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

ALM. BRAND A/S

ANNUAL REPORT 2009



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COMPANY INFORMATION

BOARD OF DIRECTORS







*Elected by the principal shareholder

Arne Nielsen
Born 1944
since 2009

Susanne Larsen
Employee
representative
Born 1964
since 2006

Jørgen H. Mikkelsen*
Chairman
Born 1954
since 1994

Boris N. Kjeldsen*
Deputy Chairman
Born 1959
since 2003

Lone Clausen
Employee
representative
Born 1955
since 1998



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

AUDITORS
Deloitte
Statsautoriseret Revisionsaktieselskab

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

ADDRESS
Alm. Brand Huset
Midtermolen 7, DK-2100 Copenhagen Ø
Phone: +45 35 47 47 47
Fax: +45 35 47 35 47
Internet: www.almbrand.dk
E-mail: almbrand@almbrand.dk



Niels Kofoed*
Born 1962
since 2000

Per Dahlbom
Employee
representative
Born 1958
since 2009

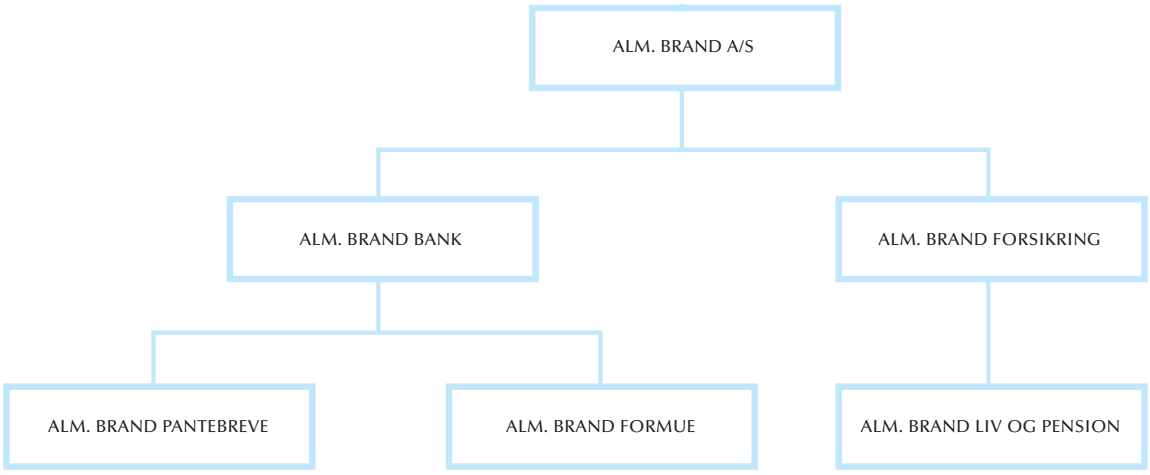
Per Frandsen*
Born 1952
since 2009

Henrik Stenbjerre
Born 1940
since 2006

Jørgen S. Larsen*
Born 1949
since 1996

GROUP STRUCTURE

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



THE ALM. BRAND A/S GROUP ACTIVITIES AND IDEA

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

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

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

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

The group's loyalty-enhancing multi-product customer concept is developing favourably, and today the group has more than 27,000 multi-product customers. Surveys show that these customers are very satisfied and loyal and that they source most of their new financial services products from the group.

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

The group is divided into five geographical regions, each headed by a regional manager who has overall sales and service responsibility. Distribution is effected through 35 branch offices and stores across Denmark and through other channels. Sales and service are further supported by centralised customer service centres and through the group's website. The overall sales force counts some 500 employees, including 300 insurance agents.

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

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

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

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

	DKKm	2009	2008	2007	2006	2005
GROUP	**Income**					
	Non-life insurance	4,714	4,769	4,578	4,279	4,079
	Banking	1,254	1,718	1,444	980	786
	Life insurance	710	747	750	736	747
	Copenhagen Re	10	14	17	11	37
	Investments etc.	883	928	932	849	840
	Total income	**7,571**	**8,176**	**7,721**	**6,855**	**6,489**
	Profit/loss excluding minority interests					
	Non-life insurance	287	262	647	724	375
	Banking	– 1,758	– 532	196	167	222
	Life insurance	139	43	104	81	144
	Copenhagen Re	– 11	286	71	60	38
	Other activities	7	– 15	– 32	– 26	– 32
	Profit before tax	**– 1,336**	**44**	**986**	**1,006**	**747**
	Tax	336	– 73	– 281	– 195	– 56
	Profit/loss after tax	**– 1,000**	**– 29**	**705**	**811**	**688**
	Consolidated profit/loss					
	Consolidated profit/loss before tax	**– 1,416**	**– 164**	**980**	**1,037**	**852**
	Tax	336	– 53	– 266	– 190	– 56
	Consolidated profit/loss after tax	**– 1,080**	**– 217**	**714**	**847**	**796**
	Total provisions for insurance contracts	17,894	17,714	18,331	18,718	19,193
	Consolidated shareholders' equity	3,694	4,800	5,446	5,432	4,935
	Share attributable to minority interests	199	282	504	520	474
	Total assets	47,498	45,777	47,886	42,992	42,550
	Average no. of employees	1,859	1,898	1,862	1,718	1,625
	Return on equity before tax	– 33.4%	0.9%	18.0%	20.0%	18.9%
	Return on equity after tax	– 25.2%	– 0.6%	13.1%	16.3%	17.7%
PARENT COMPANY	**Profit/loss before tax**	**– 1,000**	**– 36**	**694**	**783**	**660**
	Tax	– 1	9	12	24	29
	Profit/loss after tax	**– 1,001**	**– 27**	**706**	**807**	**689**
	Total assets	4,401	4,776	5,065	5,531	5,001
	Total investment assets	4,337	4,701	4,991	5,459	4,923
	Share capital	1,388	1,476	1,668	1,788	1,788
	Shareholders' equity	3,486	4,510	4,932	4,901	4,454
	Payables	619	220	87	579	496
	Return on equity before tax*	– 33.5%	1.0%	20.1%	21.5%	18.3%
	Return on equity after tax*	– 25.2%	– 0.6%	14.3%	17.3%	16.8%
	Earnings per share of DKK 80	– 59	– 2	35	37	31
	Diluted earnings per share of DKK 80	– 59	– 2	35	37	31
	Net asset value per share of DKK 80	207	264	260	234	199
	Share price at 31 December	91	69	286	400	267
	Price/NAV	0.44	0.26	1.10	1.71	1.34
	No. of shares at year-end (in thousands)	16,835	17,073	18,966	20,929	22,030
	Average no. of shares (in thousands)	16,828	17,971	20,182	21,644	21,987
	No. of shares bought back (in thousands)**		2,133	1,981	1,452	
	Average price of shares bought back, DKK**		186	328	344	
	Total pay-out ratio**		30%	14%	6%	

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

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

ALM. BRAND A/S 2009

PERFORMANCE

The Alm. Brand A/S Group incurred a loss of DKK 1,336 million before tax in 2009. The performance was highly unsatisfactory.

Excluding losses and writedowns in the bank, the group posted a profit of DKK 331 million, approximately DKK 40 million short of the most recent profit guidance.

The highly unsatisfactory performance was the result of significant impairment writedowns on the bank's portfolio of loans and advances. In particular, loans for property development projects and commercial properties, including commercial mortgage deeds in investment commitments, were hit by the economic downturn, leading to total impairment writedowns of almost DKK 1.7 billion in the bank.

In addition, the full-year financial results were adversely affected by sustained increases in expenses particularly for building, burglary and personal accident claims. On the other hand, a strong investment return and run-off gains lifted the financial results.

Life insurance activities developed very favourably in 2009. Accordingly, the bonus potential was partially restored, the transfer and surrender charge was cancelled, and the policyholders' investment portfolios generated a return of 8.5%.

A new bank management was appointed in 2009 and at the same time its strategy was changed decisively. In the non-life business area, a number of measures to limit claims were launched along with premium increases in all segments.

Finally, the group implemented a variety of cost-saving measures.

CAPITAL AND LIQUIDITY

In August 2009, Alm. Brand Bank A/S received a commitment for funds under the Second Bank Package totalling DKK 856 million. In addition, Alm. Brand A/S injected DKK 1.2 billion into the bank by way of new capital and converted subordinated loan capital into share capital in the amount of DKK 550 million, thereby restoring and strengthening the bank's capital base following the writedowns.

In spite of the capital injections to the bank, the group's capital base remains at an adequate level.

In connection with the annual financial statements for 2009, Alm. Brand Bank A/S has applied for an individual government guarantee under the Second Bank Package in order to ensure that the bank has access to government-backed liquidity.

BUSINESS

The group's non-life insurance operations generated a profit of DKK 287 million. The less than satisfactory performance was attributable to significant expenses particularly for building, burglary and personal accident claims. Moreover, the low discount rate had a negative impact on the performance. On the other hand, run-off gains and a strong investment result lifted the non-life performance. In response to the negative trend in claims expenses, the group has increased premiums, generating extra proceeds in the amount of DKK 200 million annually with full effect from 2011, and plans to implement a number of measures to limit claims.



The bank incurred a loss of DKK 1,758 million, which was highly unsatisfactory. The performance was the result of significant impairment writedowns on loans and advances and credit-related losses on mortgage deeds in the amount of almost DKK 1.7 billion. In addition, the bank's performance was impacted by the net costs of the First and Second Bank Packages of DKK 147 million in aggregate. The performance was lifted by an increasing customer interest margin and a strong investment result. As a result of the poor performance, the bank has changed its strategy. In addition, the bank's mortgage deed and commercial property funding activities will be phased out over the next couple of years.

The group's life insurance operations generated a highly satisfactory profit of DKK 139 million. At the same time, the company strengthened its provisions. The performance was driven in particular by the strong investment result, which entailed a cancellation of the transfer and surrender charge. The collective bonus potential totalled DKK 225 million at 31 December 2009. However, the life insurance company was adversely affected by the economic recession through a 5% drop in premium income.

The group's other activities, including corporate expenses and reinsurance activities in run-off, recorded a loss of DKK 4 million.

GROUP

The return on equity was minus 33% before tax. Earnings per share were negative at DKK 59, and the share price was DKK 91 at 31 December 2009, corresponding to 44% of the net asset value of DKK 207.

The group's total income amounted to DKK 7.6 billion.

OUTLOOK

The group expects to generate an overall profit before losses, writedowns and tax of DKK 300 million in 2010.

Non-life operations are expected to generate a pre-tax profit of DKK 230 million. The combined ratio is expected to be 97.

Banking operations are expected to generate a profit of DKK 40 million before losses and writedowns. As a result of the general economic conditions in Denmark and internationally, the forecast level of writedowns on loans and advances and credit-related losses on mortgage deeds is subject to significant uncertainty. The guidance for the bank's financial results in 2010 is therefore only provided before losses and writedowns.

Life insurance operations are expected to generate a profit of DKK 90 million.

Other activities are expected to record an overall loss of DKK 60 million.

The group's total income is expected to reach DKK 7 billion.

No material events have occurred during the period from 1 January 2010 until the date the financial statements were signed which would be of material importance for the financial statements.

DKKm	Outlook 2010*)
Non-life insurance	230
Banking	40
Life insurance	90
Other activities	–60
Profit before tax	**300**

*) Excluding minority interests and before writedowns in the bank



RESTORING EARNINGS

An unusually difficult year
The year 2009 was an unusually difficult and challenging year for Alm. Brand. Our banking activities were particularly hard hit and left a very negative stamp on the group's full-year financial results.

The performance was partly due to general market developments and the crisis hovering over the entire financial sector. But we are also acutely aware that our ability to assess our sensitivity to market risk and not least the effects thereof was not good enough.

As a result, we have made some adjustments to our business. In the second half of 2009, we focused systematically on getting our business back on track so that we may again generate a favourable return to our shareholders.

More focused banking strategy
Our efforts have been very much concentrated on our banking activities and on defining a new and more focused strategy for the bank. The new strategy will restrict our future risk exposure and maximise synergies in relation to the group's other activities. In future, the bank will therefore focus exclusively on activities that support the customer segments in our core business, i.e. insurance. A number of non-core business areas, including mortgage deed trading and lending for property investment projects, are consequently being wound up.

We have replaced the bank's management and aligned the organisation to the lower level of activity. We have given our banking operations a thorough overhaul and tightened our processes as well as our credit and risk management procedures.

In 2009, we made impairment writedowns totalling DKK 1.7 billion, the majority, equivalent to slightly more than DKK 1 billion, of which were made in the first half of the year. We are confident that in making these impairment writedowns we will have addressed the most important challenges in our lending portfolio.

A very important focus area for us in the year ahead will be to ensure tight and efficient management of the bank's activities, not least the activities that are being wound up.

The challenges are not over, and the bank is facing another difficult year. Many factors will continue to impact our performance, but we have the organisation and the qualifications necessary to tackle the challenges that lie ahead. This includes restoring and strengthening the bank's capital by way of capital injection. In addition, the bank has received hybrid Tier 1 capital under the Second Bank Package, lifting its solvency to a rather comfortable 16%.

Against this background, I am confident that we have created a new and strong foundation for restoring the bank's earnings.

Better price/risk correlation
Our insurance business operated in a more peaceful setting in 2009, although market developments impacted our performance here as well. For example, the financial crisis and the ensuing decline in housing market activity, weaker car sales and lower level of business sector activity caused premium income to fall.

At the same time, we have seen a steep increase in the number and amount of claims payments. This trend is attributable to a number of factors. The insurance industry in general has seen a surge in the number of thefts – equivalent to an annual increase of more than 20% over a number of years. Moreover, weather conditions were somewhat harsher in 2009 than in 2008. Also, people seem to report more claims during times of greater economic uncertainty than they would otherwise do. Furthermore, we can see that the ongoing maintenance of properties and other assets deteriorates and this will, over time, result in a higher number of claims. As the profit margin on non-life insurance is already small, such developments will quickly feed through to the bottom line.

We have therefore launched a number of initiatives to secure our future earnings, including premium increases in private and commercial lines. Moreover, our terms and conditions of insurance will to a greater extent take individual risk assessments into consideration. The initiated premium increases totalling DKK 200 million will be fully implemented during 2010 and will take full financial effect in 2011. In parallel, we have introduced a number of claims prevention measures and achieved additional cost savings in order to restore our combined ratio to a reasonable level. We can see that these initiatives make a difference and we expect them to have financial impact in 2010.

Strong life and pension performance

Our life insurance business performed well in 2009. We booked the full risk premium, the collective bonus potential was restored and we generated a return on customer investment assets in excess of 8%, which probably ranks among the best returns in the market. Accordingly, our life insurance activities performed highly satisfactorily. However, the volume dropped marginally, reflecting the customers' lacking ability and incentive to save up for their pension during times of economic hardship.

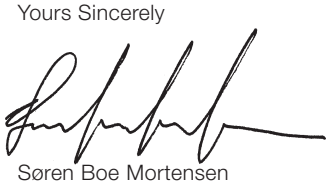
Back on track

Looking back on 2009, I obviously see the difficulties we encountered and the unsatisfactory financial results we generated. But I also see an organisation that has completed a very comprehensive realignment process and now stands trimmed and motivated to face whatever challenges 2010 may hold.

We need to get our earnings back on track. We need to retain our good customers through committed and professional advice supported by reliable and efficient systems and processes. In 2009, we identified the problems, adapted our business and established a strong launch pad for future earnings.

There are still challenges on the horizon, and the uncertain market conditions and the low level of interest rates will continue to affect our opportunities for increasing earnings in the year ahead. But we are confident that we can take our group an important step further in the right direction in 2010.

Yours Sincerely



Søren Boe Mortensen
Chief Executive

NON-LIFE INSURANCE

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

MARKET

Private customers

The market for private customer insurance remains very competitive.

Sales of owner-occupied dwellings and cars have been declining since the second half of 2008, which means that it has become increasingly difficult to move customers in the market.

At the same time, there has been a radical upwards shift in the level of claims, particularly on building, household comprehensive and holiday home insurance. As a result, Alm. Brand and other insurance companies have been forced to announce price increases.

Accordingly, focus is generally on overall profitability as well as on the profitability of the individual customer. Recent years' aggressive marketing with extremely low prices in selected segments, particularly motor, has ceased and the general trend today is more towards price increases.

Alm. Brand is assessed to have retained its market share in 2009.

Commercial customers

The target group of the company's commercial segment consists of municipal authorities and small and medium-sized businesses, including agricultural customers ranging from hobby farmers and full-time commercial farmers to specialist farmers and large estates and manors.

Municipal authorities and small and medium-sized businesses

The crisis in 2009 also had an adverse impact on the market for small and medium-sized businesses, and rising unemployment caused the workers' compensation market to contract. Corporate downsizing and business closures serve to reduce the number of consequential loss, liability and motor insurance policies written. Finally, a sustained low level of construction activity is affecting the sale of contractors' insurance. At the same time, customers are very focused on costs, and this has intensified competition in the commercial customer market. The competitive situation is further sharpened by the fact that several companies that were formerly niche operators now offer commercial insurance in all segments. Finally, there is a growing interest in bidding in the public sector, and this segment is extremely competitive.

Despite the very competitive market, a number of companies, including Alm. Brand, raised their premiums in 2009 in response to rising claims expenses.

Alm. Brand is assessed to have retained its market share in 2009.

Agriculture

Throughout 2009, the Danish agricultural sector was affected by the current financial downturn, which was further exacerbated by a historic earnings crisis in the agricultural sector. As a result, investments in production expansion, primarily stables and other buildings, came to a virtual standstill in 2009. Sales of agricultural properties declined significantly relative to recent years, and a number of the transactions completed were family-related sales, forced sales or sales in connection with generational change.

There is a tendency towards farmers increasingly using insurance brokers to handle their insurance policies.

The negative development in claims in the agricultural segment is expected to trigger premium increases from 2010 and onwards.



Alm. Brand has a leading position as an insurance provider to Danish agriculture with an estimated market share of more than 30%.

STRATEGY

Our vision is that “We take care of our customers”.

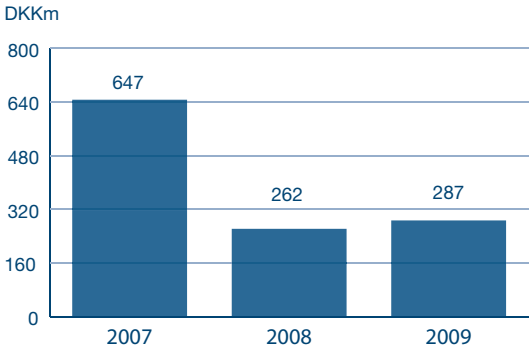
The group regularly conducts quality tests of customer-oriented processes, including policy issuance, claims handling and other points of contact with customers. Combined with regular customer satisfaction surveys, these tests contribute to bringing quality and how customers perceive Alm. Brand into focus and to enabling the group to improve processes and services on an ongoing basis.

Alm. Brand measures customer satisfaction, for example, when customers have been in contact with a service centre employee. Customers have the opportunity to rate the group and the employee on various parameters, e.g. was the customer’s problem taken care of, how was the tone of the conversation, was the communication clear, how was the adviser’s professional knowledge and was the customer’s problem solved. Moreover, customers are asked to state whether they would recommend Alm. Brand to others. The measurements are used to improve Alm. Brand’s customer advisory services and general customer service.

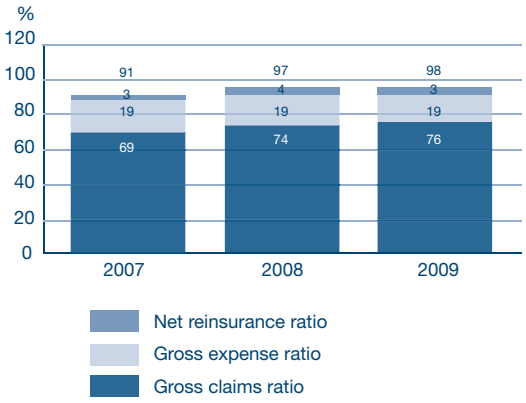
Taking care of our customers also means that our customers pay the right price and that they regularly receive information about new products or money-saving opportunities by switching to a different product.

Alm. Brand aims to retain its market position and to enhance its earnings. Having loyal customers typically means fewer claims and lower costs. Therefore, the group is focused on increasing its customer life span, e.g. by improving its customer advisory services and general customer service and by tailoring the products to the needs of each individual customer.

PROFIT BEFORE TAX



COMBINED RATIO





Moreover, efforts are continuously made to ensure that prices reflect the risk in each individual area.

In order to reduce claims expenses, the procurement of building materials and craftsmen is optimised. These efforts have included the establishment of a procurement function, which is responsible for concluding contracts with suppliers and craftsmen. Our collaboration with an external partner, Scalepoint, enables our customers to replace stolen or damaged goods and to make extra purchases at the discounts obtainable by Alm. Brand. This arrangement benefits both customers and Alm. Brand.

It is important that customers are able to contact Alm. Brand whenever they need to. Commercial customers can contact Alm. Brand through the group's team of insurance agents or through the group's two service centres. Private customers may be served by insurance agents, sales centres, customer service centres and bank branches or via the Internet. Customers may also use a variety of self-service options via www.almbrand.dk, and these options will be significantly expanded over the next few years.

Efficient systems

Over the past four years, Alm. Brand has invested in a new sales and administrative system for the group's commercial and agricultural customers. The project is operational but adjustments are made on an ongoing basis to improve system application.

The new system and the new underlying processes support speed and efficiency and provide all customer-oriented functions with a complete overview of customers' insurance cover and their most recent contact with Alm. Brand. From a customer point of view, the new system will speed up case processing and policy issuance. The new system completes Alm. Brand's strategy of combining several IT systems in the non-life insurance group in a single system.

Alm. Brand is working actively to enhance processes, including by means of lean methods. This work will be intensified during 2010.

In addition, the group is working to develop an e-branch concept, which will be the group's new and expanded Internet venture, and which, in the longer term, will significantly increase the variety of self-service options available to the customers. The first version of the Alm. Brand e-branch is expected to go live in mid-2010.

PERFORMANCE

Non-life operations generated a profit for the year of DKK 287 million, against DKK 262 million in 2008. The most recent profit guidance was for DKK 300 million. The performance was less than satisfactory.

The return on equity before tax was 19%, against 15% in 2008.

The technical result amounted to DKK 148 million, against DKK 293 million in 2008.

The investment return after technical interest amounted to a profit of DKK 137 million, against a loss of DKK 16 million in 2008. The investment return was slightly higher than expected.

Premiums

Gross premiums fell by DKK 55 million to DKK 4,714 million, against DKK 4,769 million in 2008, corresponding to a decline of 1.2%.

Premium income in the private customer segment was lifted by price increases on building and household comprehensive insurance and thus rose by 1.2% relative to 2008.

In the commercial customer segment, gross premiums dropped by 3.7%, reflecting the lower level of business activity in small and medium-sized businesses in particular.

Claims

The claims ratio was 76.4, against 73.9 in 2008, and total gross claims were DKK 3,601 million, against DKK 3,523 million last year.

The increase in 2009 was largely attributable to higher claims expenses for house contents, building and personal accident insurance, higher expenses for weather-related claims and a lower discount rate. On the other hand, non-life operations benefited from a decline in claims expenses for major claims and from run-off gains in 2009.

The house contents and building insurance portfolio was particularly hard hit by a higher number of fire and burglary claims as compared with previous years, and the personal accident segment was affected by a higher claims frequency and higher permanent injury payments.

	DKKm	2009	2008	2007	2006	2005
INCOME STATEMENT	Gross premiums	4,714	4,769	4,578	4,279	4,079
	Technical interest	53	125	112	88	45
	Claims expenses	– 3,601	– 3,523	– 3,156	– 2,735	– 3,536
	Insurance operating expenses	– 872	– 905	– 898	– 877	– 779
	Reinsurance profit/loss	– 146	– 173	– 129	– 157	590
	Technical result	**148**	**293**	**507**	**598**	**399**
	Interest and dividends, etc.	370	376	338	267	269
	Capital gains and losses	1	– 76	98	93	– 129
	Management expenses relating to investment business	– 29	– 15	– 15	– 14	– 16
	Return on technical provisions	– 205	– 301	– 268	– 209	– 136
	Return on investment after technical interest	**137**	**– 16**	**153**	**137**	**– 12**
	Other ordinary items	2	– 15	– 13	– 11	– 12
	Profit before tax	**287**	**262**	**647**	**724**	**375**
	Tax	– 79	– 67	– 185	– 186	– 152
	Profit after tax	**208**	**195**	**462**	**538**	**223**
BALANCE SHEET	Run-off gains/losses	80	– 34	85	45	27
	Total provisions for insurance contracts	6,631	6,260	5,930	5,719	5,612
	Insurance assets	103	67	104	142	269
	Total shareholders' equity	1,753	1,610	2,338	2,169	1,801
	Total assets	8,933	8,436	8,786	8,224	7,821
KEY RATIOS	Gross claims ratio	76.4%	73.9%	69.0%	63.9%	86.7%
	Gross expense ratio	18.5%	19.0%	19.6%	20.5%	19.1%
	Net reinsurance ratio	3.1%	3.6%	2.8%	3.7%	–14.5%
	Combined ratio	98.0%	96.5%	91.4%	88.1%	91.3%
	Operating ratio	96.9%	94.0%	89.2%	86.3%	90.3%
	Relative run-off result	1.8%	– 0.8%	2.2%	1.0%	0.8%
	Return on equity before tax	19.1%	15.4%	30.3%	37.2%	22.2%
	Return on equity after tax	13.8%	11.5%	21.6%	27.6%	13.2%
	Solvency ratio*	2.7	2.7	3.0	3.0	2.7

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

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

The interest rate used for discounting provisions declined in 2009, as compared with 2008. All other things being equal, this means that larger provisions are required to cover claims. The lower level of interest rates increased the claims ratio by slightly more than 1.3 percentage point relative to 2008.

