputy Chairman of the Board of Directors of:
Alm. Brand Pantebreve A/S
Alm. Brand Formue A/S

Member of the Board of Directors of:
Alm. Brand Invest II A/S
Alm. Brand Holding II A/S
Alm. Brand Præmieservice A/S
Alm. Brand Ejendomsinvest A/S
Alm. Brand Bank A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

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

Directorships outside the Alm. Brand Group

Deputy Chairman of the Board of Directors of:
Forsikringsakademiet A/S

Member of the Board of Directors of:
Forsikring og Pension

HENRIK NORDAM, Deputy Chief Executive

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 Board of Directors of:
Alm. Brand Finans A/S
Alm. Brand Ejendomsinvest A/S
Alm. Brand Formue A/S
Alm. Brand Holding II A/S
Alm. Brand Invest II A/S
Alm. Brand Pantebreve A/S
Alm. Brand Præmieservice A/S
Forsikringsselskabet Alm. Brand Liv og Pension A/S

Member of the Board of Directors of:
Alm. Brand Forsikring A/S
A/S Det Kjøbenhavnske Reassurance-Compagni
Alm. Brand Service ApS
Asgaard Finans A/S
Finansieringsselskabet af 9/10 1992 A/S
Finansieringsselskabet Balder A/S

SENIOR EXECUTIVES

Frank Abel	Executive Vice President, Region Syd
Anne Mette Barfod	Chief Executive, Copenhagen Re
Henrik Gundorph	Executive Vice President, Human Resources
Kaj Jensen	Executive Vice President, Region Jylland Øst
Lars Lysdal Jensen	IT Manager
Ole Joachim Jensen	Chief Financial Officer
Claus Th. Jespersen	Senior Vice President, Company Secretary
Jens-Peter Pedersen	Executive Vice President, Region Sjælland
Peter Reedtz	Managing Director, Alm. Brand Bank
Birger Schønfeld	Executive Vice President, Region Copenhagen
Bjarne Schønfeld	Executive Vice President, Region Jylland Nord
Mikael Sundby	Chief Executive, Alm. Brand Liv og Pension
Christian Heick Sørensen	Executive Vice President, Marketing
Jesper Mørch Sørensen	Chief Executive, Alm. Brand Forsikring
Torsten Aa. Juel	Chief Executive, Alm. Brand Finans

GROUP COMPANIES

DKKm	Activity	Profit/loss for the year	Shareholders' equity at year-end	Share of owner-ship
PARENT COMPANY				
Alm. Brand A/S, Copenhagen	Holding	807	4,901	
NON-LIFE INSURANCE				
Alm. Brand Forsikring A/S, Copenhagen	Insurance	676	3,495	100%
Alm. Brand Service ApS, Copenhagen	IT operation and development	-4	43	100%
LIFE INSURANCE				
Forsikringsselskabet Alm. Brand Liv og Pension A/S, Copenhagen	Insurance	107	1,135	100%
Alm. Brand Ejendomsinvest A/S, Copenhagen	Real property	78	1,022	100%
Alm. Brand Præmieservice A/S, Copenhagen	Financing	0	1	100%
REINSURANCE				
A/S Det Kjøbenhavnske Reassurance-Compagni, Copenhagen	Insurance	71	212	100%
The Copenhagen Reinsurance Company, (U.K.) Ltd., London	Insurance	15	494	100%
The Copenhagen Reinsurance Services, (U.K.) Ltd., London	Administration	1	13	100%
BANKING AND FINANCE				
Alm. Brand Bank A/S, Copenhagen	Banking	127	1,216	100%
Alm. Brand Finans A/S, Kgs, Lyngby	Car financing and leasing	22	335	100%
Alm. Brand Pantebreve A/S, Copenhagen	Investment	11	156	21%
Alm. Brand Formue A/S, Copenhagen	Investment	37	543	18%
OTHER COMPANIES				
Alm. Brand Holding II A/S, Copenhagen	Investment	23	1,228	100%
Alm. Brand Invest II A/S, Copenhagen	Investment	0	1	100%
Finansieringsselskabet Balder A/S, Copenhagen	Financing	67	435	100%
Finansieringsselskabet af 9/10 1992 A/S, Copenhagen	Financing	1	76	100%
Asgaard Finans A/S, Copenhagen	Holding	2	-314	100%
Europort Ltd, (Gibraltar), Copenhagen	Currently dormant	2	-95	100%
ASSOCIATED COMPANIES				
EDC-udvikling a/s	Sales co-operation	0	41	50%

"Share of ownership" indicates Alm. Brand A/S' direct or indirect ownership interests.

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