Expenses for weather-related claims amounted to DKK 145 million, almost DKK 35 million below the normal level. In 2008, the company recorded weather-related claims in the amount of DKK 92 million. In 2009, the group recorded quite a number of short-circuit and overvoltage claims caused by lightning strikes. Weather-related claims increased the claims ratio by 1.1 percentage point relative to 2008.

Major claims totalled DKK 434 million in 2009, against DKK 460 million in 2008, which was DKK 34 million above the normal level. The lower number of major claims reduced the claims ratio by 0.5 of a percentage point relative to 2008.

Run-off gains net of reinsurance amounted to DKK 80 million, as compared with a run-off loss of DKK 34 million in 2008. The run-off result reduced the claims ratio by 1.7 percentage point. The run-off gains were largely attributable to refunded VAT on motor assessment costs in the amount of DKK 48 million. The amount was charged by mistake by the Danish tax authorities for a number of years.

Costs

Overall costs fell by DKK 33 million to DKK 872 million in 2009, against DKK 905 million in 2008. The expense ratio totalled 18.5, against 19.0 in 2008. The group completed staff reductions in all business areas and staff functions in 2009. In addition efforts are made on an ongoing basis to develop more efficient processes. The aim is to enhance efficiency by 5% annually.

Combined ratio

The combined ratio was 98.0 in 2009, against 96.5 in 2008. The table below breaks down the combined ratio into underlying result, major claims, weather-related claims and run-off.

	2009	2008	2007	2006
Combined ratio excl weather-related claims and major claims	87.4	84.2	81.6	81.4
Major claims	9.2	9.7	7.4	5.6
Weather-related claims	3.1	1.9	4.3	2.2
Run-off result	– 1.7	0.7	– 1.9	– 1.1
Combined ratio	98.0	96.5	91.4	88.1

Due to its significant market share in the agricultural, single-family house and small and medium-sized business segments, Alm. Brand is relatively heavily exposed to weather-related claims. The major claims experience varies, as the group's performance can be severely impacted by only a few additional claims in a single year. By deducting all claims expenses related to weather-related claims and major claims, we arrive at the combined ratio of the underlying business. In 2009, the combined ratio of the underlying business rose to 87.4 from 84.2 in 2008. This figure factors in a changed discount rate, which affected the combined ratio adversely by 1.3 percentage point in 2009.

The combined ratio performance was primarily due to a higher number of fire and theft claims and a higher number of and more expensive personal accident claims.

The net reinsurance ratio for the year was 3.1, against 3.6 in 2008.

Investment return

The non-life investment assets are predominantly placed in interest-bearing assets with an overweight of government and mortgage bonds. Throughout 2009, the interest-bearing assets had a weighted duration of two to three years. The non-life equity exposure totalled almost 1% of the investment assets in 2009.

The investment return after value adjustment of provisions, but before transfer to insurance activities, amounted to DKK 342 million in 2009. The return was DKK 285 million in 2008.



In 2009, the investment return was favourably affected by declining short-term interest rates over the year, as the majority of the assets are placed in short-term bonds. Benchmarked against government bonds, the investment return exceeded expectations in 2009, primarily because the yield spread between mortgage bonds and government bonds narrowed in 2009 and because most of the assets were placed in mortgage bonds.

The discount rates used for discounting of provisions also declined during the period, which, particularly for short and medium-term maturities, contributed to a loss on value adjustments in 2009 when seen in isolation.

Interest income rose by DKK 35 million due to interest received on the VAT refund of motor assessment expenses.

Financial results for Q4

Non-life operations generated pre-tax profit of DKK 56 million in Q4 2009, as compared with a profit of DKK 66 million in the same period of last year. The most recent projection included a profit forecast of DKK 69 million before tax.

The technical result amounted to DKK 47 million, against DKK 44 million in 2008. Relative to the same period of last year, the technical result was favourably affected by fewer major claims and by run-off gains, while higher expenses for fire, burglary and personal accident claims and weather-related claims had an adverse effect on the technical result.

The investment return after technical interest was DKK 9 million, against DKK 22 million in Q4 2008.

Premiums

Gross premium income rose to DKK 1,205 million from DKK 1,204 million in 2008, proving that the decline in premium income has been successfully stopped through premium increases on household comprehensive and building insurance policies.

However, rising unemployment caused premium income from workers' compensation to drop by around 17% relative to the year-earlier period. Moreover, there was a decline in premium income from consequential loss, liability and commercial motor insurance.

Claims

The claims ratio totalled 76.6 in Q4 2009, against 78.6 in the same period of 2008. Total gross claims amounted to DKK 923 million, against DKK 946 million in 2008, corresponding to a fall of DKK 23 million.

Major claims totalled DKK 70 million, a decline of DKK 104 million relative to Q4 2008. The decline in major claims thus reduced the Q4 claims ratio by 8.7 percentage points relative to the same period of last year.

Weather-related claims amounted to DKK 41 million, against minus DKK 5 million in Q4 2008. The negative figure for Q4 2008 was due to a lower level of weather-related claims than forecast in the interim report for Q3 2008. The higher weather-related claims increased the claims ratio by 4.2 percentage points relative to Q4 2008.

The company recorded a run-off gain net of reinsurance of DKK 28 million in Q4 2009, as compared with a run-off gain of DKK 4 million in 2008.

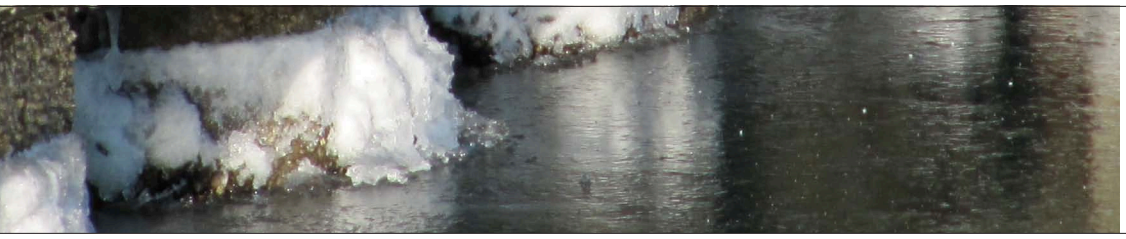
The discounting effect means that the sustained low level of interest rates in Q4 2009 increased the claims ratio by 1.5 percentage point relative to the same period of 2008.

Costs

The expense ratio was 16.6, against 17.6 in the year-earlier period.

Combined ratio

The combined ratio was 96.9, against 98.5 in Q4 2008.



Investment return
The investment return after value adjustment of provisions, but before transfer to insurance activities, amounted to DKK 52 million in Q4 2009, against DKK 90 million in Q4 2008. The investment return was attributable to a lower level of interest rates and overall negative value adjustments of assets and provisions.

Private customer segment
The technical result excluding technical interest was a loss of DKK 4 million in 2009, against a profit of DKK 54 million in 2008. The performance was less than satisfactory.

Premium income for the full year 2009 rose by 1.2% to DKK 2,507 million. Growth in the private customer segment was favourably affected by premium increases on household comprehensive and building insurance. Apart from growth in passenger car sales in December 2009, the year was characterised by a substantial drop in car sales as compared with the preceding years. Premium income from motor insurance dropped by 1.1%.

Offering optional roadside assistance cover as part of a vehicle's all-risk insurance was a great success. The volume of roadside assistance cover is rising in step with new business written in general.

The volume of travel insurance cover added as a household comprehensive insurance supplement continues to increase. Approximately 30% of Alm. Brand's private customers have currently chosen to add travel insurance cover as a household comprehensive insurance supplement, and the figure has been increasing ever since the rules on cover offered through the yellow national health insurance card were changed in 2008.

As previously announced, the group is currently converting building and household comprehensive policies to updated products. The new tariff also better reflects the exposure relating to the individual customer, including the higher risk of weather-related claims on certain houses, higher values and a higher number of and more expensive burglary claims. The conversion of customers was initiated in the second quarter of 2009 and is expected to be completed by mid-2010. The group introduced premium increases in connection with the conversion.

When fully implemented in 2011, the premium increases will, all other things being equal, increase earnings by DKK 70 million annually.

Private customer segment

DKKm	2009	2008
Gross premium income	2,507	2,477
Gross claims expenses	–1,978	–1,845
Insurance operating expenses	–490	–520
Reinsurance loss	–43	–58
Technical result*)	–4	54
Run-off result	37	2
Gross claims ratio	78.9%	74.5%
Gross expense ratio	19.5%	21.0%
Net reinsurance ratio	1.7%	2.4%
Combined Ratio	100.1%	97.9%

*) Excluding technical interest

The combined ratio totalled 100.1, against 9.9 in 2008. The claims ratio rose to 78.9, as compared with 74.5 in 2008.

Major claims amounted to DKK 102 million in 2009, against DKK 74 million in 2008. Weather-related claims amounted to DKK 65 million, against DKK 47 million in 2008. Overall, major claims and weather-related claims increased the claims ratio by 1.8 percentage point relative to 2008.

The higher number of and more expensive burglary claims affected household comprehensive insurance. Relative to 2008, claims expenses for burglaries rose by 13%.

The building insurance portfolio was also affected by an increase in burglaries of more than 10% relative to 2008. According to National Police statistics, the number of reported burglaries in residential dwellings, etc. increased by 13% from January 2009 to September 2009 as compared with the same period of 2008.

The personal accident area saw a higher claims frequency along with an increase in permanent injury payments to policyholders. The National Board of Industrial Injuries has awarded permanent injury supplements for mental disorders in a greater number of cases. In some instances, this may cause the overall permanent injury payment to reach 30% or higher, thereby triggering double compensation under the terms and conditions of insurance.

The claims ratio for motor insurance was largely unchanged relative to 2008.

The expense ratio dropped to 19.5 from 21.0 in 2008.

The company recorded a run-off gain of DKK 37 million in 2009, against DKK 2 million in 2008. The 2009 run-off gain comprised run-off gains on motor, building and household comprehensive insurance and run-off losses on personal accident and change of ownership insurance.

Commercial customer segment

The technical result excluding technical interest amounted to DKK 99 million, against DKK 114 million in 2008.

The result was affected by run-off gains net of reinsurance in the amount of DKK 43 million in 2009, against a run-off loss of DKK 36 million last year. When adjusted for this factor, the technical result for the year was a profit of DKK 56 million, against a profit of DKK 150 million in 2008. The performance was less than satisfactory.

Gross premium income from commercial customers fell by DKK 85 million to DKK 2,207 million in 2009, against DKK 2,292 million in 2008. This equalled a decline of 3.7%.

The economic crisis primarily hits small and medium-sized businesses, as the downturn indicates rising unemployment and, by extension, fewer workers' compensation policyholders. The decline in the number of workers' compensation policyholders was more or less confined to the construction and industrial sectors. Moreover, corporate downsizing and business closures serve to reduce the need for consequential loss, liability and motor insurance, while the sustained low level of construction activity is resulting in fewer contractors' insurance policies written.

Recent years have seen a higher number of small claims, higher average claims and a higher number of and significantly more expensive major claims. This has resulted in unsatisfactory results with building and house contents insurance performing particularly unsatisfactorily. The group has therefore implemented profitability enhancing measures on these products. As part of these efforts, premiums were increased by 8–16% depending on product and company type. The increases took effect for all new policies written on or after 2 October 2009.

Moreover, premiums for the portfolio will be increased after the renewal date with effect from 1 January 2010. The premium increases will be adjusted to the effect that the highest-risk customers pay the highest price. The measures are necessary in order to achieve a healthy and profitable portfolio.

When fully implemented in 2011, the premium increases will, all other things being equal, increase earnings by DKK 130 million.

Commercial customer segment

DKKm	2009	2008
Gross premium income	2,207	2,292
Gross claims expenses	–1,623	–1,678
Insurance operating expenses	–382	–385
Reinsurance loss	–103	–115
Technical result*)	99	114
Run-off loss	–43	–36
Gross claims ratio	73.5%	73.2%
Gross expense ratio	17.3%	16.8%
Net reinsurance ratio	4.7%	5.0%
Combined ratio	95.5%	95.0%

*) Excluding technical interest

The combined ratio totalled 95.5, against 95.0 in 2008, and the claims ratio was 73.5, as compared with 73.2 in 2008.

Building and house contents insurance generated a loss in 2009. Claims expenses were more than 20% higher than in 2008. The building insurance segment recorded 5% more fire claims, 14% more burglaries and thefts and 10% more claims concerning piping, etc. than in 2008.

According to National Police statistics, the number of reported burglaries in commercial properties increased by 20% in the first nine months of 2009 as compared with the same period of 2008.

The house contents segment was also severely affected by a steep increase in burglary claims. The number of burglaries and thefts rose by slightly more than 9% in 2009. At the same time, average claims surged.

As mentioned above, the company is in the process of introducing premium increases and portfolio conversions in a move to restore profitability in these products.

Major claims amounted to DKK 332 million, against DKK 387 million in 2008. Relative to 2008, major claims reduced the claims ratio by 2.5 percentage points. While the agricultural segment was particularly hard hit by major claims in 2008, the commercial segment took the hardest blows in 2009.

Alm. Brand has launched a range of initiatives to limit the number of major claims for the benefit of customers and Alm. Brand alike. These initiatives are based on a number of loss prevention measures directed at the customers.

Weather-related claims amounted to DKK 80 million in 2009, against DKK 45 million in 2008. The higher weather-related claims increased the claims ratio by 1.6 percentage point relative to 2008.

The run-off result net of reinsurance amounted to a gain of DKK 43 million, against a loss of DKK 36 million in 2008.

The run-off result comprised run-off gains on workers' compensation, etc. and run-off losses on liability cover, etc.

The index adjusting workers' compensation payments increased throughout 2009. As this exposure was only partially hedged by a swap, the company incurred an overall loss of DKK 20 million.

The gross claims ratio totalled 17.3, against 16.8 in 2008.

BALANCE SHEET

At 31 December 2008, the equity allocated to the non-life division was DKK 1.8 billion. Alm. Brand Forsikring A/S had a solvency ratio of 2.7 at 31 December 2009.

Total technical provisions amounted to DKK 6.6 billion at 31 December 2009, against DKK 6.3 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 2009 by a fair margin.

MAJOR EVENTS

New supreme court ruling on workers' compensation

A new supreme court ruling dated 22 April 2009 overruled the principles applied by the National Social Appeals Board and the National Board of Industrial Injuries for reopening workers' compensation claims. It will now be possible to reopen workers' compensation claims if the claimant is able to prove that a reopening of the case would result in a higher level of compensation. The new practice applies to decisions concerning reopening made in 2002 and onwards.

Alm. Brand has estimated the economic consequences of the supreme court ruling. The supreme court ruling is expected to entail an additional expense of around DKK 10 million for higher compensation and processing costs in cases where reopening has previously been declined by the National Board of Industrial Injuries or the National Social Appeals Board. We expect the new practice to result in an annual increase in claims expenses of almost DKK 2 million going forward.

Tax reform and workers' compensation claims

As a result of the tax reform, Alm. Brand and other insurance companies offering workers' compensation insurance will incur increased claims expenses for workers' compensation insurance due to the industry's capitalisation rules. Alm. Brand will incur an expense of approximately DKK 5 million annually from 2011.

Supreme court judgment – Taksatorringen – VAT refund

A supreme court judgment delivered on 19 May 2009 ruled that the Danish Ministry of Taxation had unrightfully charged VAT on Taksatorringen's assessment of motor claims since 1 January 1994, as the assessments of Taksatorringen are VAT exempt pursuant to section 13(1)(xx) of the Danish VAT Act.

Because of its membership of Taksatorringen, Alm. Brand received a total VAT refund, including interest, of DKK 83 million in Q3 and Q4 2009.

OUTLOOK

Overall, non-life operations are expected to generate a profit before tax at the level of DKK 230 million in 2010, corresponding to a combined ratio of around 97.

The announced premium increases will, all other things being equal, affect the claims ratio by 3 percentage points in 2010.

Costs are expected to be at the level of approximately 18% in 2010.

Unemployment is expected to continue to increase in 2010, and this will trigger a further decline in premium income from workers' compensation insurance. The decline in premium income from workers' compensation insurance may, however, be offset by the announced premium increases. Overall, premium income is expected to increase by around 2% in 2010.

BANKING

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

Alm. Brand Bank A/S ranks among the largest banks in Denmark. The bank is a wholly-owned subsidiary of Alm. Brand A/S and offers products covering the full range of requirements for banking services of a typical Danish family, agricultural customers and small and medium-sized businesses. Moreover, the bank has activities within bond, equity and currency trading and research and asset management.

The activities of the bank are organised into the following segments: Private, Commercial & Agricultural, Markets and Asset Management.

MARKET

Denmark was severely impacted by the economic downturn in 2009. Property investors and homeowners experienced price falls on real property, while small businesses and agricultural customers recorded waning demand and mounting earnings pressure.

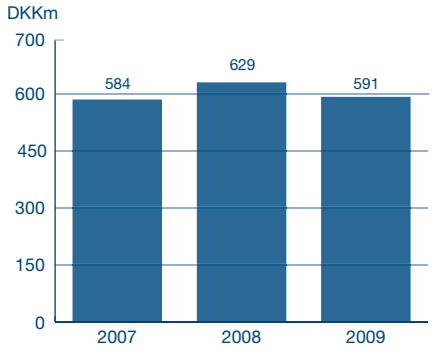
This significantly affected the collateral underlying the bank's loans and advances. Moreover, a number of customers experienced a reduced ability to service their debt. Combined with a not very liquid property market, the bank had to make significant impairment writedowns on its portfolio of loans and advances.

Based on the bank's performance in 2008 and 2009, the group made a decision in the autumn of 2009 to implement a new strategy and carry out a major restructuring of the bank.

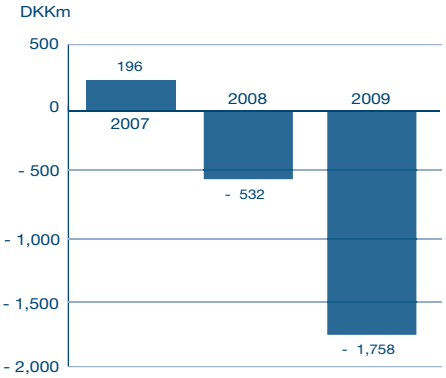
STRATEGY

For a number of years until 2008, the bank pursued a growth strategy with the aim of increasing its earnings. Growth was largely confined to property-related lending, including loans secured against mortgage deeds.

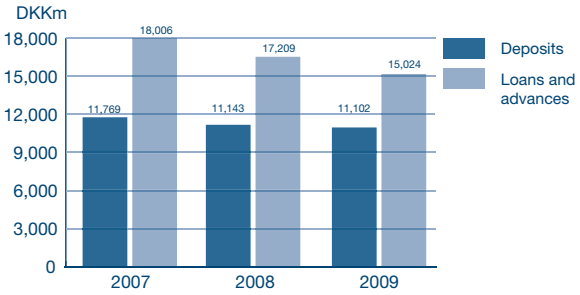
NET INTEREST AND FEE INCOME



PROFIT/LOSS BEFORE TAX



DEPOSITS, LOANS AND ADVANCES



		PRO RATA		CONSOLIDATED FIGURES				
	DKKm	**2009**	**2008**	2009	2008	2007	2006	2005
INCOME STATEMENT	Interest receivable	1,082	1,498	1,114	1,523	1,237	823	617
	Interest payable	– 634	– 1,066	– 643	– 1,077	– 842	– 464	– 275
	Net interest income	**448**	**432**	**471**	**446**	**395**	**359**	**342**
	Net fees and commissions receivable and dividends, etc.	143	197	140	195	207	157	169
	Net interest and fee income	**591**	**629**	**611**	**641**	**602**	**516**	**511**
	Value adjustments	– 177	– 290	– 257	– 535	52	75	183
	Other operating income	17	14	17	14	12	10	9
	Profit before expenses	**431**	**353**	**371**	**120**	**666**	**601**	**703**
	Expenses and depreciation/amortisation	– 658	– 525	– 669	– 532	– 521	– 439	– 369
	Other operating expenses	– 81	– 24	– 81	– 25	-	-	-
	Writedowns of loans, advances and receivables, etc.	– 1,451	– 340	– 1,451	– 340	50	27	– 5
	Profit/los from equity investments	1	4	1	4	– 5	11	-
	Profit/loss before tax	**– 1,758**	**– 532**	**– 1,829**	**– 773**	**190**	**200**	**329**
	Tax	433	104	433	127	– 33	– 34	– 63
	Profit/loss after tax	**– 1,325**	**– 428**	**– 1,396**	**– 646**	**157**	**166**	**266**
	Share attributable to minority interests	-	-	71	218	– 9	– 39	– 110
	Profit/loss after tax excluding minority interests	-	-	**– 1,325**	**– 428**	**148**	**127**	**156**
	Profit/loss before tax excluding minority interests	-	-	*– 1,758*	*– 532*	*196*	*167*	*222*
BALANCE SHEET	Loans and advances	15,024	17,209	14,823	17,292	17,116	13,128	10,745
	Deposits	11,102	11,143	11,096	11,141	11,758	9,548	8,989
	Shareholders' equity	1,362	937	1,589	1,237	1,917	1,785	1,609
	Share attributable to minority interests	-	-	227	300	552	569	520
	Total assets	26,162	24,228	26,539	24,708	25,785	20,165	19,425
KEY RATIOS	Average no, of employees (full-time equivalents)	365	380	366	381	374	338	276
	Interest margin	-	-	1.9%	1.8%	1.7%	2.0%	2.3%
	Income/cost ratio	0.20	0.40	0.17	0.14	1.40	1.49	1.88
	Impairment ratio	7.8%	1.8%	7.9%	1.7%	– 0.3%	– 0.2%	0.0%
	Solvency ratio	-	-	16.0%	12.6%	11.7%	12.1%	11.5%
	Return on equity before tax	– 321.7%	– 45.4%	– 321.7%	– 45.4%	15.2%	14.5%	23.0%
	Return on equity after tax	– 243.7%	– 37.2%	– 243.7%	– 37.2%	11.5%	11.1%	16.1%
	Return in excess of the money market rate	– 324.1%	– 50.8%	– 324.1%	– 50.8%	10.7%	11.3%	20.8%

Financial highlights and key ratios have been calculated in accordance with the Executive Order on the presentation of financial reports by credit institutions and investment companies etc.

The growth strategy was abandoned in the second half of 2008 as a result of the changed economic conditions and significant impairment writedowns on property-related loans and advances. The situation exacerbated further in 2009. and in the autumn of 2009 the bank resolved to implement a new strategy.

In future, the bank will focus on supporting the customer segments of Alm. Brand Forsikring. This means that the bank will increase its efforts vis-à-vis private customers, small and medium-sized businesses and agricultural customers.

In addition, the bank will strengthen and expand its asset management and securities trading activities.

As a result of the new strategy, a number of business areas will be phased out, including mortgage deed trading, loans for property development projects and investment commitments with illiquid assets, including mortgage deeds. The bank will therefore not accept any new customers in these areas, and the volume of business with existing customers will be limited. However, it will be a number of years before the activities in these areas have been phased out completely.

Based on the revised strategy, the bank will focus on serving and expanding the volume of business with existing customers of the Alm. Brand Group.

Moreover, the bank will focus on limiting losses on customers who have difficulties repaying their loans. Large lending commitments will be submitted to the credit secretariat for an assessment of each individual exposure. In case of private mortgage deeds in arrears, initiatives will be taken to include the bank's branch network in order to provide mortgage deed debtors with an overview of their financial situation, and, where appropriate, mortgage deeds will be converted into home loans or mortgage loans.

The bank has allocated the responsibility for phasing out discontinued lending portfolios to the credit secretariat. The credit secretariat will handle the individual exposures so as to mitigate losses on the group as much as possible, and the secretariat is staffed with employees specialised in financing and in the management and operation of the asset types mortgaged.

PERFORMANCE

The bank incurred a loss before tax of DKK 1,758 million, against a loss of DKK 532 million in 2008.

Alm. Brand Bank posted a loss before losses and writedowns of DKK 91 million, against an expected loss of DKK 50 million.

The loss for the year was largely driven by major impairment writedowns on loans and advances and by credit-related losses on mortgage deeds. Overall, impairment writedowns totalled DKK 1,667 million in 2009, against DKK 464 million last year.

The loss for the year was also impacted by impairment losses on goodwill and other intangible assets in the amount of DKK 101 million. The impairment losses were recognised as a result of the bank's revised strategy, which, among other things, involves the closing down of a number of activities. Similarly, the cost performance was adversely affected by DKK 38 million due to restructurings and layoffs.

The performance was highly unsatisfactory.

Net interest and fee income

Alm. Brand Bank recorded net interest and fee income of DKK 591 million in 2009, against DKK 629 million in 2008.

The bank's net interest income rose to DKK 448 million, against DKK 432 million in 2008. The net interest income performance was favourably affected by an increasing customer interest margin and adversely affected by declining lending. The interest margin for the parent company as well as for the banking group rose by 0.1 of a percentage point relative to 2008.

The bank's net fees and dividends amounted to DKK 143 million in 2009, a setback of DKK 54 million relative to 2008. The decline in net earnings was mainly attributable to an increase in fees paid and a lower level of business activity in Alm. Brand Markets.



Value adjustments
The bank's value adjustments totalled a loss of DKK 177 million in 2009, against a loss of DKK 290 million in 2008.

A major part of the value adjustments was attributable to losses on other loans, advances and receivables at fair value. Other loans, advances and receivables consist mainly of mortgage deeds, which were subject to losses and credit writedowns in the amount of DKK 216 million in 2009, against DKK 124 million in 2008. In addition, the company incurred other capital losses of DKK 34 million on the mortgage deed portfolio, which thus impacted value adjustments adversely by a total amount of DKK 250 million.

Overall value adjustments on bonds and fixed-income instruments produced to gain of DKK 32 million, against an overall loss of DKK 93 million in 2008.

In 2009, the bank recorded positive value adjustments on shares and share instruments of DKK 31 million, against negative value adjustments of DKK 56 million in 2008.

Excluding impairment writedowns on mortgage deeds, the bank recorded total capital gains of DKK 39 million in 2009,

Costs
The bank's costs amounted to DKK 547 million in 2009, against DKK 523 million in 2008. Excluding costs related to restructurings and layoffs in the amount of DKK 38 million, costs declined by DKK 14 million.

As a result of the bank's revised strategy, the bank recognised additional impairment losses of DKK 49 million on goodwill relating to the acquisition of Henton Børsmæglerselskab in Silkeborg, Denmark, and DKK 52 million on other intangible assets as a result of the closing down of the bank's Basel II project. Total depreciation, amortisation and impairment charges amounted to DKK 111 million in 2009, against DKK 2 million in 2008.

Impairment of loans, etc.
Impairment of loans, advances and receivables, etc. amounted to an expense of DKK 1,451 million in 2009, against an expense of DKK 340 million in 2008. In addition, the bank incurred credit losses and writedowns on its mortgage deed portfolio of DKK 216 million in 2009, against DKK 124 million last year. Credit losses and writedowns on mortgage deeds are recognised under value adjustments. Total losses and writedowns on the lending and guarantee portfolio, including credit-related losses and writedowns on mortgage deeds, thus amounted to an expense of DKK 1,667 million in 2009.

Out of the total impairment of loans, advances and receivables, etc., recognised losses amounted to DKK 230 million in 2009, against DKK 31 million in 2008. Here off recognised losses on the mortgage deed portfolio were DKK 170 million in 2009, against DKK 25 million last year.

Out of the total losses and impairment writedowns of DKK 1,667 million, an amount of DKK 50 million was attributable to provisions relating to a guarantee provided to Finansiel Stabilitet A/S (the First Bank Package).

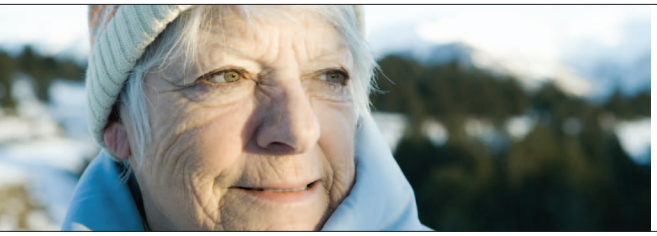
Financial results for Q4
The bank posted a pre-tax loss of DKK 449 million in Q4 2009, against a loss of DKK 392 million in the year-earlier period.

Excluding losses and writedowns, the bank incurred a loss of 182 million before tax, which was DKK 41 million lower than expected at the announcement of the Q3 interim report. The performance fell short of expectations, primarily due to value adjustments.

Net interest and fee income
Alm. Brand Bank recorded net interest and fee income of DKK 137 million in Q4 2009, against DKK 146 million in the same period of 2008.

The bank's net interest income totalled DKK 110 million in Q4 2009, against DKK 111 million in Q4 2008, while net fees and dividends amounted to DKK 27 million in Q4 2009, against DKK 35 million in the year-earlier period.

Interest expenses for Q4 2009 were adversely affected by an injection of hybrid Tier 1 capital in the amount of DKK 856 million from the Danish state (the Second Bank Package), When seen in isolation, the net interest expense relating



to the hybrid Tier 1 capital reduced the interest margin by around 0.2 of a percentage point in Q4 2009.

Value adjustments
The bank's value adjustments totalled a loss of DKK 88 million in Q4 2008, against a DKK 79 million loss in the same period of 2008. The loss recorded in Q4 2009 was largely attributable to credit writedowns on loans, advances and other receivables at fair value (mortgage deeds), amounting to a loss of DKK 52 million.

Costs
The bank's overall payroll and administrative expenses totalled DKK 160 million in Q4 2009, against DKK 127 million for the same period of 2008. Costs were affected by business in run-off relating to major organisational restructurings in the bank.

Other operating expenses
In Q4 2009, the bank incurred other operating expenses in the amount of DKK 22 million, against DKK 24 million in the year-earlier period. Operating expenses mainly concerned guarantee commission to the Private Contingency Association (the First Bank Package).

Impairment of loans, etc.
Impairment of loans, advances and receivables, etc. totalled an expense of DKK 215 million in Q4 2009, against an expense of DKK 301 million in the year-earlier period. In addition, the bank incurred credit losses and writedowns on the mortgage deed portfolio totalling DKK 52 million in Q4 2009, against a credit loss of DKK 61 million in Q4 2008. Total writedowns and losses on the lending and guarantee portfolio thus amounted to an expense of DKK 267 million in Q4 2009, against an expense of DKK 362 million in the same period of 2008.

The lending portfolio and credit losses are described in detail in 'Lending portfolio and credit losses' below.

BALANCE SHEET

The bank's loans and advances amounted to DKK 15.0 billion at 31 December 2009, which was DKK 2.2 billion lower than at 31 December 2008. The bank's loans and advances fell by DKK 0.5 billion in Q4. Out of the total lending portfolio decline, an amount of DKK 1.4 billion was attributable to the increase in accumulated impairment writedowns.

At 31 December 2009, the bank's deposits amounted to DKK 11.1 billion, which was unchanged from the amount of deposits at 31 December 2008. The bank recorded a decline in deposits of DKK 0.2 billion in Q4 2009.

The bank's debt to credit institutions increased from DKK 8.4 billion at 31 December 2008 to DKK 11.2 billion at 31 December 2009. The increase was attributable to repo transactions and loans raised with the Danish central bank.

At 30 September 2009, the bank raised a DKK 856 million loan in the form of hybrid Tier 1 capital with the Danish state and, also in September, bonds worth DKK 1,350 million fell due for repayment.

The bank's contingent liabilities and other commitments amounted to DKK 1.9 billion at 31 December 2009, which was DKK 0.1 billion lower than at 31 December 2008. The bank did not raise any new funding in the international loan markets during 2009.

CAPITALISATION

The bank's equity stood at DKK 1.4 billion at 31 December 2009. The capital base totalled DKK 2.5 billion, and the bank had a solvency ratio of 14.7 and a Tier 1 ratio of 11.3.

In November 2009, the bank repaid subordinate capital in the amount of DKK 100 million.

The share capital was increased from DKK 351 million to DKK 1,021 million in 2009. The increase included a conversion of subordinate capital in the amount of DKK 550 million into share capital and an additional injection of DKK 120 million by way of share capital at a price of DKK 10,000 per share with a nominal value of DKK 1,000. Overall, the bank has received an injection of new capital in the amount of DKK 1,200 million and has strengthened its equity by DKK 1,750 million injected by Alm. Brand A/S.

The banking group's equity amounted to DKK 1.6 billion at 31 December 2009. The capital base totalled DKK 2.6 billion, while the solvency ratio was 16.0 and the Tier 1 ratio was 12.9.

LIQUIDITY

Alm. Brand Bank recorded a favourable cash flow performance in 2009. At 31 December 2009, the bank's liquidity cover relative to the statutory requirements was higher than it was at 1 January 2009. Moreover, deposits made up a greater proportion of the bank's overall funding. Alm. Brand Bank's liquidity is continually monitored, and liquidity cover is calculated on a daily basis.

One of the targets defined for the bank's liquidity is that the bank should at all times have a certain amount of excess cover relative to the statutory minimum ratio of 50%. The bank complied with this target throughout 2009.

Liquidity is also made up pursuant to an in-house contingency plan. This plan comprises a number of highly liquid assets that can be used to raise cash in a maximum of five days and a group of assets that can be realised over a slightly longer term. The contingency plan is intended to ensure that the bank has sufficient liquidity, also under extreme market conditions. It was not necessary to activate the contingency plan in 2009.

In connection with the annual financial statements for 2009, Alm. Brand Bank A/S has applied for an individual government guarantee under the Second Bank Package in order to ensure that the bank has access to government-backed liquidity.

FUNDING

It was not necessary to raise new funding in the international loan markets during 2009. In September 2009, a DKK 1,350 million loan was repaid. In addition, the bank repaid a DKK 100 million subordinate loan in November.

Based on the expected commitment under the Second Bank Package for a government guarantee for issuance of liquidity, the bank does not expect any difficulty in procuring funding in 2010 despite the expiry of the First Bank Package on 30 September 2010.

MAJOR EVENTS

For a number of years, the bank has worked to establish a Basel II model (IRB Foundation) with a view to lowering the bank's capital base. Against the backdrop of the bank's new strategy, putting a stop to all mortgage deed trading, and seeing that most loans and advances will take place in the private customer area in future, a decision has been made to close down the Basel II project. The data framework established and some of the new routines will, however, be used to improve the bank's future credit management.

In November 2009, a decision was made to merge the bank's asset management and markets activities at the headquarters in Copenhagen. As a result of this decision, the local department in Silkeborg was closed down.

A new management board for the bank was appointed in 2009. The two former management board members have both resigned.

The new strategy of narrowing the bank's business area has also entailed organisational adjustments for the bank. Accordingly, the bank has reduced the number of employees and implemented a variety of cost-cutting measures.

BUSINESS AREAS

Private

Market

The private customer market has seen a sharp decline in business activity, primarily due to the economic setting. The change-of-ownership market has contracted significantly, particularly due to fewer property and car sales. Sluggish marketability especially in the property market has created a situation in which sales due illness, divorce or job change may inflict substantial losses on homeowners. The number of forced sales at 31 December 2009 was the highest since 1995. However, the bank is generally still experiencing good payment abilities among its private customers.

Goals

Private's strategic goals are to support the bank's ambitions for profitable growth in this lending segment and to contribute to increasing the number of full-service customers with the Alm. Brand Group. Private custo-

mers in good financial standing are offered financial solutions on competitive terms. We aim for multi-product customers in particular to perceive Alm. Brand Bank as a leading provider of customer service, advisory services and price terms, thereby supporting the creation of longstanding customer relationships.

An independent survey conducted in December 2009 among approximately 2,300 Danish banking customers with more than 80 banks showed that Alm. Brand Bank was one of the top performers in terms of overall experience, competitiveness and ability to focus on customer needs.

Strategy
Private offers a full range of advisory services with respect to deposits and lending as well as investments and pensions to private customers in the Danish market. The ambition is to achieve the bank's goals through the *dobbelt*KUNDE concept, offering customers of the Alm. Brand Group complete advisory concepts and competitive insurance, banking and pension products.

At 31 December 2009, the bank had just over 60,000 customers (measured in terms of households), who were served by 100 banking, investment and pension advisers distributed on the Alm. Brand Group's 20 branches. In addition, around 80 employees serve customers from the bank's headquarters.

Outlook
In 2010, the bank will focus on improving customer profitability and on safeguarding the assets of the customers and the bank in the best possible way.

The bank expects moderate growth in loans and advances to private customers and sustained growth in loans and advances referred to Totalkredit.

Commercial & Agriculture
Market
The market for agricultural customers and small and medium-sized businesses has been very hard hit by the economic downturn. The number of bankruptcies increased in 2009, reaching the highest level in 15 years at 31 December 2009. The economic downturn is expected to have a significant impact on this market in 2010 as well. Due to the difficult economic setting, these lending segments are not expected to grow in 2010.

Goals
Commercial & Agriculture's goals are to support the bank's ambitions for long-term profitable growth and to benefit from the Alm. Brand Group's many contacts to commercial and agricultural customers.

Strategy
Commercial & Agriculture addresses agricultural customers and small and medium-sized businesses in the Danish market. Focus is on providing a full-service concept comprising long-term and operating funding as well as lease activities.

Alm. Brand Bank has provided loans to agricultural customers for a number of years, and during this period, the bank has built a customer portfolio consisting of high-efficiency farms. As a result of the current pressure on earnings in the agricultural industry, the bank will not establish any new customer relationships for the time being.

The bank started building its commercial portfolio in 2007 in order to support this customer segment in Alm. Brand Forsikring and to diversify its lending portfolio. The distribution of commercial products takes place through commercial centres located in the largest cities in Denmark.

Outlook
Commercial & Agriculture will focus on supporting its existing customers in 2010. In the agricultural area, market consolidation is expected to continue. The low level of interest rates is expected to have a loss-limiting effect, as the interest rate level may partly offset the declining income base in the commercial and agricultural market.

Markets
Market
Markets experienced hesitant investor sentiment due to the great volatility characterising the international equity, commodities, currency and fixed-income markets. Particularly the first three months of the year were characterised by high risk aversion, whereas rising prices during the year, combined with improved macro-economic indicators, served to increase market liquidity. However, market volatility has provided a strong earnings potential.



Goals
Markets has a solid position in the Danish market. The ambition is to retain and expand the current market position. The goal is to win market share, particularly among small and medium-sized banks and pension companies. Based on high-quality research and advisory services. Markets will ensure a strong decision-making basis when the group's customers make investments.

Strategy
Markets seeks to build confidence by providing thorough advisory services, good solutions and attractive results for the customers.

Markets' advisory services are based on a structured decision-making process and close collaboration between analysts and portfolio managers. The investment philosophy builds on long-term strategies, fundamental and quantitative research and careful risk management focused on generating a high, risk-adjusted return.

Major events
In late 2009, Markets chose to relocate its functions to Alm. Brand Bank's headquarters. As a result, the department in Silkeborg was wound up with effect from 1 January 2010. The merger is intended to ensure high professional standards in and around Markets' activities and to promote continuous knowledge-sharing in this area.

Outlook
Markets expects to increase its market share in 2010, among other things by strengthening and expanding existing customer relationships and by generating an inflow of new customers.

Asset Management
Market
Asset Management is subject to the same market conditions as Markets. This means that 2009 was characterised by strong volatility. However, this volatility also made it possible to generate attractive returns for the customers.

Goals
Asset Management's goals are to increase the amount of assets under management and to generate returns above the market average.

Strategy
Asset Management engages in investment management and manages just over DKK 40 billion worth of funds. Asset Management's goal is create value for its customers by ensuring an attractive risk/return relationship. Asset Management builds on individual investment strategies tailored to each individual customer. The investment strategy is based on thorough and long-term research, careful risk management, long-standing experience and providing a high level of information.

Outlook
Asset Management expects to expand its current market position in 2010, among other things by strengthening and expanding existing customer relationships and by generating a continuous inflow of new customers.

SUBSIDIARIES
Alm. Brand Formue A/S, Alm. Brand Pantebreve A/S and Alm. Brand Finans A/S are subsidiaries of Alm. Brand Bank A/S. Two of the subsidiaries, Alm. Brand Formue and Alm. Brand Pantebreve, are listed on NASDAQ OMX Copenhagen A/S. The bank acts as a market maker for the two listed subsidiaries.

Alm. Brand Formue A/S
Alm. Brand Formue A/S is a listed company investing in the equity and bond markets. The company was established in 2003 at the initiative of Alm. Brand Bank in collaboration with a number of other banks. The bank holds 42.0% of the share capital and 68.7% of the votes and exercises a controlling interest in the company.

Financial results
Alm. Brand Formue recorded a pre-tax profit of DKK 85 million in 2009, against a loss of DKK 365 million in 2008, corresponding to a return on equity of 35%. The bank's share of the profit amounted to DKK 36 million.

The equity gearing was 2.3 at 31 December 2009, against 2.2 at 1 January 2009. The board of directors of Alm. Brand Formue has defined a maximum debt-equity ratio for the company of 4.0.

See www.formue.almbrand.dk for additional information.

Alm. Brand Pantebreve A/S

Alm. Brand Pantebreve is a listed investment company. The company, which was established in 1998, invests in mortgage deeds, and Alm. Brand Bank owns 22.3% of the share capital and 62.8% of the votes and exercises a controlling interest in the company.

Financial results

Alm. Brand Pantebreve incurred a pre-tax loss of DKK 155 million in 2009, against a loss of DKK 38 million in 2008. The bank's share of the loss amounted to DKK 35 million before tax. The company's performance was adversely affected by falling prices in the property market, losses as a result of forced sales and writedowns on the company's portfolio of commercial mortgage deeds. On the other hand, the decline in short-term interest rates had a favourable impact on the value of the mortgage deed portfolio.

The company expects to incur a loss in the region of DKK 40 million before tax in 2010. Based on the developments in the property market and expectations of a sustained low level of economic activity in Denmark throughout 2010, including rising unemployment, the company continues to expect substantial credit losses.

The company had an equity gearing of 17 at 31 December 2009. The company will not acquire any new mortgage deeds.

Events after the balance sheet date

On 12 February 2010, Alm. Brand Pantebreve announced that the company's equity represents less than 50% of the company's share capital and that, as prescribed by the Danish Companies Act, the company's financial position will be discussed at the annual general meeting to be held on 25 March 2010.

Alm. Brand Bank has secured the necessary operating credits until 28 February 2011. See www.pantebreve.almbrand.dk for additional information.

Alm. Brand Finans A/S

Alm. Brand Finans is wholly owned by Alm. Brand Bank. The company enters into lease and financing agreements with private and commercial customers.

Financial results

The company incurred a loss of DKK 39 million before tax, against a profit of DKK 19 million in 2008. The performance was adversely affected by rising funding costs, declining new car sales, increased impairment writedowns and costs related to merging the activities.

OUTLOOK

Alm. Brand Bank expects to record a profit before tax and impairment writedowns on loans and advances and credit-related losses on mortgage deeds in the region of DKK 40 million in 2010. This forecast includes a total expense of around DKK 150 million to cover the bank's share of the Private Contingency Association (the First Bank Package) as well as interest expenses relating to the subordinated loan granted under the Second Bank Package. Expenses relating to the procurement of liquidity through the Second Bank Package are not included in the forecast.

The amount of writedowns on loans and advances and credit-related losses on mortgage deeds is subject to considerable uncertainty and depends on economic developments. As a result, the bank provides no guidance for losses and impairment writedowns in 2010.



LENDING PORTFOLIO

The bank's total writedowns and losses on the lending and guarantee portfolio amounted to an expense of DKK 1,667 million in 2009, of which DKK 230 million was attributable to recognised losses. Credit losses and writedowns on mortgage deeds totalled DKK 216 million recognised under value adjustments. In 2008, the bank expensed impairment writedowns and recognised losses of DKK 464 million. Recognised losses on the mortgage deed portfolio amounted to DKK 170 million in 2009, against DKK 25 million last year.

Total losses and impairment writedowns represented 10.3% of the average lending portfolio.

Lending to private customers
The portfolio has almost 17,000 private customers and is well diversified geographically across Denmark.

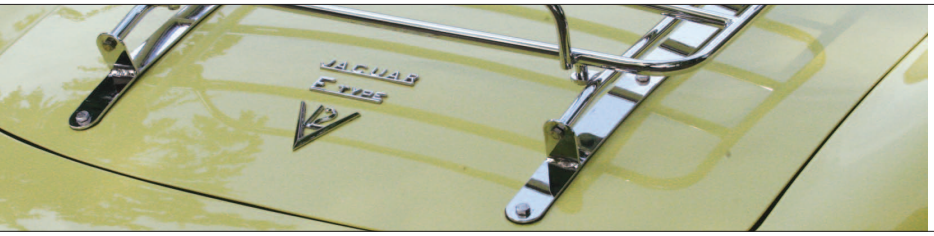
Overall lending to private customers fell slightly in 2009, primarily due to existing customers converting home loans to mortgage loans. Accordingly, the amount of loans and advances referred by the bank to Totalkredit rose by more than DKK 1.5 billion in 2009, whereas the bank's private customer portfolio dropped by DKK 111 million including impairment writedowns.

DKKm	Lending year-end			Losses and writedowns					Loss rate	
	2008	2009	Share	Q1	Q2	Q3	Q4	Total	Q4	2009
Retail lending	3,524	3,356	22.3 %	-7	21	0	43	57	1.3 %	1.7 %
Car finance	1,276	994	6.6 %	6	11	5	3	25	0.3 %	2.2 %
Agriculture	1,081	1,125	7.5 %	-2	65	0	16	79	1.4 %	7.2 %
Other commercial lending	1,234	1,023	6.8 %	6	17	14	1	38	0.1 %	3.4 %
Lending to subsidiaries *)	1,287	1,345	9.0 %	0	0	0	0	0	0.0 %	0.0 %
Security financing	4,570	3,756	25.0 %	37	167	110	109	423	2.8 %	10.2 %
Investment properties	2,291	1,791	11.9 %	4	378	0	19	401	1.1 %	1.6 %
Residential mortgage deeds	1,028	856	5.7 %	4	20	30	23	77	2.6 %	8.2 %
Commercial mortgage deeds	309	263	1.8 %	10	26	74	29	139	10.4 %	48.6 %
Property development projects	609	515	3.4 %	23	273	71	11	378	2.5 %	67.3 %
The Private Contingency Association	-	-	-	-2	6	33	13	50	-	-
Total	17,209	15,024	100.0 %	79	984	337	267	1,667	1.7 %	10.3 %

*) Alm, Brand Pantebreve A/S and Alm. Brand Formue A/S

The table shows a pro rata consolidated segment-by-segment breakdown of the bank's lending portfolio. The loss and impairment ratio is calculated relative to the average lending during the period. The performance of the individual lending segments in 2009 is discussed in the following sections. The fourth quarter is discussed separately where warranted by developments.

The bank generally continued to experience satisfactory payment abilities in the private customer segment and stable delinquency rates. The impairment ratio was 1.7 in 2009. The increase in impairment writedowns in the fourth quarter was attributable to higher collective impairment charges, accounting for almost 50% of impairment writedowns in this segment.



Car finance
The car finance portfolio is anchored in the Alm. Brand Finans subsidiary. Due to a substantial decline in business activity in the car market, the bank recorded a falling trend in new loans in 2009 and, as a result of strategic changes implemented in November 2009, car loans are no longer provided through Alm. Brand Finans.

The number of customers in arrears showed a falling trend throughout 2009. The delinquency rate at 31 December 2009 was the lowest seasonally-adjusted level in three years.

Impairment writedowns amounted to 2.2%, against -0.7% in 2008. The writedowns were primarily attributable to the winding up of defaulted agreements combined with a significant drop in used car prices.

Agriculture
The bank has built up its agricultural portfolio over the past seven years using the substantial market position and industry know-how of the Alm. Brand Group in the agricultural sector.

The bank has targeted its new loans at farms with good efficiency ratios. Loans and advances to agricultural customers remains a business area for the bank but due to the difficult economic conditions for the agricultural industry, the bank currently does not extend loans to new customers.

In 2009, the bank recorded impairment writedowns of DKK 79 million on this portfolio, equivalent to 7.2%. The writedowns were mainly driven by impaired market conditions in the agricultural sector, triggering a substantial decline in settlement prices for agricultural products.

Other commercial lending
The bank is currently building its commercial lending portfolio, having been an active player in this market for only a few years. The portfolio consists of loans to small businesses typically anchored in Alm. Brand Bank's branches and large syndicated loans to medium-sized Danish businesses. In addition, the portfolio consists of commercial car and equipment leases established with Alm. Brand Finans.

The bank's writedowns totalled 3.4%, equivalent to DKK 38 million. Small and medium-sized businesses are severely affected by the changed economic conditions. Against this backdrop, the bank has tightened its credit policy in this segment and does not expect any growth in this area in 2010.

Lending to Alm. Brand Formue A/S and Alm. Brand Pantebreve A/S
These loans have been granted to the bank's partly-owned listed subsidiaries and reflect the share of the bank's lending attributable to minority interests. At 31 December 2009, minority interests had 58% ownership of Alm. Brand Formue and 78% ownership of Alm. Brand Pantebreve. Alm. Brand Pantebreve is marked by adverse property market developments and recorded substantial losses and credit-related value adjustments in 2009, while Alm. Brand Formue generated much more satisfactory results in 2009. Alm. Brand Bank has secured the necessary operating credits for Alm. Brand Pantebreve until 28 February 2011.

No losses were incurred or impairment writedowns made in this segment. For further information, see the companies' annual financial statements, which are posted at www.pantebreve.almbrand.dk and www.formue.almbrand.dk.

Security financing
This portfolio consists of investment commitments secured against mortgage deeds as well as shares and bonds. Mortgage deed facilities account for almost 90% of this portfolio. Measured in terms of market value, commercial mortgage deeds represent slightly more than 25% of the mortgage deed portfolios. All mortgage deeds in arrears are measured individually, and mortgaged shares listed on recognised stock exchanges are measured at their fair value.

In 2009, the bank made impairment writedowns on commitments that were showing signs of weakness. This led to substantial impairment writedowns of DKK 423 million, equivalent to an impairment ratio of 10.2. The writedowns were attributable to borrowers defaulting on their loans and to a declining excess cover on the exposures as a result of price falls on properties and securities.

In 2009, an amount of almost DKK 400 million was wound up on the portfolio. No new loans are granted for mortgage deed investments.

Investment property
The portfolio consists of loans for prime-location investment properties with reliable tenants, primarily within retail trade and rental housing. Danish properties make up some 75% of the portfolio, while the remaining 25% is made up of German properties with Danish debtors. The future strategy does not include investment property funding.

Alm. Brand Bank made impairment writedowns of DKK 401 million in 2009, corresponding to an impairment ratio of 19.6. Impairment writedowns totalled DKK 19 million in Q4 2009.

Residential mortgage deeds
This segment represents the bank's portfolio of mortgage deeds secured primarily against single-family houses, commonhold flats and summer houses. The properties are located all over Denmark. The bank does not issue new mortgage deeds. Accordingly, this portfolio is being wound up.

The portfolio covers more than 3,000 residential mortgage deeds and is marked to market on a current basis using a cash flow-based pricing model, which considers factors such as estimated early redemptions and credit losses. Individual writedowns are taken on all mortgages in arrears or showing characteristic signs of weakness.

Writedowns amounted to DKK 77 million in 2009. During 2009, the price at which mortgage deeds in arrears are recognised was downgraded. The downgrade was based on experience with the realisation of the underlying assets in forced sales, which the bank had built up during the reporting period.

Commercial mortgage deeds
This portfolio is being wound up, as the bank will no longer participate in the market for commercial mortgage deeds. Just over 60% of the portfolio consists of mortgage deeds secured against residential rental property, while the remaining part is mainly comprised of genuine commercial properties for office, trade and industrial use.

Impairment writedowns amounted to 48.6% in 2009 and were predominantly attributable to the substantial price falls seen in the property market. In 2009, the bank took over assets from an ailing investment commitment that included commercial mortgage deeds for which substantial impairment writedowns had to be made.

Property development projects
The portfolio consists of a limited number of property development projects. As a result of the economic downturn in the market for property projects, the bank will not participate in the financing of new property projects but will finance the completion of ongoing projects pursuant to agreements already made.

The bank increased the writedowns significantly to DKK 378 million in 2009. In the first half of 2009, the bank took over a large property. Impairment writedowns on this particular property subsequently increased. The increased requirement to make impairment writedowns was attributable, among other things, to a need for compliance with statutory requirements relating to the property taken over, and a process leading to a final winding up of the ownership is still ongoing. In 2009, impairment writedowns totalled 67.3% of average lending.

The bank expects loans and advances in this area to increase by around DKK 125 million due to agreements already made. Following completion of the projects, the exposure is expected to be reduced and wound up as the properties are sold.

The Private Contingency Association / Finansiel Stabilitet A/S
In 2009, an amount of DKK 50 million was provided for losses on the guarantee provided vis-à-vis Finansiel Stabilitet A/S.



LIFE INSURANCE

The life insurance operations in Forsikringsselskabet Alm. Brand Liv og Pension A/S consist of life insurance, pension savings, pension insurance and health and personal accident insurance. Together with Alm. Brand Bank's pension savings activities, the life insurance business makes up the pension business unit. The financial results of health and accident insurance activities and banking activities form part of the financial statements of the non-life insurance company and the bank, respectively.

MARKET

The pension market consists of three types of schemes:

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

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

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

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

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

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

Savings with banks and the so-called unit linked schemes with insurance companies and pension funds, however, are based on the market rate principle. In unit linked 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 104,000 insurance contracts, of which 71,000 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	9%
Private instalment pension schemes	3%
Employer schemes	<1%

STRATEGY

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

The group's pension operations are focused on individual schemes and on small and medium-sized corporate schemes. Our target groups are private individuals, owners and employees of small businesses and farmers who are all offered a pension concept tailored to their specific needs. The 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 product with guaranteed benefits. The guarantee for new schemes is based on a rate of 1.5%.

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

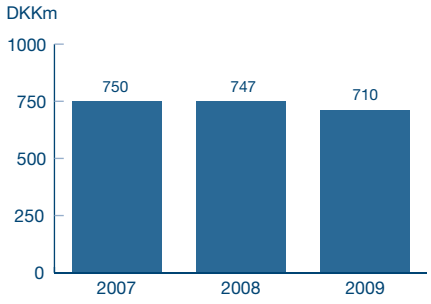
The bank offers securities custody accounts in which the individual customer holds the securities directly. The most important part of the savings is conducted through the Alm. Brand Investment Scheme in which the customer may choose to let Alm. Brand manage investments, etc. The customer may also choose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

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

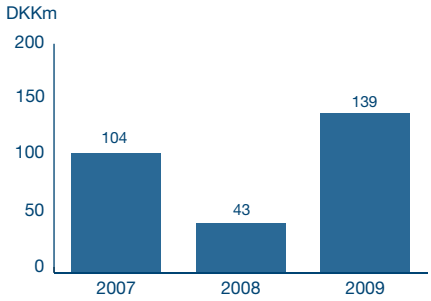
The investment strategy is defined separately for shareholders' equity funds and customer funds. Shareholders' equity investment assets are generally placed in short-term interest-bearing instruments.

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

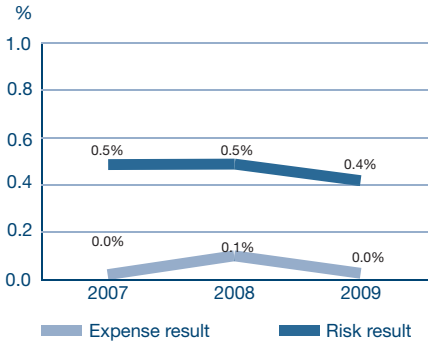
GROSS PREMIUMS



PROFIT BEFORE TAX



KEY FIGURES





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 on policyholders' savings is fixed before the beginning of each year. If necessary, Alm. Brand Liv og Pension may, however, change the announced rate on policyholders' savings during the period.

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

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

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.

In 2009, the return on equity principle for Alm. Brand Liv og Pension was to achieve a return on equity corresponding to the investment return on the assets making up the company's shareholders' equity plus a risk premium of 0.5% of the average life insurance provisions inclusive of the collective bonus potential plus the full expense result net of reinsurance and 25% of the risk result net of reinsurance.

For 2010, the risk premium principle has been adjusted to 0.5% of average life insurance provisions net of reinsurance exclusive of the collective bonus potential and any applied bonus potential on paid-up policies plus the full expense result net of reinsurance and 25% of the risk result net of reinsurance before bonus.

Excluding the collective bonus potential and any applied bonus potential on paid-up policies provides a better correlation between the company's risk and the payment in the form of a risk premium.

The risk premium is calculated only on the basis of the portfolio of policies with bonus entitlement. For policies without bonus entitlement, including life-long annuities without bonus entitlement, the result (+/-) is fully allocated to equity.

This profit principle means that Alm. Brand will charge any losses against the expense result and, similarly, receive any profits. That serves to separate costs from investment return. The principle provides greater transparency for the customers and should be seen in the context of the company's other initiatives to promote openness and transparency.

The Danish Financial Supervisory Authority lays down guidelines on when the risk premium may be included in the profit for a specific financial year. In simplified terms, the allocation of the risk premium requires the investment return and the release of additional provisions to be higher than the average rate of interest on which the guaranteed benefits provided to customers are based. At 31 December 2009, this rate of interest was 3.03%.

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

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

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

As compared with the previous rules, this speeds up the expected reversal slightly, but the rules still reflect a prudent approach.

At 31 December 2009, the shadow account stood at DKK 56 million, against DKK 81 million at 1 January 2009.

	DKKm	2009	2008	2007	2006	2005
INCOME STATEMENT	Premiums	710	747	750	736	747
	Investment return after allocation of interest	780	37	57	91	1,031
	Insurance benefits	– 889	– 981	– 918	– 806	– 752
	Change in life insurance provisions	– 233	– 156	188	256	– 614
	Change in collective bonus potential	– 225	413	61	– 160	– 220
	Insurance operating expenses	– 67	– 72	– 82	– 77	– 67
	Profit/loss on reinsurance	5	12	17	17	– 4
	Technical result	**81**	**0**	**73**	**57**	**121**
	Return on investment allocated to equity	58	43	31	24	23
	Profit before tax	**139**	**43**	**104**	**81**	**144**
	Tax	– 26	– 17	– 35	– 15	139
	Profit after tax	**113**	**26**	**69**	**66**	**283**
BALANCE SHEET	Total provisions for insurance contracts	11,263	10,801	11,049	11,294	11,416
	Total shareholders' equity	1,192	1,079	903	1,114	1,278
	Total assets	12,691	12,101	12,168	12,482	12,796
KEY RATIOS	Return before tax on pension returns	8.2%	1.1%	0.8%	1.0%	10.6%
	Return on customer funds before tax on pension returns	8.5%	0.8%	0.6%	0.9%	11.4%
	Return on equity funds before tax on pension returns	6.3%	6.2%	3.3%	2.2%	2.3%
	Return after tax on pension returns	7.0%	0.9%	0.7%	0.9%	9.1%
	Expense ratio on premiums	9.5%	9.7%	10.9%	10.3%	8.9%
	Expense ratio on provisions	0.6%	0.7%	0.8%	0.8%	0.7%
	Expenses per individual insured (rounded to nearest DKK)	723	748	824	708	577
	Expense result	0.0%	0.1%	0.0%	0.1%	0.2%
	Insurance risk result	0.4%	0.5%	0.5%	0.4%	0.5%
	Bonus rate	2.1%	0.0%	4.0%	4.7%	3.1%
	Equity reserves	12.9%	11.9%	10.2%	11.2%	12.8%
	Capital base reserves*	6.2%	7.2%	4.2%	3.3%	5.2%
	Solvency ratio*	230%	252%	193%	165%	198%
	Return on equity before tax	12.2%	4.4%	11.6%	7.0%	12.7%
	Return on equity after tax	9.5%	2.7%	7.7%	5.8%	24.9%
	Return on customer funds after deduction of expenses before tax	8.1%	1.2%	– 0.6%	0.3%	9.3%
	Return on subordinated loan capital before tax	– 3.0%	– 5.7%	– 4.6%		

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

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

PERFORMANCE

The overall pre-tax profit for 2009 was DKK 139 million, against DKK 43 million in 2008. Shareholders' equity received the full risk premium in 2009. In addition, DKK 29 million was reversed from the shadow account.

The performance was adversely affected by the result of lifelong annuities without bonus entitlement, which incurred a loss of DKK 24 million. The loss was primarily attributable to increased provisions as a result of higher life expectancy.

The profit for the year corresponded to a return on equity of 12%, against 4% in 2008, which was highly satisfactory.

The investment return performance and accruing interest on policyholders' savings at the rate of 3.0% p.a. after tax on pension return were the main reasons why the collective bonus potential totalled DKK 225 million at 31 December 2009 and why it was not necessary to apply the bonus potential on paid-up policies. At 1 January 2009, the collective bonus potential amounted to DKK 0 million, and an amount of DKK 131 million of the bonus potential on paid-up policies had been applied. The overall increase in unallocated customer funds thus amounted to a highly satisfactory DKK 356 million.

Premiums

Gross premiums totalled DKK 710 million, against DKK 747 million in 2008, equivalent to a decline of 5.0%.

Premiums were adversely affected by general economic developments. Customers have become more reluctant to set up new schemes and some customers choose to stop their payments on existing schemes.

The group aims for Alm. Brand Liv og Pension to generate growth, but an increasing proportion of overall pension savings should be placed in market rate products, including particularly in the Alm. Brand Investment Scheme, which is being set up with Alm. Brand Bank.

Contributions to bank-based schemes were further adversely impacted by the economic downturn.

The total amount of pension contributions, including investment schemes with the bank and premium income in the life insurance company, was DKK 876 million, against DKK 984 million in 2008, a decline of 10.9%.

The performance of total premiums received thus fell short of expectations, primarily due to the general economic slowdown which started in the fourth quarter of 2008.

Investment return

The return on investment assets attributable to shareholders' equity was DKK 58 million, against a return of DKK 43 million in 2008, equivalent to a rate of return of 6.3% in 2009, against 6.2% a year earlier. As compared with the benchmark consisting of short-term government bonds, the return was highly satisfactory.

The rate of interest paid to customers' pension savings in 2009 was 3.0% after tax on pension investment returns.

The return on investment assets before tax on pension investment returns attributable to policyholders was DKK 928 million, against DKK 88 million in 2008. The rate of return before tax on pension returns was 8.5% in 2009, against 0.8% in 2008. The return for the year and the year-end distribution of investments attributable to policyholders, measured in terms of exposure values, are set out below:

	Share at year-end	Return
Bonds etc,	75%	6.7%
Equities	10%	33.2%
Properties	15%	4.8%
Total	100%	8.5%

The return on the equity portfolio was affected by favourable equity market developments. The overall return was satisfactory relative to the benchmark and for Danish equities it was highly satisfactory. The proportion of equities remains slightly below the level determined as the company's long-term goal, although the year saw a limited increase of the portfolio.

The return on the property portfolio was adversely impacted by a slight value adjustment of own properties and a poor return on equities in the property sector.



The return on the bond portfolio was favourably affected by the performance of Danish mortgage bonds, which made up a significant part of the portfolio throughout 2009, and by value adjustments on credit bonds and emerging markets bonds, which together represented around 5% of the portfolio. The interest return was highly satisfactory relative to the benchmark.

Benefits paid
Benefits paid amounted to DKK 889 million in 2009, against DKK 981 million in 2008.

The amount of benefits paid fell as a result of fewer surrenders than the year before.

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

As a result of the agreement on financial stability signed in October 2008, the Danish Financial Supervisory Authority effected a temporary adjustment of the method for determining the yield curve. The agreement has been extended until end-2010. The new method to some extent makes allowance for developments in the spread between mortgage bonds and government bonds, and it therefore better supports the investment strategy for bonds pursued by the life group than the previous method did. All other things being equal, the change increased the life group's total provisions by DKK 8 million, against a reduction of DKK 36 million at 31 December 2008.

Total provisions increased by DKK 233 million. A significant part of the increase was attributable to the fact that no bonus potential on paid-up policies was applied at 31 December 2009. At 1 January 2009, an amount of DKK 131 million had been applied.

The increase in provisions was also attributable to strengthenings as a result of a fall in interest rates and higher life expectancy for customers with life-long annuities.

The method for calculating the risk of fluctuations in the amount and time of payment of guaranteed benefits has been adjusted, which, on the other hand, served to reduce provisions.

Collective bonus potential
The collective bonus potential increased by DKK 225 million in 2009 to stand at DKK 225 million at 31 December 2009.

Costs
Acquisition costs and administrative expenses totalled DKK 67 million in 2009, against DKK 72 million in 2008. Costs in 2009 were below the expected level. The decline was attributable to lower acquisition costs as a result of a lower volume of new business written.

Expense and risk results
The expense result, which expresses the difference between expense loading and expenses incurred, amounted to a profit of DKK 5 million, against DKK 9 million in 2008. The expense ratio (expenses as a percentage of gross premium income) was 9.5%, against 9.7% the year before. The expense per individual insured was DKK 723, against DKK 748 in 2008. The expense result net of reinsurance was DKK 8 million.

The positive expense result was primarily attributable to the decline in acquisition costs.

The overall expense result for the full year 2009 was better than expected. However, it was attributable to a lower level of new business written, which was not satisfactory. The expense result is expected to be lower in future as a result of investments in a greater volume of new business.

The risk result, which expresses the difference between risk premiums and claims expenses, amounted to DKK 45 million, against DKK 48 million in 2008. The figure consisted of a DKK 41 million surplus on death cover and a DKK 4 million surplus on disability cover. The risk result net of reinsurance was DKK 50 million. The overall risk result was highly satisfactory.

Reinsurance
The reinsurance result amounted to a DKK 5 million gain. Reinsurance received in relation to permanent disability claims influenced the profit for the year.



BALANCE SHEET

As at 31 December 2009, the life group's shareholders' equity was DKK 1,192 million. Capital base reserves amounted to 6.2% at 31 December 2009 with a solvency ratio of 230%.

The Danish Financial Supervisory Authority's stress scenarios for life and pension companies – the red and green scenarios – were reported on an ongoing basis. The life group was in the green scenario throughout 2009 by a fair margin.

MAJOR EVENTS

Tax reform

In February 2009, a political agreement was signed concerning the so-called Spring Package 2.0. The related legislation was passed in June. The tax reform implies a number of important changes for the pension area, the most important ones being a cap on payments into instalment pension schemes and a notice of a special tax on pension benefits.

Although only a small part of the company's customers pay an amount in excess of the future deductibility cap, the change entailed substantial information, advisory and administrative challenges, as the cap must be calculated across the pension funds.

An assessment of the consequences of a special tax will not be made until the tax in its final form is known.

The special tax could potentially have very negative consequences for the entire pension industry.

Cancellation of transfer and surrender charge

If the bonus potential on paid-up policies has been wholly or partly applied and/or if shareholders' equity did not qualify for recognition of risk premium, the company may activate a charge to protect against adverse effects of changes in interest rates. This charge means that customers leaving the company prematurely by buying back or transferring their scheme will be required to pay their share of any capital losses. Accordingly, the transfer and surrender charge protects customers continuing their agreements until the agreed date of expiry.

At 1 January 2009, the transfer and surrender charge totalled 3%. With effect from 1 April 2009, the company's transfer and surrender charge was lowered to 2%. The company's transfer and surrender charge was lowered to 1% with effect from 1 September 2009, before being completely eliminated with effect from mid-October 2009.

Change of benchmark for interest-bearing investments

The benchmark for the company's interest-bearing investments of customer funds was changed with effect from 1 April 2009. To date, the return achieved was only benchmarked against the return on government bonds. In the future, the comparison will be based on a basket of various interest-bearing investments. The benchmark is mostly comprised of government bonds and mortgage bonds, but also comprises a small proportion of emerging markets bonds, credit bonds, etc.

The duration is expected to be between seven and eight years. This aligns the benchmark better with the benchmark used to calculate provisions.

The benchmark for investments of shareholders' equity was changed with effect from 1 January 2010 to 50% government bonds and 50% mortgage bonds with an overall duration of approximately two years.

Individualisation of tax on pension returns

With effect from 1 January 2010, each individual pension saver will be liable to pay tax on the return on deductible pension savings. Previously, the company was liable to pay tax on the full amount of the return but, in future, it will only be liable to tax on the part of the return which is not chargeable to the individual pension saver.

The total tax charge remains largely unchanged, and the individual customer will not experience any major changes, as the company effects all tax calculations and payments on behalf of its customers. The task of implementing tax individualisation was complicated and resource-intensive but progressed efficiently and according to plan.

As a result of the transition to individual taxation, the company will henceforth only fix and communicate a rate on policyholders' funds before tax on pension returns. This will make the rate directly comparable with interest rates/returns on bank-based schemes, which also previously operated with individual taxation.

Agreement on financial stability and rate on policyholders' savings

With effect from 31 October 2008, the Danish Insurance Association signed a stability agreement with the Danish Ministry of Economic and Business Affairs entailing a new method for calculating the yield curve, which is used for discounting provisions. As part of the agreement, the companies undertook to exercise caution and generally not to assume commitments in excess of what is deemed necessary. As a result, the company fixed a rate on policyholders' funds for the full year 2009 of 3.0% after tax on pension returns.

In 2009, the agreement was extended to apply throughout 2010. The rate on policyholders' funds for 2010 has been fixed at 3.5% before tax on pension returns, which is unchanged relative to the 2009 level.

OUTLOOK

We expect a profit of 90 million before tax and excluding health and personal accident insurance in 2010.

We thus expect to be able to book the full risk premium in 2010.

Whether the risk premium is obtained is, however, wholly dependent on developments in the financial markets. Moreover, changes to the rules on the calculation of provisions etc. may have a significant adverse effect. This also includes changes to the rules on the allocation of profit or loss, the so-called contribution principle, which are determined by the Danish Financial Supervisory Authority.

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 2010.

Bonus potential on paid-up policies

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

OTHER BUSINESS ACTIVITIES

REINSURANCE

Following Copenhagen Re's highly satisfactory profit of DKK 286 million in 2008, the management of Alm. Brand resolved to divest Copenhagen Re. Before the divestment was completed, capital in the amount of DKK 275 million was distributed to Alm. Brand Forsikring A/S in the spring of 2009.

In May 2009, Alm. Brand entered into an agreement to sell Copenhagen Re to Enstar Group Limited. The divestment of Copenhagen Re was approved by the financial supervisory authorities in October 2009. The selling price was DKK 150 million. Copenhagen Re and all assets and liabilities relating to Copenhagen Re were formally transferred to Enstar Group Limited in October 2009.

Since the terrorist attack on the World Trade Center (WTC) on 11 September 2001, Copenhagen Re has been in run-off. The decision to put the company in run-off was made due to significant uncertainty as to the amount of claims to be covered by Copenhagen Re and because the company's equity had been significantly reduced.

When the run-off process for Copenhagen Re was commenced in 2001, provisions net of reinsurance amounted to DKK 5.5 billion, and the company's equity represented less than 5% of its insurance obligations. At the time of sale, provisions had been reduced to DKK 0.5 billion.

The winding up of Copenhagen Re progressed satisfactorily. The divestment had virtually no effect on the financial results for 2009.

MISCELLANEOUS OTHER ACTIVITIES ETC.

Other activities comprise miscellaneous corporate expenses and a number of dormant companies.

Other miscellaneous activities of the group contributed a profit of DKK 6 million in Q4 2009, against a profit of DKK 5 million in 2008. The profit before tax amounted to DKK 7 million for the year to date, against a loss of DKK 15 million in 2008. The performance was favourably affected by interest income from subordinated loan capital injected into Alm. Brand Bank A/S. In addition, Pensionskassen under Alm. Brand A/S generated a profit of DKK 1 million, against a profit of DKK 2 million in 2008.

OUTLOOK

We expect to incur an overall loss of DKK 60 million on miscellaneous other activities in 2010. The forecast loss for 2010 is affected by interest expenses relating to subordinated loan capital injected by Alm. Brand af 1792 fmba.



EMPLOYEES AND COMMITMENT

HR STRATEGY AND OBJECTIVE

Alm. Brand wants its employees to be committed and to seek influence and assume responsibility for the planning and performance of their own job. We want our customers to be able to distinguish us from our peers by developing each individual employee and focusing on providing good customer service and service in general.

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

VISIBLY COMMITTED EMPLOYEES

In connection with the group's new strategy, commitment has replaced employee satisfaction as a strategic goal. Over the past several years, the Alm. Brand Group has come a long way in terms of improving employee satisfaction. The decision to replace employee satisfaction with a goal of having committed employees was made because commitment is a significantly more proactive and action-oriented concept. Commitment is what makes employees get involved and take a critical and development-oriented approach with the aim of providing better service to our customers.

100% COMMITMENT

The goal is for 100% of our employees to be committed. This is an ambitious goal – but on the other hand Alm. Brand will not accept uncommitted employees.

Commitment reflects how much energy employees invest in the company and the extent to which their motivation is translated into efficient, business-oriented action, including their willingness to make an extra effort, propose improvements and show excitement.

In order to track developments more closely than previously and to report with the frequency applicable to the group's other strategic goals, commitment is measured on a quarterly basis. One of these measurements goes further than the rest. In addition to commitment, it also measures management and collaboration in order to provide managers with a solid basis for planning the year's work and addressing challenges.

The first measurement was completed in Q4 2009 and showed a commitment rate of 83%. This was a satisfactory rate considering the fact that the group had implemented large-scale organisational changes affecting the entire group and involving a large number of redundancies only two weeks before the measurement.

MANAGEMENT DEVELOPMENT

Competent management is crucial for employee welfare and job satisfaction and, by extension, for the company's financial performance.

Work continued in 2009 on the group's new management development programme. The new management development programme is based on a management competency model defining the requirements for a good leader. A number of adjustments were made to the programme in 2009 in order to meet the requirements of Alm. Brand. Accordingly, the actual training programme is not expected to commence until some time during 2010.

The first new measurement of management competencies is expected to be defined and completed during 2010.

GROUP VALUES

Ordinary common sense
We identify with the customer
We keep our promises
We manage rules with common sense

Mutual respect
We listen to each other
We respect each other's opinions
We draw on each other's knowledge and experience

Holism and proximity
We take a holistic approach
We care for each other
We are accessible

Will to succeed
We set ambitious and realistic goals
We strive for professional and personal development
We create results together

THE ALM. BRAND ACADEMY

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

Alm. Brand invests considerable resources in in-house training of new and existing employees. The Alm. Brand Academy is intended to consolidate the opportunities for training in the group in order to build a visible platform for the group's training initiatives and to act as a showcase for the opportunities for development and training available to each individual employee.

ORGANISATIONAL ADJUSTMENTS

The general economic downturn in 2009 made it necessary for Alm. Brand to carry out two major rounds of organisational and staff adjustments. In January 2009, the group dismissed 67 employees. In November, the group implemented large-scale organisational changes in the bank as a result of a new strategy and also implemented changes in other parts of group. Overall, the adjustments resulted in the dismissal of 88 employees and the elimination of a number of vacant positions.

In such situations, Alm. Brand offers outplacement advice and relevant supplementary training to all employees who have been dismissed, Alm. Brand wants to take care of the employees and help them find a new job as quickly as possible.



REMUNERATION POLICY

Management Board

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

The group's Management Board and senior management employees have a bonus scheme, which is based on the return on equity generated for each financial year. The potential bonus earned in any one year represents up to a maximum of eleven months' salary and is essentially placed in a bonus account. One-third is paid out, while payment of the remaining bonus account balance is subject to a good performance in the following years. Conversely, non-fulfilment of the targets will be deducted from the bonus earned.

Accordingly, the bonus scheme aims to promote long-term behaviour, and achieving maximum bonus requires an uninterrupted string of very good results over a number of years. The bonus scheme will have no material effect on the group's cost level. The scheme covers a total of 18 persons and does not comprise stock options.

Other executives and specialists

For a number of years, we have had a bonus scheme with both common and individual benchmarks for the group's other managers and specialists. The scheme covers up to 200 persons and forms an integral part of the general salary adjustment for this group of employees.

Similarly, Alm. Brand Bank Markets and Alm. Brand Bank Asset Management have set up bonus schemes based on performance, etc.

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

In 2008, the company complied with the remuneration policy described in the Annual Report 2008, and in 2009 it complied with the remuneration policy described above. The company monitors remuneration policy developments in the EU and Denmark and currently considers the company to be in compliance with the initiatives proposed and proposals made to date in this area.

Again in 2009, we offered our employees to buy shares in the company. In 2009, employees were able to pay for the shares by way of a deduction from their gross salary. These schemes are offered with a view to promoting employee commitment to the company and ensuring that employees and other shareholders share common goals. Many employees joined the scheme. In 2009, employees were also offered employee bonds.

In 2010, the employees will only be offered employee shares paid for by way of deduction from their gross salary.



RISK MANAGEMENT

Managing the Alm. Brand Group's risk exposure is a key executive focal area, because non-controlled developments of the various risks may have a substantial impact on consolidated financial performance and solvency and, by extension, future business opportunities.

The Board of Directors defines and approves the group's overall policy for assuming risk and sets up the overall risk guidelines as well as the reporting requirements. The managements of the individual subsidiaries use this platform to structure operational risk management.

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

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

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

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

INDIVIDUAL SOLVENCY NEEDS

Since 2005, the board of directors of a bank has had to assess how much capital would be required to carry on its banking business. If the capital requirement was stated by the board to be higher than the statutory requirement of a capital adequacy ratio of at least 8, such higher capital requirement would prevail. In 2007, similar rules were introduced for non-life and life insurance companies.

As a result, the boards of directors of Alm. Brand Forsikring A/S, Alm. Brand Bank A/S and Alm. Brand Liv og Pension A/S have assessed their individual solvency needs.

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

The calculation of the individual solvency need of Alm. Brand Bank is provided in the Alm. Brand Group's Risk and Capital Management Report for 2009 at www.almbrand.dk/risk.

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

An overview of sensitivity information for the group's most important business risks and financial risks is provided in the table on the next page.

DKKm	Non-life	Bank	Life Share-holders' equity	Other	Total	% of Share-holders' equity
Sensitivity information, group						
Risk on shareholders' equity in case of specific events:						
Interest rate increase of 0.7 pct, point	- 24	- 61	- 15	0	- 100	- 2.7%
Interest rate fall of 0.7 pct, point	14	61	14	0	89	2.4%
Equity price fall of 12%	- 4	- 27	0	0	- 31	- 0.8%
Fall in property prices of 8%	- 2	0	0	0	- 2	- 0.1%
Maximum exchange rate loss of 99.5%	- 1	- 15	0	0	- 16	- 0.4%
Loss on counterparties of 8%	0	- 25	0	0	- 25	- 0.9%
Loss on credit of 8%	- 54	0	- 8	0	- 62	- 1.7%
Caststrophic events:						
- one "100-year event"	260	0	0	0	260	7.0%
- two "100-year events"	480	0	0	0	480	13.0%

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 and commercial customers, i.e. agricultural customers and small and medium-sized businesses. The acceptance policy provides rules for the types and the size of risk that can be written in individual contracts. For risks written, we calculate and estimate the potential accumulation of policies that may be impacted by the same claim.

Reinsurance

In order to reduce the risk of loss from insurance events, we cede risks that exceed defined maximum amounts. Our reinsurance programme is designed to prevent a single event or an incidental accumulation of major claims from causing unacceptable loss of capital and to limit fluctuations of the technical result.

Approved annually by the Board of Directors and the Management Board, the reinsurance programme also defines the group's retention on different insurance events. We review the need for reinsurance on an ongoing basis, using previous experience regarding the programme's efficiency, market experience, the company's capital resources and prices on reinsurance.

The reinsurance programme for 2010 is based on the same guidelines as in 2009. For 2010, 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 in case of personal accident or industrial injuries. Retention is DKK 30 million and DKK 20 million per insured event, respectively. Moreover, the company has taken out frequency cover on large property claims covering large fire claims between DKK 7.5 million and DKK 30 million. However, the cover will not take effect until Alm. Brand has incurred claims in the amount of at least DKK 125 million in this interval.

The largest single risk in the non-life business is for hurricane losses. In order to cover the risk from a windstorm/hurricane, we model a number of windstorm scenarios based on our portfolio exposure and on probability calculations. We estimate the total cost to Alm. Brand of a 100-year windstorm event to be DKK 260 million consisting of the retention and the reinstatement premiums of the windstorm reinsurance programme. The risk to Alm. Brand from a terrorist attack is considered to be largely covered by the reinsurance programme after retention in the relevant programmes or excepted in the risks insured.

COPENHAGEN RE

Copenhagen Re was divested in the autumn of 2009 and will therefore no longer form part of Alm. Brand's risk reporting and monitoring.

LIFE INSURANCE

Group policy in Alm. Brand Liv og Pension is to not write business without the customer having disclosed 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 guaranteed benefits of 4.5% after tax on pension investment returns. From 1994 to 1999, the guaranteed benefit was 2.5%, and since 1999 it has been 1.5%.

Alm. Brand Liv og Pension is focused on hedging the guaranteed benefits provided, applying derivative instruments to ensure that interest rate exposure on assets and liabilities is at a similar level. Therefore, changes in the value of 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 Alm. Brand Liv og Pension mainly involve financial risks, which we seek to balance with the insurance liabilities as much as possible. The investment assets that match Alm. Brand Liv og Pension's shareholders' equity are held in a separate account. At 31 December 2009, this account had a relatively short duration, limiting the risk of price falls triggered by interest rate fluctuations.

BANKING

Alm. Brand Bank makes it a priority to identify, measure and manage the business risks that specifically attach to banking, especially credit risks. For this purpose, the bank prepares a set of lending guidelines that have been consolidated in a credit policy.

Credit policy

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

The credit policy has been 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 reflects the risk involved and the requirement for return on equity.

The bank grants loans to both private and corporate customers and in selected product segments in which the banking group possesses specialist expertise. The bank's loans to private customers are to a wide extent based on the use of credit scoring models which have been developed over a



number of years. Credit scoring models are used on secured as well as unsecured loans.

In the commercial customer segment, lending is concentrated on small and medium-sized businesses. The main criterion for accepting commitments is a satisfactory credit rating of the company combined with an assessment of the value of the assets provided as collateral and any supplementary collateral provided.

The bank has set up business procedures to ensure an ongoing assessment of the performance of individual commitments and lending portfolios and the risk inherent therein. If the changes in individual commitments and objective indicators warrant an impairment writedown of the value of the commitments, the necessary impairment charges will be effected in accordance with the rules in force and based on an assessment of the realisable value of any collateral provided and the expected date of realisation.

As a result of recent years' above-normal impairment writedowns, the bank has tightened its lending terms and opted not to offer loans to selected lending areas.

FINANCIAL RISK

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

Market risk

The Alm. Brand Group's investment assets are measured at fair value on an ongoing basis. This means that developments in the financial markets influence the group's shareholders' equity and performance. The group is exposed to various kinds of market risk in connection with trading and investing, and as part of its ongoing cash management. The group uses derivative financial instruments to manage and reduce market risk on an ongoing basis.

The purpose of financial risk management is to offset the overall financial risk exposure against both assets and liabilities in order to achieve a satisfactory balance between risk and return. We achieve our risk management objectives by way of risk management policies that define the guidelines for exposure to different types of financial risk. Each individual company's investment and risk management policies reflect the market conditions it operates under.

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

Interest rate risk

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

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

Alm. Brand Forsikring and Alm. Brand Liv og Pension limit interest rate risk by approximately matching the risk of assets and liabilities, which have opposite exposures to interest rate risk. Alm. Brand Liv og Pension has developed an ALM model to manage the correlation between assets and liabilities, which includes risk tolerance limits.

The Alm. Brand Bank Group seeks to limit its interest rate risk primarily by accepting deposits and providing loans at floating rates. The banking group hedges the fair value of certain fixed-rate loans through the use of derivative financial instruments.

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

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



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

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

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

Currency exposure is therefore mainly restricted to the activities carried on by the listed subsidiaries, Alm. Brand Formue and Alm. Brand Pantebreve.

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

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

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

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

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

Inflation risk
In Alm. Brand Forsikring, future workers' compensation claims payments depend on wage developments. This is taken into account in the calculation of workers' compensation provisions by applying the expected future wage index developments. This creates exposure to inflation risk, as stronger-than-expected wage developments would result in greater compensation levels. To limit this risk, Alm. Brand Forsikring has entered into inflation swaps that hedge most of 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 from recognised rating agencies. Receivables deemed to be unrecoverable are written down or written off.

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

Liquidity risk

Liquidity risk is limited in Alm. Brand Forsikring and Alm. Brand Liv og Pension. The greatest liquidity risk for Alm. Brand Liv og Pension is the risk of a large number of customers wanting to move their pension savings at the same time, whereas a windstorm event would exert the greatest pressure on Alm. Brand Forsikring's liquidity. However, both companies have very good possibilities of procuring capital by realising assets.

The bank determines its liquidity management on the basis of a prudent risk profile. The bank manages and monitors its liquidity on a day-to-day basis based on short-term and long-term liquidity requirements.

The short-term liquidity management is aimed at ensuring that Alm. Brand Bank complies with the statutory requirements at all times. This is achieved partly by neutralising imminent liquidity effects, thereby maintaining liquidity within the limits defined by the Board of Directors, and partly by securing financial resources in the form of certificates of deposit and undrawn money market lines with major market players.

The long-term liquidity management is aimed at preventing Alm. Brand Bank from incurring disproportionately large costs in connection with funding its operations. Compliance with the long-term strategy is achieved in-house by defining limits for the composition of financing, including funding sources and the maturity structure thereof.

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

To address the uncertainty concerning potential consequences of the expiry of the First Bank Package, the bank has applied for an individual government guarantee under the Second Bank Package in connection with the annual financial statements in order to ensure that the bank has access to government-backed liquidity.

OPERATIONAL RISK

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

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

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

The group continuously seeks to improve its IT security, which 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 security guidelines, user guidance as well as a number of measures and business procedures.

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



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

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

MANAGEMENT BODIES

In compliance with Danish legislation, Alm. Brand A/S and all group subsidiaries have a two-tier management system with a board of directors and a management board. The members of the Board of Directors and the Management Board of Alm. Brand A/S are described in detail in the section headed 'Directorships'. The responsibilities and tasks of the Board of Directors and Management Board are defined in the rules of procedure for the Board of Directors and in the company's instructions to the Management Board.

AUDIT COMMITTEE

In 2009, the boards of directors of Alm. Brand A/S, Alm. Brand Forsikring A/S, Alm. Brand Liv og Pension A/S and Alm. Brand Bank A/S each set up an audit committee. The bank's audit committee also undertakes this task for the subsidiaries Alm. Brand Formue A/S and Alm. Brand Pantebreve A/S.

The audit committees of all companies consist of three Board members:

- Jørgen H. Mikkelsen (chairman)
- Boris N. Kjeldsen
- Arne Nielsen

Arne Nielsen contributes special competencies within auditing and accounting. He is a state-authorised public accountant with a deposited licence and an independent member of the Board of Directors of Alm. Brand A/S.

The audit committees support the boards of directors in their work with and supervision of

- the annual reports, including checking the accuracy of financial information disclosed in the annual report, and ensuring that accounting policies are relevant and have been consistently applied,
- internal control and risk management, including reviewing and assessing management's guidelines for identifying, monitoring and managing the most important risks at least once a year. The audit committees also assess and review internal control and risk management systems, and
- internal and external audit, including reviewing and discussing the results of the work of the internal and external auditors and the auditors' observations and conclusions. The committees supervise management's follow-up on the recommendations to management reported by the internal and external auditors.

The audit committees were set up after the annual general meeting held in April 2009 and have held three meetings in 2009. The audit committees work with historical data and are generally not involved in forward-looking events such as outlook and budgets.

FINANCIAL REPORTING PROCESS

The primary responsibility for the Alm. Brand Group's risk management and control organisation in relation to the financial reporting process rests with the Board of Directors and the Management Board, including compliance with applicable legislation and other financial reporting regulations.

Control environment
The Board of Directors has defined a working plan ensuring that the Board of Directors assesses, at least once a year, the group's:

- Organisation
- Plans and budgets
- Risk of fraud
- In-house rules and guidelines

The Board of Directors and the Management Board are responsible for establishing and approving general policies, procedures and controls in key areas in relation to the financial reporting process. The audit committee supports the Board of Directors in this work.

The group's internal audit department also reports to the Board of Directors and, in accordance with an audit plan adopted by the Board of Directors, performs sample audits of business procedures and internal controls in critical audit areas, including the annual report and the financial statements.

The Board of Directors and the Management Board have adopted policies, manuals, procedures, etc. in key areas in relation to financial reporting. On an ongoing basis, the Management Board monitors compliance with relevant legislation and other financial reporting regulations and provisions and reports its findings to the Board of Directors.

Risk assessment
The working plan of the Board of Directors ensures that the Board of Directors and the Management Board at least once a year perform an overall assessment of risks in relation to the financial reporting process. In this connection, the Board of Directors specifically assesses the Alm. Brand Group's organisation with respect to:

- Risk measurement and risk management
- Financial reporting and budget organisation
- Internal control
- Rules on powers of procuration
- Segregation of functions or compensatory measures
- IT organisation and IT security

As part of the risk assessment, the Board of Directors considers the risk of fraud on an annual basis. This work includes:

- a discussion of management's potential incentive/motive for committing fraudulent financial reporting or other types of fraud, and
- a discussion of management reporting with a view to preventing/identifying and responding to fraudulent financial reporting.

The audit committees set up support the Board of Directors in these assessments.

Risk management and the financial reporting process
Day-to-day risk management is handled at segment level on the basis of risk limits defined by the Management Board and approved by the Board of Directors.

Risk management is coordinated by a cross-organisational risk committee consisting of the Management Board and the persons in charge of the actuarial department, the credit secretariat, the sales organisation, the finance department and the risk management department as well as the persons in charge of the group's non-life insurance, life insurance and banking divisions.

The finance department is responsible for preparing interim and full-year financial reports. The key financial reporting contributors are the non-life and life insurance actuarial departments, which are responsible for calculating technical provisions, and the risk management department, which is responsible for calculating the group's financial assets and liabilities. In addition, the credit secretariat is an important contributor in relation to the bank's loan impairment charges.

The report is prepared by the IR department on the basis of information from a number of departments, including the finance department, the asset management department and the individual business areas.

SHAREHOLDER INFORMATION

GOALS

The purpose of Alm. Brand's investor relations activities is to ensure relevant, precise and timely information to the market with a view to generating interest, regular trading and a fair pricing of Alm. Brand's shares. Alm. Brand wants to be perceived as a reliable, accessible and professional group by equity market stakeholders.

Alm. Brand's IR policy is available on the group's website, www.almbrand.dk.

ACTIVITIES

Alm. Brand completed a large number of IR activities in Denmark and abroad in 2009.

Six to eight analysts cover Alm. Brand's shares on a regular basis. In addition, a number of other equity analysts provide research on the share on an ad hoc basis.

As part of Alm. Brand's efforts to retain broad analyst coverage and to keep up the relatively substantial interest in the share, Alm. Brand continues to have a busy schedule. The company's management participated in road shows in Denmark, the Nordic countries, the UK and a number of other European countries during the year. In addition, we addressed professional investors in Denmark and internationally by holding a number of one-on-one meetings and presentations to large and small audiences.

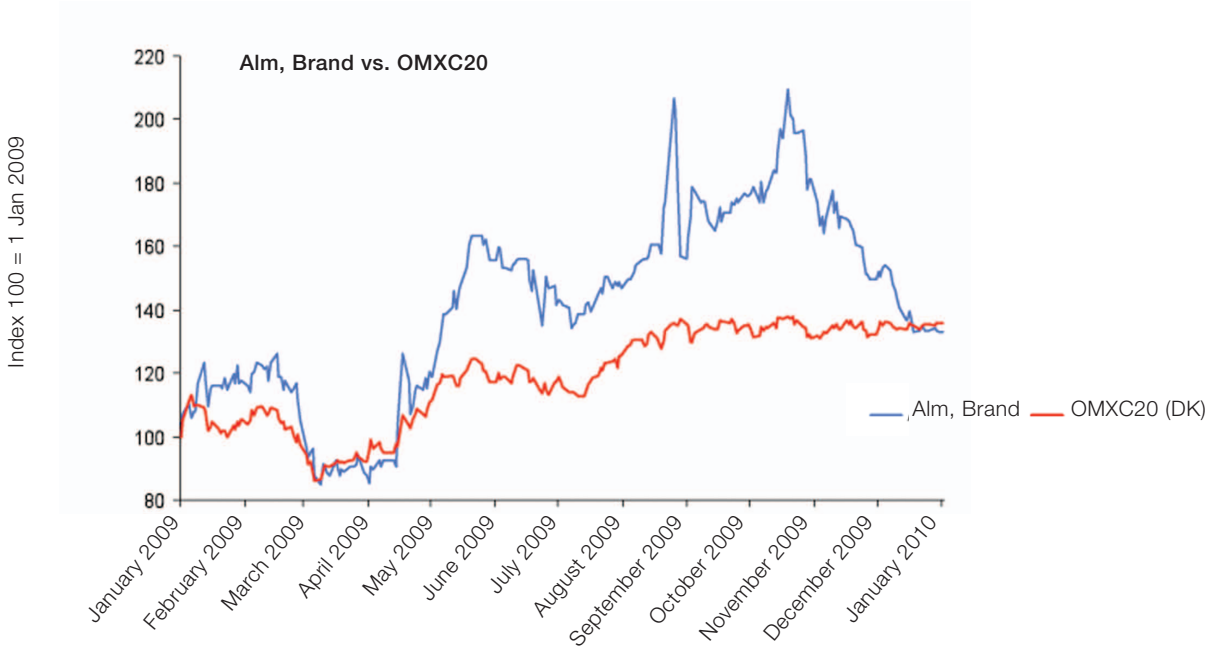
The presentations are available on the company's website. Presentations of the company's full-year and interim financial reports are also webcast.

SHARE PERFORMANCE

The share price performance was on a relatively rough ride during 2009. The price was DKK 69 at 1 January 2009 and rose to DKK 120 in the early summer of 2009. Following the announcement in August of the interim financial statements for the six months ended 30 June 2009, the share price dropped to DKK 60 but bounced back to DKK 150 during the autumn. At 31 December 2009, the share price was DKK 91, among other things due to an unsatisfactory Q3 performance.

As a result of the share price performance, the price/NAV ratio was 0.44 at 31 December 2009.

In 2009, the average daily turnover was DKK 2.6 million, against DKK 7.4 million in 2008.





At year-end 2009, the market capitalisation was DKK 1.6 billion. The table below shows how a number of indicators developed from year-end 2008 to year-end 2009:

	2008	2009
Return on equity	1.0%	-33.5%
Earnings per share	DKK -2	DKK -59
P/E	-34.5	-1.5
Price/NAV	0.26	0.44
Share price	69	91

The Alm. Brand share is a component of the NASDAQ OMX Mid Cap index.

DIVIDENDS

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

Capital in excess of the defined needs is generally distributed to the shareholders, unless the group expects to invest the funds in future activities.

	Times the statutory solvency requirement	2009
Non-life insurance	2.4	1,865
Banking, investments in partly-owned listed subsidiaries	1.5	1,765
Banking, investments in partly-owned listed subsidiaries	1.0	363
Life insurance	2.0	1,006
Capital target, year-end 2009		**4,999**
Consolidated shareholders' equity		**3,694**
Net tax asset		– 521
Intangible assets		– 118
Adjusted consolidated shareholders' equity excluding supplementary capital		**3,055**
Dividend distribution excluding supplementary capital		**– 1,944**
Supplementary capital		1,834
Dividend distribution including supplementary capital		**– 110**

As can be seen, the capital target was DKK 110 million short of being met at 31 December 2009. As a result of the new, tougher capital requirements for banking and insurance operations and a very large share of supplementary capital, no capital will be distributed from the group for the next few years.

Preliminary calculations show that the group's capital will be sufficient to cover the current proposals for tougher capital requirements under Solvency II.

In 2006, Alm. Brand initiated a share buyback programme. The reason for this was that, as a result of very strong financial performance, the group had accumulated excess capital over a number of years, which was then reversed to the shareholders.

Since 2006, an amount of DKK 1.5 billion has been reversed to the shareholders through the share buyback programme.

ANALYST COVERAGE

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

Carnegie Bank
Danske Bank
Enskilda Securities
Goldman Sachs
Handelsbanken
LD Markets
Nordea
Sydbank

Contact details for the relevant analysts are available on the group's website.

REMUNERATION

Board members of Alm. Brand A/S receive fixed annual remuneration reflecting the scope of the board work and the responsibility related to serving on the Board. The company announces guidelines and the aggregate remuneration of the Board of Directors and the Management Board, respectively.

Board members are not remunerated by way of incentive plans.

MANAGEMENT'S SHAREHOLDINGS

Members of the Board of Directors and the Management Board had reported the following shareholdings in Alm. Brand A/S at 31 December 2009:

	No, of shares	Market value (DKK) at 31 Dec 2009
Board of Directors of Alm, Brand A/S	10,316	938,756
Management Board of Alm, Brand A/S	1,724	156,884

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

THE ALM. BRAND SHARE

The company's share capital is DKK 1,388 million nominal value divided into 17,350.000 shares of DKK 80 each. Each share carries one vote. Excluding Alm. Brand A/S's treasury shares, the number of shares is 16,835.577.

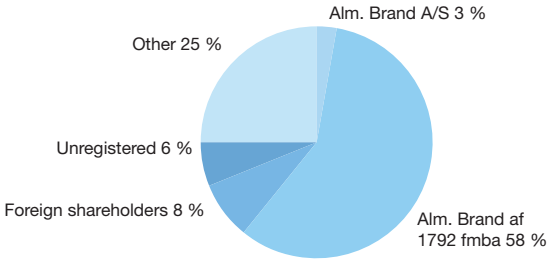
The securities identification code of Alm. Brand A/S shares is DK001525034-4.

OWNERSHIP

At 31 December 2009, 16,294,302 of the company's shares were held by registered shareholders representing 93.9% of the share capital. At year-end 2009, just over 7% of the shares were held by foreign shareholders, corresponding to 18% of the free-float shares held by registered shareholders.

Only one shareholder has notified Alm. Brand that it holds in excess of 5% of the company's share capital, i.e. Alm. Brand af 1792 fmba, which held 58.1% of the share capital at 31 December 2009.

The Board of Directors of Alm. Brand A/S has resolved to offer employee shares to the group's employees during the period 31 March 2010 to 28 February 2011. The employee shares are awarded against a reduction of the individual employee's gross salary within the framework of section 7a(1)(ii) and (iii) of the Danish Tax Assessment Act. Employee shares will be awarded at the market price prevailing at 28 February 2011.



ANNUAL GENERAL MEETING

The annual general meeting of Alm. Brand A/S will be held at 11:00 a.m. on 28 April 2010 at Radisson Blu Scandinavia Hotel, Amager Boulevard 70, DK-2300 Copenhagen S, Denmark.

COMPANY ANNOUNCEMENTS IN 2009

Date	Event
17 Feb 2009	Revised financial calendar 2009
26 Feb 2009	Annual Report 2008
2 Mar 2009	Grant of employee shares and issue of employee bonds
5 Mar 2009	Completion of capital reduction in Alm. Brand A/S
2 April 2009	Annual general meeting 23 April 2009
7 April 2009	Press rumours about a sale of Copenhagen Re
8 April 2009	Annual general meeting – Agenda and complete proposals
23 April 2009	Results of annual general meeting of Alm. Brand A/S
19 May 2009	Interim report Q1 2009
29 May 2009	Sale of Copenhagen Re
27 Aug 2009	Interim report H1 2009
1 Sep 2009	Issue of employee bonds
21 Sep 2009	Undertaking to inject hybrid Tier 1 capital under the Second Bank Package
24 Sep 2009	Hybrid Tier 1 capital under the Second Bank Package received
15 Oct 2009	Sale of Copenhagen Re completed
29 Nov 2009	New member of the Management Board of Alm. Brand Bank
19 Nov 2009	Interim report Q3 2009
4 Dec 2009	Financial calendar 2010

FINANCIAL CALENDAR

Date	Event
25 Feb 2010	Annual Report 2009
28 April 2010	Annual general meeting
29 April 2010-20 May 2010	Silent period
20 May 2010	Release of Interim Report Q1 2010
5 Aug 2010-26 Aug 2010	Silent period
26 Aug 2010	Release of interim report H1 2010
27 Oct 2010-17 Nov 2010	Silent period
17 Nov 2010	Release of interim report Q3 2010

CORPORATE GOVERNANCE

Alm. Brand is subject to the recommendations prepared by the Committee on Corporate Governance which are publicly available at www.corporategovernance.dk.

On an annual basis, Alm. Brand A/S's Board of Directors considers all recommendations on corporate governance applying the "comply or explain" principle.

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

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

BOARD OF DIRECTORS

As regards recruitment and election of Board members, it is recommended that at least half of the Board members elected by the shareholders at the annual general meeting should be independent.

Five of the seven Board members elected by the shareholders at the annual general meeting of Alm. Brand are recommended by the company's principal shareholder, Alm. Brand af 1792 fmba. These five board members are also members of the Supervisory Committee of Alm. Brand af 1792 (equal to its board of directors) and have thus been elected from among the members of Alm. Brand af 1792 fmba's Committee of Representatives in pursuance of that association's by-laws. With respect to diversity in relation to gender and age, the Board of Directors of Alm. Brand A/S is furthermore of the opinion that neither gender quotas nor age quotas are the right solution, as they would rank a candidate's qualifications secondary.

The company does not provide information about the recommended candidates' background, qualifications and the criteria for recruitment ahead of the annual general meeting, nor does it provide a list of board members' qualifications annually. However, information about the Board members' other executive positions and directorships etc. is included in the annual report. As regards new candidates, such information is also provided in the complete proposals sent out prior to the annual general meeting.

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.

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



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

The two remaining Board members elected by the shareholders in general meeting have no affiliation with the principal shareholder.

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

The Board of Directors held 11 meetings in 2009.

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 Board of Directors and the Management Board

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

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

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

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

CSR – OR JUST ORDINARY COMMON SENSE

Alm. Brand seeks to conduct its business in a responsible and sustainable manner. Our vision is that "We take care of our customers". This applies not only to customer relationships but also to employee relationships, environmental and climate matters and to matters concerning society in general.

The group's business and interaction with the surrounding society do not immediately involve weighty environmental issues or important human rights challenges that make special demands on Alm. Brand's social responsibility.

In 2009, Alm. Brand established a formal reporting process for its corporate social responsibility (CSR) efforts. As part of these efforts, Alm. Brand has defined specific goals for its future work, and in 2010 the group will start to incorporate a more systematic monitoring of CSR performance and results.

SOCIAL RESPONSIBILITY

Alm. Brand seeks to take care of its customers by offering high-quality products and services that provide help in case of injury or damage, management and advice concerning monetary and lending issues and savings products.

Alm. Brand provides its employees with a wide variety of offers of a social, health and practical nature. Alm. Brand makes high professional and social demands on its employees but always takes into account all aspects of an employee's life. This creates the most sustainable solution for both parties.

Alm. Brand makes no distinction between its customers or employees with respect to gender, colour, social affiliation or political or religious conviction.

Customers

- Alm. Brand's role as an insurance company is to replace what has been lost or restore what has been damaged. In addition, Alm. Brand offers psychological counselling in connection with an insured event for customers in need thereof.
- Customers are offered competitive financial products, including savings and pension products. Alm. Brand focuses on providing advice based on the individual customer's situation.

Employees

- The group's health policy is intended to promote health and well-being on the job and in the employees' spare time. Accordingly, the group offers financial support for a number of sports activities, smoking cessation projects and canteen and fruit services. Alm. Brand also emphasises a healthy working environment.
- The group's sickness policy is intended to ensure that employees have a good working life with a low sickness frequency and high well-being. This includes conducting sickness absence interviews, training management staff in stress prevention and stress management, providing hospital insurance for all employees and offering flex jobs.
- Alm. Brand's senior-age policy ensures that employees have the opportunity to plan their senior working life with the group well in advance. In addition to extra holidays, employees may choose to work fewer hours and adapt their working hours to their individual needs. In 2005, the senior-age scheme comprised seven employees. In 2009, this number had risen to 26 employees.
- New mothers and fathers are entitled to full pay during maternity/paternity and parental leave periods. Moreover, all employees are entitled to five care days in addition to the statutory five weeks' holiday.
- Employee satisfaction has been a distinct goal for Alm. Brand since 2002. The idea is that if employees are content in their jobs, they offer a much better service to the group's customers and this, in turn, has a positive effect on the group's revenue and image. Employee satisfaction has been measured annually and rose from 79% in 2002 to 86% in 2008. The goal was to achieve an employee satisfaction rate of 90%. In 2009, Alm. Brand switched from a goal of employee satisfaction to a more customer-oriented goal of employee commitment.

Forward-looking initiatives

- The goal is for all the group's employees to be committed to the development of Alm. Brand, i.e. to achieve a commitment rate of 100%. The first quarterly measurement of commitment was completed in Q4 2009 and showed a commitment rate of 83%.

ENVIRONMENTAL AND CLIMATE RESPONSIBILITY

Alm. Brand seeks to take care of the environment and the climate. The group therefore works towards reducing its pollution footprint on the environment and the climate. For many years, Alm. Brand's environmental and climate efforts have been based on ordinary common sense rather than formalised environmental and climate policies.

Heating and power consumption

- Alm. Brand focuses on individual climate control in its buildings. Today, Alm. Brand monitors and controls heating and ventilation in 65% of the group's properties and leases. The calculation of the annual energy consumption is rendered difficult by the use of different calculation methods for the group's properties.
- For several years, Alm. Brand has phased in energy-saving electrical products, including light bulbs, PCs/'thin clients', flat screens, printers, etc.
- Alm. Brand is also in the process of phasing in intelligent light control by means of motion and daylight sensors and automatic on/off functions. The group has implemented light control in 50% of its total floor space. In addition, lighting in Alm. Brand's branches has been changed, reducing the power consumption by 33% since 2006.
- On the customer side, Alm. Brand offers lower premiums to insurance customers who have new houses and consequently have a low energy consumption.

Water, paper, cleaning and waste

- Alm. Brand installs water-saving fittings on a current basis in all properties where such installation is possible.
- During 2008 and 2009, the group replaced a large part of its paper consumption by electronic solutions, including statements of account, letters offering customers to switch to electronic communication, pay slips and invoices as well as use of NemKonto for claims payments. The group also works with paperless office solutions. This means that case files and letters are scanned in order to reduce paper consumption and enhance customer service.
- A large part of Alm. Brand's marketing material, e.g. brochures and magazines, are printed on Swan-labelled, environmentally friendly paper.
- The group applies point-of-use sorting of paper, cardboard, bottles and construction waste, and household waste from our canteens is collected and used for biomass. Low-energy light bulbs and fluorescent tubes are collected for recycling due to their mercury content. Used batteries are also collected for safe disposal.
- All detergents used in the group are either Swan-labelled or labelled according to EU Regulation 648/2004.

CO2 and other greenhouse gases

- The group seeks to reduce its CO2 footprint, but currently no overall calculation of the group's emissions is available. Alm. Brand's initiatives include company bicycles, commuter schemes and increased use of video conferences.
- In 2009, Alm. Brand implemented a new car policy under which employees who have a company car pay a monthly user charge depending on the environmental classification of their car. Environment Class A cars, which are the most environmentally friendly ones, trigger a user charge of DKK 0. Subsequent user charges increase by DKK 500 per class up to environment Class G, which triggers a user charge of DKK 3,000.
- Alm. Brand removes unwanted and environmentally harmful substances (such as CFC) in all existing cooling systems on an ongoing basis and replaces them as it becomes technically and financially possible to implement natural refrigerants.
- Alm. Brand's has introduced a number of CO2 reducing offers to its insurance customers. Accordingly, a small car or a low mileage will trigger a cheaper insurance. Moreover, customers who have an EV car obtain a particularly attractive motor insurance tariff as compared with the market in general. Alm. Brand also offers free cover for geothermal or solar heating systems over the customer's building insurance.
- Alm. Brand joined the Carbon Disclosure Project in 2007.



ENVIRONMENTAL TECHNOLOGY INVESTMENTS

- Alm. Brand Bank and Alm. Brand Invest were the first in Denmark to offer their customers investment opportunities focused on sustainable energy, wastewater purification and waste sorting. The mutual fund's customers include Alm. Brand Liv og Pension, whose total investment of customer life insurance funds in Alm. Brand Invest Miljøteknologi amounted to DKK 50 million at 31 December 2009.

Forward-looking initiatives

- In 2010, Alm. Brand expects to launch a project to identify areas within our property management operations in need of more environmentally friendly solutions and to initiate such activities going forward.
- In future, the group will implement joint and comparable methods for calculating the consumption of energy.
- In 2010, efforts will be made to ensure local support for the group's environmental improvement work.

CORPORATE SOCIAL RESPONSIBILITY

Alm. Brand has carried on insurance business since its inception in 1792 by taking over risk from its customers and ensuring payment of compensation in case of injury or damage. The group is focused on operating all its activities in a socially responsible manner.

Insurance fraud

- Alm. Brand seeks to uphold the principle of solidarity on which the insurance system rests. This involves combating insurance fraud for the benefit of law-abiding customers.

Ethical investments

- Alm. Brand implemented an ethical investment policy at the beginning of 2010. This means that ethical criteria concerning aspects such as human rights, children's rights, right to unionize, employee health and safety and environmental considerations are included on an equal footing with other factors in the screening of companies.

Gift policy

- In 2009, Alm. Brand implemented a gift policy comprising all group employees. The policy provides, among other things, that no employee may give or receive gifts, contributions or anything else that may be perceived as an attempt to bribe.

Sponsorships

- As a corollary of Alm. Brand's local presence through branches, sales centres and insurance agents, the group takes responsibility for the development of local business and local community organisations. Alm. Brand therefore supports numerous local sports clubs and other local causes through sponsorships.

Donations

- In addition to taking responsibility as a natural part of its day-to-day activities, the group takes the opportunity to donate funds. In recent years, Alm. Brand has donated funds to Denmark's annual, nation-wide relief fundraising event, Danmarksindsamlingen, and supported the Danish Cancer Society, the Danish Red Cross and the Danish division of Save The Children as well as other organisations.

ORGANISATION

Alm. Brand's CSR efforts are anchored with the Head of Information and Investor Relations, who refers directly to the Management Board.

Read more about Alm. Brand's CSR efforts and the ongoing work at www.almbrand.dk under 'About us' or 'Investor'.

STATEMENT BY THE MANAGEMENT BOARD AND THE BOARD OF DIRECTORS

The Board of Directors and the Management Board have today reviewed and approved the annual report for 2009 of Alm. Brand A/S.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the parent company financial statements have been prepared in accordance with the Danish Financial Business Act. In addition, the consolidated financial statements and the parent company financial statements have been presented in accordance with additional Danish disclosure requirements for listed financial enterprises. The management's review has been prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2009 and of the results of the group's and the parent company's operations and the cash flow of the group for the financial year ended 31 December 2009.

Moreover, in our opinion, the management's review includes a fair review of developments in the activities and financial position of the group and the parent company and fairly describes significant risk and uncertainty factors that may affect the group.

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

MANAGEMENT BOARD
Copenhagen, 25 February 2010

Søren Boe Mortensen
Chief Executive

BOARD OF DIRECTORS
Copenhagen, 25 February 2010

Jørgen H. Mikkelsen
Chairman

Boris N. Kjeldsen
Deputy Chairman

Per V. H. Frandsen

Niels Kofoed

Jørgen S. Larsen

Arne Nielsen

Henrik Stenbjerre

Lone Clausen

Per Dahlbom

Susanne Larsen



AUDITORS' REPORT

INTERNAL AUDIT

We have audited the consolidated financial statements and the parent company financial statements of Alm. Brand A/S for the financial year ended 31 December 2009, comprising an income statement, balance sheet, statement of changes in equity and notes to the financial statements, including accounting policies, both for the group and for the parent company, a cash flow statement for the group and the management's review. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the parent company financial statements have been prepared in accordance with the Danish Financial Business Act. In addition, the consolidated financial statements and the parent company financial statements have been presented in accordance with additional Danish disclosure requirements for listed financial enterprises. The management's review has been prepared in accordance with the Danish Financial Business Act.

Basis of opinion

We conducted our audit on the basis of the Executive Order of the Danish Financial Supervisory Authority on auditing financial enterprises and financial groups and in accordance with Danish auditing standards. Those standards require that we plan and perform our audit to obtain reasonable assurance that the annual financial statements and the management's review are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's assets, liabilities and financial position at 31 December 2009 and of the results of the group's operations and cash flows for the financial year ended 31 December 2009 in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

In addition, in our opinion, the parent company financial statements give a true and fair view of the parent company's assets, liabilities and financial position at 31 December 2009 and of the results of the parent company's operations for the financial year ended 31 December 2009 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for the annual reports of listed financial enterprises.

Finally, in our opinion, the management's review includes a fair review in accordance with the Danish Financial Business Act.

Copenhagen, 25 February 2010

Poul-Erik Winther
Group Chief Auditor

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Alm. Brand A/S

We have audited the consolidated financial statements and the parent financial statements of Alm. Brand A/S for the financial year 1 January to 31 December 2009, which comprises the income statement, balance sheet, statement of changes in equity and notes, including the accounting policies, for the Group and the Parent, as well as the consolidated cash flow statement and the management commentary. 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. Further, the consolidated financial statements and the parent financial statements are prepared in accordance with additional Danish disclosure requirements for listed financial companies. The management commentary is prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements, the parent financial statements and the management commentary

Management is responsible for the preparation and fair presentation of consolidated financial statements and parent financial statements in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent financial statements as well as additional Danish disclosure requirements for listed financial companies, and a management commentary that contains a fair review in accordance with the Danish Financial Business Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of consolidated financial statements, parent financial statements and a management commentary that are 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 these consolidated financial statements, these parent financial statements and this management commentary based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements, parent financial statements and management commentary are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, the parent financial statements and the management commentary. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, the parent financial statements and the management commentary, 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 consolidated financial statements and parent financial statements and the preparation of a management commentary that contains a fair review 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 consolidated financial statements, the parent financial statements and the management commentary.

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 consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2009 and of its financial performance and cash flows for the financial year 1 January to 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies.

In addition, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2009 and of its financial performance for the financial year 1 January to 31 December 2009 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for listed financial companies.

Finally, in our opinion, the management commentary contains a fair review in accordance with the Danish Financial Business Act.

Copenhagen, 25 February 2010

Deloitte
Statsautoriseret Revisionsaktieselskab

John Ladekarl
State-Authorised Public Accountant

Jens Ringbæk
State-Authorised Public Accountant



financial statements group

BALANCE SHEET

		Group	
DKKm	**Note**	**2009**	**2008**
Assets			
Intangible assets	1	118	243
Owner-occupied properties	2	1,035	1,036
Deferred tax assets	3	521	195
Investments in associates	4	46	46
Reinsurers' share of insurance contracts	5	134	217
Current tax assets	6	14	19
Other assets	7	1,650	2,135
Loans and advances	8	14,823	17,292
Investment properties	9	440	451
Investment assets	10	27,337	20,980
Balances due from credit institutions and central banks	11	1,331	3,017
Cash in hand and balances at call		49	146
Total assets		**47,498**	**45,777**
Liabilities and equity			
Share capital		1,388	1,476
Reserves, retained earnings, etc.		2,107	3,042
Minority interests		199	282
Consolidated shareholders' equity	12	**3,694**	**4,800**
Subordinated debt	13	1,834	828
Provisions for insurance contracts	14	17,894	17,714
Other provisions	15	90	104
Deferred tax liabilities	16	46	46
Issued bonds	17	26	1,145
Current tax liabilities	6	0	0
Other liabilities	18	1,727	1,920
Deposits	19	10,874	10,634
Payables to credit institutions and central banks	20	11,313	8,586
Total liabilities and equity		**47,498**	**45,777**

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INCOME STATEMENT

		Group	
DKKm	**Note**	**2009**	**2008**
Income			
Premium income	21	5,434	5,530
Interest income, etc.	22	1,995	2,425
Fee income, etc.	23	100	172
Other income from investment activities	24	23	21
Profit from investments in associates	25	0	2
Other income	26	19	26
Total income		**7,571**	**8,176**
Costs			
Claims expenses	27	-4,499	-4,284
Interest expenses	28	-803	-1,243
Other expenses from investment activities		-27	-47
Impairment of loans, advances and receivables, etc.	29	-1,451	-340
Acquisition costs and administrative expenses	30	-1,670	-1,520
Other costs	31	0	-27
Total costs		**-8,450**	**-7,461**
Loss from business ceded	32	-136	-102
Change in life insurance provisions	33	-233	-156
Change in collective bonus potential		-225	423
Value adjustments	34	198	-1,025
Tax on pension investment returns	35	-141	-19
Loss before tax		**-1,416**	**-164**
Tax	36	336	-53
Loss after tax		**-1,080**	**-217**
The profit/loss before tax is allocated as follows:			
Share attributable to Alm. Brand		-1,336	44
Share attributable to minority shareholders	37	-80	-208
The profit/loss before tax allocated		**-1,416**	**-164**
The Loss after tax is allocated as follows:			
Share attributable to Alm. Brand		-1,000	-29
Share attributable to minority shareholders	37	-80	-188
The profit/loss after tax allocated		**-1,080**	**-217**
Earnings per share, DKK		-59	-2
Diluted earnings per share, DKK		-59	-2
Comprehensive income			
Loss for the year		-1,080	-217
Revaluation of owner-occupied properties		-4	12
Transferred to collective bonus potential		0	0
Comprehensive income		**-1,084**	**-205**
Proposed allocation of loss:			
Share attributable to Alm. Brand		-1,004	-17
Share attributable to minority shareholders		-80	-188
Comprehensive income		**-1,084**	**-205**
Technical result, non-life insurance	38		
Realised result, life insurance	39		

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Contingency funds	Retained earnings	Revaluation reserves	Shareholders' equity	Minority interests	dated shareholders' equity
Shareholders' equity at 1 January 2008	**1,668**	**182**	**3,086**	**6**	**4,942**	**504**	**5,446**
Changes in shareholders' equity 2008:							
Loss for the year			-29	0	-29	-188	-217
Revaluation of owner-occupied properties				12	12		12
Transferred to collective bonus potential							
Tax on changes recognised in equity				0	0		0
Comprehensive income	0	0	-29	2	-27	-188	-215
Cancellation of treasury shares	-192		192	0	0		0
Purchase and sale of treasury shares	0		22	0	22		22
Share buyback programme	0		-419	0	-419		-419
Change in share attributable to minority Interests	0		0	0	0	-34	-34
Changes in shareholders' equity	-192	0	-234	2	-424	-222	-646
Shareholders' equity at 31 December 2008	**1,476**	**182**	**2,852**	**8**	**4,518**	**282**	**4,800**
Shareholders' equity at 1 January 2009	**1,476**	**182**	**2,852**	**8**	**4,518**	**282**	**4,800**
Changes in shareholders' equity 2009:							
Loss for the year			-1,000	0	-1,000	-80	-1,080
Revaluation of owner-occupied properties			2	-6	-4		-4
Transferred to collective bonus potential			0	0	0		0
Tax on changes recognised in equity			0	0	0		0
Comprehensive income	0	0	-998	-6	-1,004	-80	-1,084
Cancellation of treasury shares	-88		88	0	0		0
Purchase and sale of treasury shares	0		11	0	11		11
Share buyback programme	0		-30	0	-30		-30
Change in share attributable to minority interests	0		0	0	0	-3	-3
Changes in shareholders' equity	-88	0	-929	-6	-1023	-83	-1,106
Shareholders' equity at 31 December 2009	**1,388**	**182**	**1,923**	**2**	**3,495**	**199**	**3,694**

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 2009 excluding minority interests	3,495
Consolidation of Pensionskassen under Alm. Brand A/S	-9
Shareholders' equity according to the rules of the Danish Financial Supervisory Authority excluding minority interests	**3,486**

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

CASH FLOW STATEMENT

	Group	
DKKm	**2009**	**2008**
Cash flows from operating activities		
Premiums received	5,454	5,428
Claims paid	-4,320	-4,789
Interest received, dividends, etc.	2,152	2,553
Interest paid	-628	-1,039
Payments concerning reinsurance	-112	137
Fee income received	144	212
Fee income paid	-45	-42
Expenses paid	-1,562	-1,651
Tax on pension investment returns paid	-171	-19
Acquisition of intangible assets, furniture, equipment, etc.	-6	-73
Other ordinary income received	17	14
Taxes paid/received	-4	-4
Cash flows from operating activities	**919**	**727**
Change in investment placement (net)		
Properties acquired or converted	9	-23
Sale of property	0	0
Sale/acquisition of equity investments	42	-585
Sale/repayment of mortgage deeds and loans	376	-670
Divestment Kjøbenhavnske Reassurance	150	0
Sale/repayment of bonds	-5,957	1,408
Change in receivables from credit institutions over 3 months	311	185
Change in investment placement (net)	**-5,069**	**315**
Change in financing (net)		
Other provisions	0	-14
Sale/purchase of treasury shares	-19	-397
Sale/acquisition of subsidiaries (change in minority interests)	-3	-34
Subordinated debt	1,003	0
Change in issued bonds	-1,367	10
Change in deposits	-45	-320
Change in payables to credit institutions	2,749	-266
Change in other liabilities	300	0
Change in financing (net)	**2,618**	**-1,021**
Gross change in cash and cash equivalents	**-1,532**	**21**
Exchange rate adjustment of cash and cash equivalents beginning of year	4	-23
Disposals relating to divestments	-209	0
Net change in cash and cash equivalents	**-1,737**	**-2**
Cash and cash equivalents beginning of year	3,117	3,119
Cash and cash equivalents, year end	**1,380**	**3,117**
Cash and cash equivalents comprise the following items:		
Cash at bank and in hand	49	146
Amounts due from credit institutions and central bank, see Note 11	569	872
Amounts due from credit institutions and central bank, see Note 11	762	2,099
Cash and cash equivalents, year end	**1,380**	**3,117**

SEGMENT REPORTING, BALANCE SHEET

DKKm	Note	Non-life	Banking	Life	Other	Elimi-nation	Total
							2009
Assets							
Intangible assets	1	118	0	0	0		118
Owner-occupied properties	2	3	0	0	0	1,032	1,035
Deferred tax assets	3	106	407	0	14	-6	521
Investments in associates	4	0	29	28	17	-28	46
Reinsurers' share of insurance contracts	5	103	0	31	0		134
Current tax assets	6	0	92	0	13	-91	14
Other assets	7	583	1,040	205	40	-218	1,650
Loans and advances	8	0	14,823	0	0	0	14,823
Investment properties	9	23	0	1,449	0	-1,032	440
Investment assets	10	7,248	9,268	10,818	3		27,337
Balances due from credit institutions and central banks	11	485	846	0	0	0	1,331
Cash in hand and balances at call		264	34	160	9	-418	49
Total assets		**8,933**	**26,539**	**12,691**	**96**	**-761**	**47,498**
Liabilities and equity							
Share capital		0	0	0	1,388		1,388
Reserves, retained earnings, etc.		1,753	1,362	1,192	-2,200	0	2,107
Minority interests		0	227	0	0	-28	199
Consolidated shareholders' equity	12	**1,753**	**1,589**	**1,192**	**-812**	**-28**	**3,694**
Subordinated debt	13	149	1,436	120	249	-120	1,834
Provisions for insurance contracts	14	6,631	0	11,263	0		17,894
Other provisions	15	22	68	0	0		90
Deferred tax liabilities	16	0	0	6	46	-6	46
Issued bonds	17	0	0	0	26		26
Current tax liabilities	6	86	0	9	0	-95	0
Other liabilities	18	292	1,044	94	587	-290	1,727
Deposits	19	0	11,096	0	0	-222	10,874
Payables to credit institutions and central banks	20	0	11,306	7	0	0	11,313
Total liabilities and equity		**8,933**	**26,539**	**12,691**	**96**	**-761**	**47,498**

DKKm	Note	Non-life	Banking	Life	Other	Elimi-nation	Total
							2008
Assets							
Intangible assets	1	155	88	0	0		243
Owner-occupied properties	2	11	0	0	0	1,025	1,036
Deferred tax assets	3	93	68	9	25		195
Investments in associates	4	0	28	18	18	-18	46
Reinsurers' share of insurance contracts	5	67	0	27	123		217
Current tax assets	6	0	135	6	0	-122	19
Other assets	7	698	1,179	258	757	-757	2,135
Loans and advances	8	0	17,292	0	0		17,292
Investment properties	9	25	0	1,451	0	-1,025	451
Investment assets	10	6,775	3,852	9,880	473	0	20,980
Balances due from credit institutions and central banks	11	340	2,037	100	540	0	3,017
Cash in hand and balances at call		272	29	352	0	-507	146
Total assets		**8,436**	**24,708**	**12,101**	**1,936**	**-1,404**	**45,777**
Liabilities and equity							
Share capital		0	0	0	1,476		1,476
Reserves, retained earnings, etc.		1,610	937	1,079	-584	0	3,042
Minority interests		0	300	0	0	-18	282
Consolidated shareholders' equity	12	**1,610**	**1,237**	**1,079**	**892**	**-18**	**4,800**
Subordinated debt	13	149	1,229	120	0	-670	828
Provisions for insurance contracts	14	6,260	0	10,801	653		17,714
Other provisions	15	24	18	0	62		104
Deferred tax liabilities	16	0	0	0	46		46
Issued bonds	17	0	1,135	0	10		1,145
Current tax liabilities	6	56	0	0	66	-122	0
Other liabilities	18	337	1,362	101	207	-87	1,920
Deposits	19	0	11,141	0	0	-507	10,634
Payables to credit institutions and central banks	20	0	8,586	0	0		8,586
Total liabilities and equity		**8,436**	**24,708**	**12,101**	**1,936**	**-1,404**	**45,777**

SEGMENT REPORTING, INCOME STATEMENT

DKKm	Note	Non-life	Banking	Life	Other	Elimi-nation	Total
							2009
Income							
Premiums	21	4,714	0	710	10		5,434
Interest income, etc.	22	379	1,114	472	45	-15	1,995
Fee income, etc.	23	0	140	0	0	-40	100
Other income from investment activities	24	0	0	83	0	-60	23
Profit/loss from investments in associates	25	0	1	8	-1	-8	0
Other income	26	2	17	0	0		19
Total income		**5,095**	**1,272**	**1,273**	**54**	**-123**	**7,571**
Costs							
Claims expenses	27	-3,601	0	-889	-9		-4,499
Interest expenses	28	-161	-643	-7	-7	15	-803
Other expenses from investment activities		-29	0	-25	-13	40	-27
Impairment of loans, advances and receivables, etc.	29	0	-1,451	0	0		-1,451
Acquisition costs and administrative expenses	30	-872	-750	-67	-41	60	-1,670
Other costs	31	0	0	0	0		0
Total costs		**-4,663**	**-2,844**	**-988**	**-70**	**115**	**-8,450**
Profit/loss from business ceded	32	-146	0	5	5		-136
Change in life insurance provisions	33	0	0	-233	0		-233
Change in collective bonus potential		0	0	-225	0	0	-225
Value adjustments	34	1	-257	448	6		198
Tax on pension investment returns	35	0	0	-141	0		-141
Profit/loss before tax		**287**	**-1,829**	**139**	**-5**	**-8**	**-1,416**
Tax	36	-79	433	-26	8		336
Profit/loss after tax		**208**	**-1,396**	**113**	**3**	**-8**	**-1,080**

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

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NOTER

	2009					2008				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Note 1 Intangible assets										
Software	118	0			118	155	39			194
Goodwill	0	0			0	0	49			49
Intangible assets, year-end	**118**				**118**	**155**	**88**			**243**
Software										
Cost beginning of year	337	39			376	306	14			320
Additions during the year	1	13			14	31	25			56
Disposals during the year	0	0			0	0	0			0
Cost, year-end	338	52			390	337	39			376
Accumulated amortisation and impairment, beginning of year	-182	0			-182	-142	0			-142
Amortisation	-38	0			-38	-40	0			-40
Impairment	0	-52			-52	0	0			0
Reversal of prior years' amortisation and impairment	0	0			0	0	0			0
Accumulated amortisation and impairment, year-end	-220	-52			-272	-182				-182
Carrying amount, year-end	118	0			118	155	39			194
Goodwill										
Cost beginning of year		49			49		49			49
Additions during the year		0			0		0			0
Disposals during the year		0			0		0			0
Cost, year-end		49			49		49			49
Accumulated amortisation and impairment, beginning of year		0			0		0			0
Amortisation		0			0		0			0
Impairment		-49			-49		0			0
Reversal of prior years' amortisation and impairment		0			0		0			0
Accumulated amortisation and impairment, year-end		-49			-49		0			0
Carrying amount, year-end		0			0		49			49

Cost relating to the bank's Basel II project are capitalised under other intangible assets. As a result of the bank's revised strategy, the project has been closed down and written off.

The goodwill recognised in relation to Henton Børsmæglerselskab A/S has been written off as a result of the bank's revised strategy.

Note 2 Owner-occupied properties										
Cost beginning of year	3				1,063	3				725
Additions during the year	0				1	0				338
Disposals during the year	-2				-2	0				0
Cost, year-end	1				1,062	3				1,063
Accumulated revaluations beginning of year	8				66	6				37
Additions revaluation beginning of year	0				0	0				17
Revaluations during the year	0				5	2				14
Reversal of prior year revaluation through shareholders' equity	-6				-11	0				-2
Accumulated revaluations, year-end	2				60	8				66
Accumulated depreciation and impairment, beginning of year	0				-93	0				-92
Impairment for the year	0				-4	0				-5
Reversal of prior year impairment through the income statement	0				10	0				4
Accumulated depreciation and impairment, year-end					-87					-93
Owner-occupied properties, year-end	**3**				**1,035**	**11**				**1,036**

				2009				2008
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Restated value beginning of year	11				1,036	9				670
Additions during the year	0				1	0				355
Disposals during the year	-2				-2	0				0
Value adjustment recognised through the income statement	0				6	0				-1
Value adjustment recognised through shareholders' equity	-6				-6	2				12
Restated value, year-end	3				1,035	11				1,036
Average return, office property					6.11%	0.00%				6.12%

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

Note 3 Deferred tax assets

Deferred tax beginning of year	93	68	9	25	195	99	74	28	33	234
Disposals relating to divestments	0	0	0	-12	-12	0	0	0	0	0
Prior-year adjustment	6	0	0	0	6	6	0	0	9	15
Tax through equity	0	0	0	0	0	-1	0	0	0	-1
Change for the year	7	339	-15	1	332	-11	-6	-19	-17	-53
Deferred tax, year-end	**106**	**407**	**-6**	**14**	**521**	**93**	**68**	**9**	**25**	**195**
Deferred tax on net fees	0	-3	0	0	-3	0	-1	0	0	-1
Deferred tax on equipment	25	1	0	6	32	2	1	0	7	10
Deferred tax on shares and bonds	0	0	0	0	0	0	0	15	0	15
Deferred tax on real estate	-2	3	-5	0	-4	-1	1	-6	0	-6
Deferred tax on goodwill	78	0	-1	0	77	78	0	0	0	78
Deferred tax on other intangibles	0	0	0	0	0	0	-2	0	0	-2
Deferred tax on lease assets	0	85	0	0	85	0	59	0	0	59
Deferred tax on provisions	5	21	0	5	31	14	10	0	18	42
Deferred tax on losses carried forward	0	300	0	3	303	0	0	0	0	0
Deferred tax, year-end	**106**	**407**	**-6**	**14**	**521**	**93**	**68**	**9**	**25**	**195**

Deferred tax has been capitalised taking into account future earnings and the potential for utilisation. The group had total tax assets of some DKK 532 million at 31 December 2009, of which DKK 521 million has been capitalised.

Note 4 Investments in associates

Investments in associates								
Cost beginning of year	29	43		29	25	43		25
Additions during the year	0	2		0	57	0		57
Disposals	0	0		0	-53	0		-53
Cost, year-end	29	45		29	29	43		29
Revaluations and impairment beginning of year	-1	-25		-1	0	5		0
Profit/loss for the year	1	8		1	0	-30		0
Reversal of adjustments	0	0		0	-1	0		-1
Revaluations and impairment, year-end	0	-17		0	-1	-25		-1
Carrying amount, year-end	29	28		29	28	18		28
Investments in joint ventures								
Cost, year-end			60	60			60	60
Revaluations and impairment beginning of year			-42	-42			-40	-40
Loss for the year			-1	-1			-2	-2
Revaluations and impairment, year-end			-43	-43			-42	-42
Carrying amount, year-end			17	17			18	18
Carrying amount, year-end	**29**	**28**	**17**	**46**	**28**	**18**	**18**	**46**

Investments in associates comprise Invest Administration A/S and Investeringsselskabet af 6/10 1998 A/S. Alm. Brand's ownership intersest is 50% in Invest Administration A/S and 20% in Investeringsselskabet af 6/10 1998 A/S. In addition, Alm. Brand Liv og Pension A/S' part of the affiliated company Alm. Brand

DKKm	2009			2008		
Key figures of associates	Net income	Total assets	Total liabilities	Net income	Total assets	Total liabilities
Invest Administration A/S	10	8	4	8	6	2
Nordic Coorporate Investmensts A/S	10	272	162	9	307	199
EDC-udvikling a/s	-1	37	0	-3	38	0

DKKm	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 5 Reinsurers' share of insurance contracts										
Reinsurers' share of life insurance provisions	0		27	0	27	0		25	0	25
Reinsurers' share of premium provisions	2		0	0	2	2		0	0	2
Reinsurers' share of claims provisions	101		4	0	105	65		2	123	190
Reinsurers' share of insurance contracts, year-end	**103**		**31**		**134**	**67**		**27**	**123**	**217**
Reinsurers' share of life insurance provisions										
Beginning of year			25		25			27		27
Change for the year			2		2			-2		-2
Reinsurers' share of life insurance provisions, year-end			27		27			25		25
Reinsurers' share of premium provisions										
Beginning of year	2		0	0	2	0		0	0	0
Premiums ceded	-212		0	0	-212	-196		0	0	-196
Payments to reinsurers	212		0	0	212	198		0	0	198
Discounting	0		0	0	0	0		0	0	0
Reinsurers' share of premium provisions, year-end	2		0	0	2	2		0	0	2
Reinsurers' share of claims provisions										
Beginning of year	65		2	123	190	104		2	385	491
Disposals relating to divestments	0		0	-123	-123	0		0	0	0
Value adjustment	0		0	0	0	0		0	-57	-57
Claims ceded	63		-24	0	39	20		40	62	122
Payments received from reinsurers	-28		26	0	-2	-59		-40	-267	-366
Discounting	1		0	0	1	0		0	0	0
Reinsurers' share of premium provisions, year-end	101		4	0	105	65		2	123	190

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 expenses.

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.

	2009					2008				
DKKm	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Note 6 Current tax assets										
Current tax assets beginning of year	-56	135	6	-66	19	-24	39	4	11	30
Prior-year tax adjustment	-6	3	0	0	-3	-6	0	0	-9	-15
Tax received in respect of prior years	62	-138	-6	66	-16	30	-39	-4	-2	-15
Tax paid during the year	0	1	2	11	14	0	2	4	13	19
Tax on profit/loss for the year	-86	91	-11	2	-4	-56	133	2	-79	0
Current tax assets, year-end	**-86**	**92**	**-9**	**13**	**10**	**-56**	**135**	**6**	**-66**	**19**

	2009					2008				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Note 7 Other assets										
Reinsurance deposits	0	0	0	0	0	0	0	0	9	9
Receivables from policyholders	142	0	26	0	168	208	0	37	0	245
Receivables from insurance brokers	14	0	0	0	14	19	0	0	0	19
Receivables from insurance companies	0	0	0	0	0	0	0	8	126	134
Receivables from subsidiaries	190	0	0	0	0	180	0	0	552	1
Other receivables	37	0	26	31	66	61	0	37	49	121
Positive market value of derivatives	0	537	0	0	537	0	829	0	0	829
Furniture and equipment, computers, cars, etc.	37	48	0	0	85	48	12	0	0	60
Other assets	0	66	0	0	66	0	92	0	0	92
Pensionskassen under Alm. Brand A/S	0	0	0	9	9	0	0	0	8	8
Assets temporarily acquired	0	86	0	0	86	0	39	0	0	39
Interest receivable	134	294	137	0	565	148	198	164	0	510
Prepayments	29	9	16	0	54	34	9	12	13	68
Other assets, year-end	**583**	**1,040**	**205**	**40**	**1,650**	**698**	**1,179**	**258**	**757**	**2,135**
Furniture and equipment, computers, cars, etc.										
Cost beginning of year	224	20		3	247	220	16		4	240
Prior year adjustment	0	76		0	76	0	0		0	0
Additions during the year	11	15		0	26	17	6		0	23
Disposals during the year	-12	-37		-3	-52	-13	-2		-1	-16
Cost, year-end	223	74	0	0	297	224	20	0	3	247
Accumulated depreciation and impairment, beginning of year	-176	-8		-3	-187	-165	-7		-4	-176
Prior year adjustment	0	-28		0	-28	0	0		0	0
Depreciation for the year	-15	-10		0	-25	-17	-2		0	-19
Depreciation on disposals	5	20		3	28	6	1		1	8
Accumulated depreciation and impairment, year-end	-186	-26	0	0	-212	-176	-8	0	-3	-187
Furniture and equipment, computers, cars, etc., year-end	37	48	0	0	85	48	12	0	0	60
Future minimum lease payments for assets held under operating leases										
Term of 1 year or less		8			8					
Term of 1-5 years		30			30					
Term of 5 years or more		0			0					
Total		30			30					
Alm. Brand has hedged its pension commitments in Pensionskassen under Alm. Brand A/S										
Discount rate beginning of year					2.65%					3.19%
Expected return on plan assets beginning of year					3.40%					3.40%
Present value of commitment beginning of year					-124					-122
Interest expenses					-3					-4
Benefits paid					12					14
Actuarial gains/losses on commitment					0					-12
Present value of commitment year-end					-115					-124
Fair value of plan assets beginning of year					132					132
Expected return on plan assets					5					4
Benefits paid					-13					-14
Actuarial gains/losses on plan assets					0					10
Fair value of plan assets year-end					124					132
Present value of commitment					-115					-124
Fair value of plan assets					124					132
Net asset recognised in the balance sheet beginning of year					9					8
Interest expenses					-3					-4
Expected return on plan assets					4					4
Actuarial gains/losses recognised					0					-2
Costs recognised in the income statement					1					-2
Net asset beginning of year					8					10
Costs recognised in the income statement					1					-2
Net asset recognised in the balance sheet					9					8
Expected return on plan assets					5					4
Actuarial gains/losses on plan assets					0					10
Actual return on plan assets					5					14

DKKm	2009 Non-life	Banking	Life	Other	Total	2008 Non-life	Banking	Life	Other	Total
Note 8 Loans and advances										
Loans and advances at fair value		2,262			2,262		2,705			**2,705**
Loans and advances at amortised cost		12,561			12,561		14,587			**14,587**
Loans and advances, year-end		**14,823**			**14,823**		**17,292**			**17,292**
Loans and advances at fair value										
Mortgage deeds		2,262			2,262		2,705			2,705
Loans and advances at fair value, year-end		2,262			2,262		2,705			2,705
Loans and advances at amortised cost										
Loans		14,050			14,050		14,492			14,492
Leases		308			308		531			531
		14,358			14,358		15,023			15,023
Impairment etc.		-1,797			-1,797		-436			-436
Loans and advances at amortised cost, year-end		12,561			12,561		14,587			14,587
Gross investment in finance leases										
Term of less than one year		86			86		127			127
Term of between one and five years		249			249		497			497
Term of more than five years		6			6		5			5
		341			341		629			629
Unearned financial income		-33			-33		-113			-113
Net investment in finance leases		308			308		516			516
Net investment in finance leases										
Term of less than one year		82			82		100			100
Term of between one and five years		221			221		413			413
Term of more than five years		5			5		3			3
Net investment in finance leases, year-end		308			308		516			516
Of this, any unguaranteed residual value		0			0		37			37
Impairment of finance leases		15			15		15			15
Value of loans and advances for which there is an objective indication of impairment										
Individual assessment										
Loans and advances before impairment		3,593			3,593		2,020			2,020
Impairment, etc.		-1,724			-1,724		-402			-402
Individual assessment, year-end		1,869			1,869		1,618			1,618
Group assessment										
Loans and advances before impairment		8,812			8,812		10,593			10,593
Impairment, etc.		-72			-72		-33			-33
Group assessment, year-end		8,740			8,740		10,560			10,560
Loans and advances after impairment, year-end		10,609			10,609		12,178			12,178

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.

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

DKKm	2009 Non-life	Banking	Life	Other	Total	2008 Non-life	Banking	Life	Other	Total
Note 9 Investment properties										
Carrying amount beginning of year	25		1,451		451	24		1,448		811
Additions during the year	0		8		7	0		25		21
Disposals during the year	0		0		0	0		0		-351
Value adjustments	-2		-10		-18	1		-22		-30
Investment properties, year-end	**23**		**1,449**		**440**	**25**		**1,451**		**451**
Average return, office property	7.08%		6.27%		6.71%	7.11%		6.27%		6.72%
Average return, residential property			6.00%		6.00%			6.00%		6.00%
Total average return	7.08%		6.26%		6.66%	7.11%		6.38%		6.66%

Some of the life group's investment properties are used by the group as owner-occupied properties, so the properties are classified as owner-occupied properties in the consolidated balance sheet. See note 2. In 2008 a property was reclassified from owner-occupied property to investment property. The change is reflected under disposals.

Note 10 Investment assets										
Government bonds	1,362	2	3,388	0	4,752	1,440	1	1,778	296	3,515
Mortgage bonds	5,595	8,674	5,636	0	19,905	5,165	3,243	6,725	26	15,159
Other fixed-rate instruments	167	68	425	0	660	154	134	256	125	669
Other floating-rate instruments	94	0	205	2	301	0	0	271	9	280
Listed shares	0	313	842	0	1,155	0	314	530	11	855
Unlisted shares	22	211	241	1	475	16	160	248	6	430
Other	8	0	81	0	89	0	0	72	0	72
Investment assets, year-end	**7,248**	**9,268**	**10,818**	**3**	**27,337**	**6,775**	**3,852**	**9,880**	**473**	**20,980**

The group's holding of listed and unlisted shares had a market value of DKK 1,630 milion at 31 December 2009 (2008: DKK 1,285 million). A significant part of the group'sequity exposure is achieved through the use of derivatives such as options and futures. The aggregate equity exposure, including derivatives, was DKK 1,887 million at 31 December 2009 (2008: DKK 1,668 million).

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	0	0	0	0	0	1,140	0	0	1,140
Balances due from credit institutions	485	846	0	0	1,331	340	897	100	540	1,877
Balances due from credit institutions and central banks, year-end	485	846	0	0	1,331	340	2,037	100	540	3,017
By term to maturity:										
Balances at call	0	569	0	0	569	0	872	0	0	872
Up to and including 3 months	485	277	0	0	762	340	1,165	100	494	2,099
Over 3 months and up to and including 1 year	0	0	0	0	0	0	0	0	46	46
Year-end	485	846	**0**	0	1,331	340	2,037	100	540	3,017

Receivables in connection with genuine purchase and resale transactions:										
Due from credit institutions and central banks		0			0		0			0
Other debtors		94			94		23			23
Year-end		94			94		23			23

Note 12 Consolidated shareholders' equity		
Share capital	1,476	1,668
Cancellation of treasury shares	-88	-192
Share capital, year-end	1,388	1,476

The share capital consists of 17,350,000 shares of DKK 80 each and has been fully paid up.

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

DKKm	2009	2008	2007	2006	2005
Share capital beginning of year	1,476	1,668	1,788	1,788	1,788
Cancellation of treasury shares	-88	-192	-120	0	0
Share capital, year-end	1,388	1,476	1,668	1,788	1,788

Reference is made to the statement of changes in equity.

DKKm	2009	2008
Solvency		
Tier 1 capital after deductions	3,670	4,127
Capital base after deductions	3,679	3,977
Weighted items subject to credit risks	15,507	17,948
Weighted items subject to market risks	2,243	1,842
Weighted items subject to operational risks	715	
Total weighted items	18,465	20,642
Tier 1 capital after deductions as a percentage of total weighted items	19.9%	20.0%
Solvency ratio	19.9%	19.3%

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

No. of shares		
Reconciliation of the no. of shares (1,000)		
Issued shares beginning of year	18,450	20,850
Treasury shares beginning of year	-1,376	-1,906
No. of shares beginning of year	17,074	18,944
Shares bought back	-391	-1,935
Employee shares issued	153	43
Shares acquired/sold during the year	0	22
Cancellation of treasury shares	1,100	2,400
Issued shares year end	17,350	18,450
Treasury shares year end	-515	-1,376
No. of shares at year end	16,835	17,074
Treasury shares		
Carrying amount beginning of year	0	0
Value adjustment	69	-205
Acquired during the year	30	941
Sold during the year	-11	-544
Cancellation of treasury shares	-88	-192
Carrying amount, year-end	0	0
Nominal value beginning of year	110	152
Acquired during the year	31	349
Sold during the year	-12	-199
Cancellation of treasury shares	-88	-192
Nominal value, year-end	41	110
Holding (no. of shares) beginning of year	1,376	1,906
Acquired during the year	391	4,358
Sold during the year	-153	-2,488
Cancellation of treasury shares	-1,100	-2,400
Holding (no. of shares), year-end	514	1,376
Percentage of share capital	3.0%	7.5%

DKKm	2009 Non-life	Banking	Life	Other	Total	2008 Non-life	Banking	Life	Other	Total
Note 13 Subordinated debt										
Subordinated loan capital										
Floating rate bullet loans maturing 2012.05.09	0	0	0	0	0	0	100	0	0	100
Floating rate bullet loans maturing 2013.05.09	0	100	0	0	100	0	100	0	0	100
Floating rate bullet loans maturing 2014.05.09	0	100	0	0	100	0	100	0	0	100
Floating rate bullet loans maturing 2015.12.03	0	200	0	0	200	0	200	0	0	200
Floating rate bullet loans maturing 2020.03.15	0	0	120	0	0	0	0	120	0	0
Floating rate bullet loans maturing 2020.03.15	149	0	0	0	149	149	0	0	0	149
Floating rate bullet loans maturing 2016.10.13	0	0	0	0	0	0	300	0	0	0
Floating rate bullet loans maturing 2016.12.19	0	0	0	0	0	0	250	0	0	0
Floating rate bullet loans maturing 2017.09.07	0	0	0	249	249	0	0	0	0	0
Subordinated loan capital, year-end	149	400	120	249	798	149	1,050	120	0	649
Hybrid loan capital										
Fixed rate bullet loans in DKK with indefinite terms		175			175		175			175
State-funded capital injection, bullit loan i DKK with an indefinite term.		854			854		0			0
Hybrid loan capital, year-end		1,029			1,029		175			175
Hedging of interest rate risk at fair value		7			7		4			4
Subordinated debt, year-end	**149**	**1,436**	**120**	**249**	**1,834**	**149**	**1,229**	**120**		**828**
Interest on subordinated debt	5	81	4	5	95	10	49	6		65
Extraordinary instalments	0	550	0	0	550	0	0	0		0
Costs incurred in connection with the raising of the subordinated debt	0	0	0	1	1	0	1	2		3

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

The subordinated loan capital in the life insurance segment carries interest at a floating rate of three-month EURIBOR plus 180 basis points.

The hybrid loan capital of DKK 175 million was issured on October 2006 and is subject to a rate of interest for the first ten-year term of 5.855%. Subsequently, the capital certificates cary interest at 3M CIBOR plus 2.70 percentage points. As a part of the risk management efforts, the fair value of the hybrid Tier 1 capital is hedged by way of derivate financial instruments. See note 48.

The state-funded capital injection in the form of hybrid Tier 1 capital was issued on 24 September 2009 at an interest rate of 11.01%. During the period from 25 September 2012 to 24 September 2014, the capital injection may be redeemed at par.

The subordinate loan capital in the segment Other carries a floating rate of interest of 3M CIBOR plus 4.0 percentage points.

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

Note 14 Provisions for insurance contracts									
Unearned premium provisions	1,801	0	0	1,801	1,751	0	0	1,751	
Life insurance provisions	0	10,994	0	10,994	0	10,758	0	10,758	
Outstanding claims provisions	4,830	44	0	4,874	4,509	43	653	5,205	
Collective bonus potential	0	225	0	225	0	0	0	0	
Provisions for insurance contracts, year-end	**6,631**	**11,263**	**0**	**17,894**	**6,260**	**10,801**	**653**	**17,714**	
Unearned premium provisions									
Beginning of year	1,751		0	1,751	1,746		12	1,758	
Exchange rate adjustment	0		0	0	0		-12	-12	
Premiums received	4,750		0	4,750	4,736		14	4,750	
Premuims recognised as income	-4,714		0	-4,714	-4,769		-14	-4,783	
Discounting, all years	12		0	12	14		0	14	
Value adjustment, all years	2		0	2	24		0	24	
Unearned premium provisions, year-end	1,801		0	1,801	1,751		0	1,751	

DKKm	2009	2008
Life insurance provisions		
Life insurance provisions beginning of year	10,758	10,590
Accumulated value adjustments beginning of year	-334	-256
Retrospective provisions beginning of year	10,424	10,334
Change in share of provisions in Forenede Gruppeliv	-1	-3
Gross premiums	710	747
PAL compensation (gross)	0	15
Interest	351	440
Claims and benefits	-892	-981
Expense supplement after addition of expense bonus	-71	-79
PAL cost	0	-2
Risk gain after addition of risk bonus	-45	-48
Change as a result of changes in the level of interest rates and mortality rates (annuities)	27	7
Other changes	1	-6
Retrospective provisions, year-end	10,504	10,424
Accumulated value adjustments, year-end	490	334
Life insurance provisions, year-end	10,994	10,758
Guaranteed benefits	8,862	8,820
Bonus potential on future premiums	1,370	1,270
Bonus potential on paid-up policy benefits	762	668
Life insurance provisions, year-end	10,994	10,758

DKKm	Garanteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Total	Garanteed benefits	Bonus potential on future premiums	Bonus potential on paid-up policy benefits	Total
Life insurance provisions per basis								
G82 2%	1,268	1,045	603	2,916	1,192	897	510	2,599
G82 3%	1,112	160	121	1,393	1,109	173	112	1,394
G82 3,49%	2,185	89	89	2,363	2,259	111	96	2,466
G82 5%	3,857	76	-51	3,882	3,841	89	-50	3,880
G82 8%-16%	13	0	0	13	12	0	0	12
L66 4,5%	1	0	0	1	1	0	0	1
Non-guaranteed	230	0	0	230	225	0	0	225
Portfolios without bonus entitlement year-end	8,666	1,370	762	10,798	8,639	1,270	668	10,577
L66 13,6%	1	0	0	1	1	0	0	1
U74 12%-20%	195	0	0	195	180	0	0	180
Portfolios without bonus entitlement year- end	196	0	0	196	181	0	0	181
Life insurance provisions, year-end	8,862	1,370	762	10,994	8,820	1,270	668	10,758

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

DKKm	2009	2008
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 is equal to the guaranteed surrender value.		
The supplement has been calculated taking into account the probability of surrender and totals	113	61
Without taking into account the probability of surrender, the supplement amounts to	113	61
When calculating life insurance provisions at market value, a risk premium has been included, which amounts to	12.00%	5.00%

	2009					2008				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Outstanding claims provisions										
Beginning of year	4,509		43	653	5,205	4,184		46	1,340	5,570
Disposals relating to divestments	0		0	-653	-653	0		0	0	0
Transferred from premium provisions	0		0	0	0	0		0	12	12
Exchange rate adjustments	0		0	0	0	0		0	-148	-148
Claims paid regarding current year	-2,041		-888	0	-2,929	-1,900		-984	0	-2,884
Claims paid regarding previous years	-1,477		0	0	-1,477	-1,550		0	-331	-1,881
Change in claims regarding current year	3,689		889	0	4,578	3,504		981	0	4,485
Change in claims regarding previous years	-88		0	0	-88	19		0	-220	-201
Discounting	141		0	0	141	162		0	0	162
Value adjustment, all years	58		0	0	58	111		0	0	111
Hedging of inflation risk	39		0	0	39	-21		0	0	-21
Outstanding claims provisions, year-end	4,830		44	0	4,874	4,509		43	653	5,205

The determination of expected future inflation is explained in the accounting policies. For provisions for workers' compensation the inflation factor applied for 2009 is 3.45%.

DKKm	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**Total**
Run-off triangle, gross							
Estimated accumulated claims							
Year-end	2,914	3,560	2,824	3,241	3,604	3,756	
1 year later	2,955	3,533	3,021	3,511	3,684		
2 years later	2,900	3,552	2,962	3,559			
3 years later	2,844	3,520	2,914				
4 years later	2,802	3,508					
5 years later	2,800						
	2,800	3,508	2,914	3,559	3,684	3,756	20,221
Paid to date	-2,539	-3,189	-2,511	-2,961	-2,845	-2,016	-16,061
Provisions before discounting effect, year-end	261	319	403	598	839	1,740	4,160
Discounting effect	-2	-3	-5	-9	-18	-33	-70
Accumulated value change, health and personal accident insurance	1	1	1	1	1	2	7
	260	317	399	590	822	1,709	4,097
Provisions from 2003 and prior years							695
Gross outstanding claims provisions, year-end							4,792

Run-off triangle, net of reinsurance							
Estimated accumulated claims							
Year-end	2,878	2,768	2,802	3,234	3,589	3,703	
1 year later	2,873	2,739	3,004	3,498	3,671		
2 years later	2,800	2,754	2,945	3,541			
3 years later	2,747	2,744	2,900				
4 years later	2,717	2,740					
5 years later	2,716						
	2,716	2,740	2,900	3,541	3,671	3,703	19,271
Paid to date	-2,456	-2,441	-2,503	-2,956	-2,843	-2,016	-15,215
Provisions before discounting effect, year-end	260	299	397	585	828	1,687	4,056
Discounting effect	-2	-3	-5	-9	-18	-33	-70
Accumulated value change, health and personal accident insurance	3	3	2	3	3	6	20
	261	299	394	579	813	1,660	4,006
Provisions from 2003 and prior years							693
Outstanding claims provisions year-end, net of reinsurance							4,699

The table indicates the historical development of the assessed final liability (the sum of payments and provisions) for each claim year from 2004 to 2009. The stated liabilities were calculated excluding discounting, thus eliminating fluctuations due to changes in discount 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.

DKKm	Non-life	Banking	Life	Other	2009 Total	Non-life	Banking	Life	Other	2008 Total
Undiscounted expected cash flows										
Gross unearned premium provisions										
Cash flow 1 year or less			279		279					
Cash flow 1-5 years			1,343		1,343					
Cash flow 5 years or more			14,458		14,458					
Gross claims provisions										
Cash flow 1 year or less	1,773		43		1,816					
Cash flow 1-5 years	1,458		0		1,458					
Cash flow 5 years or more	1,453		0		1,453					
Collective bonus potential										
Beginning of year			0		0					
Provisions for the year through profit or loss			225		225					
Transferred from revaluation reserves from equity			0		0					
Collective potential, year end			225		225					0

Calculation of claims provisions

For all lines except workers' compensation, the future inflation rate is estimated and recognised implicitly in the provison models. 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.

Am. Brand introduced a more precise method for discounting claims provisions in 2009. The cash flow regarding payment of provisions for the past ten claims years is estimated for all lines and discounted using the adjusted yield curve of the Danish Financial Supervisory Authority. In workers' compensation, provisions relating to claims years more than ten years back are also discounted.

Sensitivity of provisions

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

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

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

Adequacy of provisions

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

DKKm	Non-life	Banking	Life	Other	2009 Total	Non-life	Banking	Life	Other	2008 Total
Note 15 Other provisions										
Provisions for jubilees, severance payments, etc.	22	3		0	25	24	4		32	60
Provisions for losses on guarantees	0	65		0	65	0	14		0	14
Other provisions	0	0		0	0	0	0		30	30
Other provisions, year-end	**22**	**68**		**0**	**90**	**24**	**18**		**62**	**104**
Provisions for jubilees, severance payment, etc., beginning of year	24	4		32	60	36	6		30	72
New and adjusted provisions	1	0		0	1	-37	-6		2	-41
Net provisions recognised during the year	-4	-2		-32	-38	-4	-1		0	-5
Provisions used during the year	-2	0		0	-2	-1	0		0	-1
Discounting effect	3	1		0	4	30	5		0	35
Other provisions, year-end	22	3		0	25	24	4		32	60
Provisions for losses on guarantees beginning of year		14			14		0			0
Provisions for the year		52			52		14			14
Reversed provisions for the year		-1			-1		0			0
Provisions for losses on guarantees, year-end		65			65		14			14

DKKm	2009 Non-life	Banking	Life	Other	Total	2008 Non-life	Banking	Life	Other	Total
Other provisions beginning of year				30	30				46	46
Provisions for the year				0	0				0	0
Reversed provisions for the year				-30	-30				-16	-16
Other provisions, year-end				0	0				30	30

Other provisions cover provisions for:

Provisions for jubilees, severance of service, etc. have been calculated using an estimated likelihood of disbursement.

Note 16 Deferred tax liabilities

Deferred tax liabilities				46	46				46	46
Deferred tax liabilities, year-end				**46**	**46**				**46**	**46**

The company is liable to pay a possible tax amount in Denmark in respect of recaptured losses in foreign entities. The liability amounts to a maximum of DKK 316 million.

The amount will fall due for payment on taxation of future earnings, divestment of the activities yielding a realised taxable gain or if the foreign operations in question exit from the joint taxation scheme before 2016.

Note 17 Issued bonds

Floating-rate loan in NOK with expiry on 2009.09.29		0		0	0		1,135		0	1,135
Employee bonds		0		26	26		0		10	10
Issued bonds, year-end		**0**		**26**	**26**		**1,135**		**10**	**1,145**

In September 2006, the bank issued the listed bond Alm. Brand Bank A/S Open Bond Issue, which was listed on ABM in Oslo, Norway. The bond was redeemed in September 2009.

Note 18 Other liabilities

Reinsurance deposits	0	0	0	0	0	0	0	0	27	27
Payables to policyholders	21	0	0	0	21	47	0	0	0	47
Payables related to direct insurance	0	0	6	0	6	0	0	12	0	12
Payables related to reinsurance	2	0	6	0	8	1	0	1	56	58
Payables to subsidiaries	12	62	4	493	303	0	49	10	4	2
Negative market value of derivatives	0	558	0	0	558	0	944	0	0	944
Liabilities temporarily acquired	0	37	0	0	37	0	6	0	0	6
Other payables	256	384	78	94	790	289	335	78	118	794
Deferred income	1	3	0	0	4	0	28	0	2	30
Other liabilities, year-end	**292**	**1,044**	**94**	**587**	**1,727**	**337**	**1,362**	**101**	**207**	**1,920**

Note 19 Deposits

Deposits at call		5,429			5,229		4,985			4,518
At notice		4,320			4,320		3,964			3,964
Time deposits		373			351		1,406			1,366
Special categories of deposits		974			974		786			786
Deposits, year-end		**11,096**			**10,874**		**11,141**			**10,634**

Note 20 Payables to credit institutions and central banks

Central banks		1,530	0		1,530		0	0		0
Credit institutions		9,776	7		9,783		8,586	0		8,586
Payables to credit institutions and central banks, year-end		**11,306**	**7**		**11,313**		**8,586**	**0**		**8,586**
Of which falling due after more than five years		0	0		0		0	0		0

DKKm	Non-life	Banking	Life	Other	2009 Total	Non-life	Banking	Life	Other	2008 Total
Note 21 Premium income										
Gross premium	4,750		710	10	5,470	4,736		747	14	5,497
Change in unearned premium provisions	-36		0	0	-36	33		0	0	33
Total premium income	**4,714**		**710**	**10**	**5,434**	**4,769**		**747**	**14**	**5,530**
Direct insurance is exclusively written in Denmark										
Premium income, life insurance										
Regular premiums			652		652			658		658
Single premiums			58		58			89		89
Total premium income, life insurance			710		710			747		747
Individually written insurance			341		341			375		375
Insurance written in employment relationship			215		215			229		229
Group life schemes			154		154			143		143
Total premium income, life insurance			710		710			747		747
Number of policies ('000)										
Individually written insurance			77		77			80		80
Insurance written in employment relationship			8		8			8		8
Group life schemes			66		66			68		68
All policies written include a bonus arrangement. The life insurance company only writes direct Danish insurance.										
Note 22 Interest income, etc.										
Equity investments	0	0	11	0	11	0	0	15	0	15
Bonds	305	231	451	0	987	343	190	458	2	993
Loans secured by mortgages	0	204	0	0	204	0	209	0	0	209
Other loans	0	714	0	0	714	0	1,010	0	0	1,010
Deposits in credit institutions	21	33	6	24	73	21	74	13	66	144
Other investment assets	53	-68	4	21	6	21	40	-6	7	54
Total interest income, etc.	**379**	**1,114**	**472**	**45**	**1,995**	**385**	**1,523**	**480**	**75**	**2,425**
Note 23 Fee income, etc.										
Securities trading and deposits		119			79		162			139
Payment transfers		7			7		8			8
Loan fees		1			1		2			2
Commission fees		9			9		7			7
Other fees and commissions		38			38		43			43
Dividends		10			10		14			14
Fee income paid		-44			-44		-41			-41
Total fee income, etc.		**140**			**100**		**195**			**172**
Note 24 Other income from investment activities										
Rental income	2		135		47	0		129		40
Operation and maintenance - occupied leases	-2		-49		-21	0		-41		-12
Operation and maintenance - vacant leases	0		-3		-3	0		-7		-7
Total other income from investment activities	**0**		**83**		**23**	**0**		**81**		**21**
Note 25 Profit from investments in associates										
Investments in associates		**1**	**8**	**-1**	**0**		**4**	**-30**	**-2**	**2**
Profit/loss from investments in associates comprises the group's share of the profit in EDC-udvikling a/s, Invest Administration A/S and Nordic Corporate Investments A/S. Alm. Brand Liv og Pension A/S's share of the sister company Alm. Brand Formue A/S is recognised under investment in associates. The share is eliminated at group level.										
Note 26 Other income										
Income related to building surveyors	2	0			2	12	0			12
Other	0	17			17	0	14			14
Total other income	**2**	**17**			**19**	**12**	**14**			**26**

	2009					2008				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Note 27 Claims expenses										
Claims paid	-3,518		-889	-47	-4,454	-3,450		-986	-331	-4,767
Change in outstanding claims provisions	-83		0	38	-45	-73		5	551	483
Total claims expenses	**-3,601**		**-889**	**-9**	**-4,499**	**-3,523**		**-981**	**220**	**-4,284**
Run-off result, gross	89			-5	84	-16			232	216
Run-off result, ceded business	-9			9	0	-18			59	41
Run-off result, net	80			4	84	-34			291	257
The run-off result includes value adjustment of inflation swaps used to hedge inflation risk related to workers' compensation.										
Claims and benefits paid, life insurance										
Insurance sums on death			-85		-85			-79		-79
Insurance sums on critical illness			-16		-16			-13		-13
Insurance sums on disability			-8		-8			-6		-6
Insurance sums on expiry			-252		-252			-239		-239
Pension and annuity benefits			-301		-301			-291		-291
Surrenders			-143		-143			-285		-285
Cash bonus payments			-84		-84			-73		-73
Total claims and benefits, life insurance			-889		-889			-986		-986
Note 28 Interest expenses										
Credit institutions and central banks	0	-165	0	0	-165	0	-416	0	0	-416
Deposits and other payables	0	-365	0	0	-354	0	-522	0	0	-492
Issued bonds	0	-30	0	0	-30	0	-89	0	0	-89
Subordinated debt	-10	-81	-7	-7	-101	-9	-49	-19	0	-69
Other interest expenses	0	-2	0	0	-2	0	-1	0	0	-1
Discounting insurance contracts	-151	0	0	0	-151	-176	0	0	0	-176
Total interest expenses	**-161**	**-643**	**-7**	**-7**	**-803**	**-185**	**-1,077**	**-19**		**-1,243**
Note 29 Impairment of loans, advances and receivables, etc.										
Individual assessment:										
Impairment and value adjustments, respectively, during the year		-1,408			-1,408		-380			-380
Reversal of impairment in previous years		20			20		57			57
Total individual assessment		-1,388			-1,388		-323			-323
Group assessment:										
Impairment and value adjustments, respectively, during the year		-51			-51		-13			-13
Reversal of impairment in previous years		13			13		6			6
Total group assessment		-38			-38		-7			-7
Losses not previously provided for		-54			-54		-21			-21
Bad debts recovered		29			29		11			11
Other losses and provisions		0			0		0			0
Total impairment of loans, advances and receivables, etc.		**-1,451**			**-1,451**		**-340**			**-340**
Note 30 Acquisition costs and administrative expenses										
Acquisition commission, etc.	-159	0	-4	-1	-164	-180	0	-1	-1	-182
Other acquisition costs	-458	0	-26	0	-484	-449	0	-34	0	-483
Administrative expenses	-255	-750	-37	-40	-1,022	-276	-557	-37	-45	-855
Total acquisition costs and administrative expenses	**-872**	**-750**	**-67**	**-41**	**-1,670**	**-905**	**-557**	**-72**	**-46**	**-1,520**
Salaries and wages					-1,076					-1,030
Pension					-145					-135
Payroll tax, etc.					-98					-95
Total salaries and wages, pension, etc.					-1,319					-1,260

DKKm	Non-life	Banking	Life	Other	2009 Total	Non-life	Banking	Life	Other	2008 Total

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					1,859					1,898
From this:										
Remuneration to the Management Board (DKK '000)										
Salaries					24,247					8,466
Pension plans					2,724					1,955
Total remuneration to the Management Board					26,971					10,421
Remuneration to the Board of Directors (DKK '000)										
Directors' fees					2,747					1,568
Total remuneration to the Board of Directors					2,747					1,568

No bonus was earned to the members of the Management Board in relation to 2009. Remuneration to the members of the Management Board comprises remuneration to Chief Executive Søren Boe Mortensen and former Deputy Chief Executive Henrik Nordam, including severance payments, etc.

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.

The number of Board members was increased by one in 2009. Moreover, the group set up audit committees.

DKKm	Non-life	Banking	Life	Other	2009 Total	Non-life	Banking	Life	Other	2008 Total
Audit fees (DKK '000)										
Deloitte - Audit	982	1,269	537	1,135	3,923	1,606	1,597	516	986	4,705
Deloitte - Non-audit services	1,032	2,048	23	771	3,874	975	572	-76	1,890	3,361
Total audit fees	2,014	3,317	560	1,906	7,797	2,581	2,169	440	2,876	8,066
Note 31 Other costs										
Expenses relating to building surveyors	0				0	-27				-27
Total other costs					**0**	**-27**				**-27**
Note 32 Loss from business ceded										
Reinsurance premiums ceded	-212		-28	-1	-241	-198		-29	-3	-230
Reinsurers' share received	63		28	6	97	59		40	267	366
Change in reinsurers' share of insurance contracts	0		2	0	2	0		-2	-205	-207
Commissions and profit shares from reinsurance companies	3		3	0	6	-34		3	0	-31
Total loss from business ceded	**-146**		**5**	**5**	**-136**	**-173**		**12**	**59**	**-102**
Note 33 Change in life insurance provisions										
Guaranteed benefits			-41		-41			-974		-974
Bonus potential on future premiums			-101		-101			385		385
Bonus potential on paid-up policies			-94		-94			421		421
Change in share of provisions in Forenede Gruppeliv			3		3			-3		-3
Compensation, tax on pension returns			0		0			15		15
Total change in life insurance provisions			**-233**		**-233**			**-156**		**-156**

	2009					2008				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Note 34 Value adjustments										
Investment assets										
Equity investments	-16	89	251	0	324	-4	-263	-559	0	-826
Unit trust units	0	16	54	0	70	0	-27	-74	0	-101
Bonds	73	47	143	0	263	26	-132	286	0	180
Shares in collective investments	0	0	0	0	0	0	0	0	0	0
Loans secured by mortgages	0	-384	0	0	-384	0	-124	0	0	-124
Other investment assets	2	-19	7	0	-10	36	91	-29	0	98
Exchange rate adjustments	0	-6	0	6	0	0	-80	0	-11	-91
	59	-257	455	6	263	58	-535	-376	-11	-864
Land and buildings										
Investment properties	-2	0	-7	0	-15	1	0	-17	0	-21
Owner-occupied properties	4	0	0	0	10	0	0	0	0	-5
	61	-257	448	6	258	59	-535	-393	-11	-890
Discounting insurance contracts	-60	0	0	0	-60	-135	0	0	0	-135
Total value adjustments	**1**	**-257**	**448**	**6**	**198**	**-76**	**-535**	**-393**	**-11**	**-1,025**
Change in fair values based on valuation models and recognised in the income statement										
Mortgage deeds	0	13	0	0	13	0	-51	0	0	-51
Unlisted shares	1	0	-15	0	-14	-4	0	12	-2	6
Investment properties	-2	0	-7	0	-15	1	0	-17	0	-21
Owner-occupied properties	4	0	0	0	10	0	0	0	0	-5
Total change in fair values	3	13	-22		-6	-3	-51	-5	-2	-71
Note 35 Tax on pension investment returns										
Tax on pension investment returns regarding prior years			0		0			0		0
Tax on pension investment returns regarding current year			-141		-141			-19		-19
Change in deferred tax on pension investment returns			0		0			0		0
Total tax on pension investment returns			**-141**		**-141**			**-19**		**-19**
Exemption rate			4.6%		4.6%			4.7%		4.7%
Note 36 Tax										
Estimated tax on operating profit for the year	-86	91	-11	6	0	-56	133	3	-79	1
Prior-year adjustment	0	3	0	1	4	0	0	0	0	0
Adjustment of deferred tax	7	339	-15	1	332	-11	-6	-20	-17	-54
Total tax	**-79**	**433**	**-26**	**8**	**336**	**-67**	**127**	**-17**	**-96**	**-53**
Effective tax rate:										
Current tax rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Prior-year adjustment of deferred tax	-1.9%	0.0%	0.0%	0.0%	0.4%	-2.2%	0.0%	0.0%	-3.5%	9.4%
Prior-year adjustment	1.9%	0.2%	0.0%	0.2%	-0.1%	2.3%	0.0%	0.0%	3.2%	-9.1%
Tax adjustment	2.5%	-1.5%	-6.3%	134.8%	-1.6%	0.4%	-8.6%	14.5%	10.3%	7.0%
Total effective tax rate	27.5%	23.7%	18.7%	160.0%	23.7%	25.5%	16.4%	39.5%	35.0%	32.3%
Note 37 Share attributable to minority shareholders										
Share of profit/loss before tax attributable to minority interests										
Alm. Brand Formue A/S		48			40		-212			-179
Alm. Brand Pantebreve A/S		-120			-120		-29			-29
Total share of profit/loss before tax attributable to minority interests		**-72**			**-80**		**-241**			**-208**
Share of profit/loss after tax attributable to minority interests										
Alm. Brand Formue A/S		48			40		-196			-166
Alm. Brand Pantebreve A/S		-120			-120		-22			-22
Total share of profit/loss after tax attributable to minority interests		**-72**			**-80**		**-218**			**-188**

Note 38 Technical 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	2009 Total
Gross premiums	481	304	551	858	1,070	1,156	100	230	4,750
Gross premium income	475	291	548	858	1,043	1,139	100	260	4,714
Gross claims expenses	-376	-122	-510	-408	-926	-1,003	-54	-202	-3,601
Gross operating expenses	-92	-54	-53	-208	-205	-199	-18	-43	-872
Profit/loss from business ceded	-2	-3	-2	0	-40	-98	-3	2	-146
Investment return on insurance business	5	3	6	10	12	13	1	3	53
Total technical result	**10**	**115**	**-11**	**252**	**-116**	**-148**	**26**	**20**	**148**
No. of claims	11,893	2,901	15,066	45,198	81,231	29,545	2,398	23,611	211,843
Frequency of claims	0.035	0.093	0.037	0.122	0.175	0.178	0.047	0.141	0.130
Average damages paid for claims incurred, DKK '000	27	72	32	11	12	33	15	8	17

DKKm	Health and accident insurance	Workers' compen-sation insurance	Vehicle insurance, liability	Vehicle insurance, loss or damage	Fire & property insurance, private	Fire & property insurance, com-mercial	Liability insurance	Other direct insurance	2008 Total
Gross premiums	462	331	548	858	1,026	1,148	111	252	4,736
Gross premium income	456	353	559	863	1,001	1,172	110	255	4,769
Gross claims expenses	-205	-133	-301	-522	-1,001	-1,037	-38	-286	-3,523
Gross operating expenses	-91	-61	-56	-220	-207	-199	-20	-51	-905
Profit/loss from business ceded	-3	9	-3	0	-54	-122	-1	1	-173
Investment return on insurance business	9	4	15	23	38	27	1	8	125
Total technical result	**166**	**172**	**214**	**144**	**-223**	**-159**	**52**	**-73**	**293**
Numbers of claims	11,833	3,860	15,765	47,294	79,511	29,760	1,922	21,841	211,786
Frequency of claims	0.034	0.121	0.038	0.128	0.168	0.185	0.043	0.130	0.129
Average damages paid for claims incurred, DKK '000	20	58	31	11	11	30	17	9	17

Direct insurance is written only in Denmark

DKKm	2009	2008
Note 39 Realised result, life insurance		
Technical result of life insurance activities	81	-1
Transfer of investment return	65	75
Tax on pension investment return	141	19
Change in collective bonus potential	225	-412
Change in bonus potential on paid-up policies	131	-131
Result of portfolios without bonus entitlement	24	0
Addition of bonus	57	146
Return equity deposit	-58	-43
Health and accident insurance deposits	-7	-32
Realised result	659	-379

DKKm	2009	2008
Return requirement for shareholders' equity		
Unconditional shares:		
Actual investment return before tax on pension investment return	58	43
Result of portfolios without bonus entitlement	-24	0
Result of health and accident insurance	2	11
Total return requirement for shareholders' equity	36	54
Conditional shares:		
Risk premium of 0.5% of the average life insurance provisions	54	53
20% of expense and risk result	0	0
Expense result, net of reinsurance	8	13
25% of risk result, net of reinsurance	14	15
Total conditional shares	76	81
Profit for the year before tax	112	135
Transferred to shadow account	29	-81
Profit for the year before tax including health and accident insurance	141	54
Profit for the year before tax excluding health and accident insurance	139	43

Note 40 Contingent liabilities, guarantees and lease agreements

Guarantee commitments	2,386	2,504

The group's companies have made lease and rental agreements for computer equipment and premises with total annual payments of DKK 54 million allocated over a five-year period.

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

Alm. Brand Bank A/S has not recognised guarantee commitments consisting of financial guarantees, loss guarantees for mortgage loans, etc. totalling DKK 1,9 billion.

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

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

Alm. Brand A/S has provided a guarantee to ILU (Institute of London Underwriters) covering contracts written on behalf of the Copenhagen Reinsurance Company (U.K.) Ltd. (Cop. Re UK Ltd.), Copenhagen Re's UK subsidiary. The guarantee covers insurance contracts relating to Marine Aviation and Transport (MAT) written through ILU in the period from 3 April 1989 to 1 July 1997. In connection with the divestment of the Copenhagen Re Group in 2009, the buyer has undertaken to indemnify Alm. Brand A/S against the guarantee commitments.

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

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

DKKm	2009 Non-life	Banking	Life	Other	Total	2008 Non-life	Banking	Life	Other	Total
Note 41 Collateral security										
Carrying amounts of assets provided as collateral security for technical provisions										
Cash	0		365	0	365	0		651	30	681
Bonds	6,414		9,817	0	16,231	5,579		9,193	6	14,778
Equity investments and units in unit trusts	0		1,116	0	1,116	0		831	10	841
Shares in collective investments	0		0	0	0	0		0	0	0
Interest receivable	119		128	0	247	145		162	0	307
Properties, mortgage deeds	0		97	0	97	0		98	0	98
Loans guaranteed by insurance companies	0		0	0	0	0		0	0	0
Loans to group enterprises	0		0	0	0	0		0	0	0
Investments in subsidiaries	0		291	0	582	0		382	0	764
Other assets	0		0	0	0	338		0	0	338
Collateral security, year-end	6,533		11,814	0	18,638	6,062		11,317	46	17,807

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 2009 the bank provided bonds as security vis-à-vis the Danish Central Bank at a market value of DKK 2,431 million (2008: DKK 635 million).

Note 42 Related parties

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

- Alm. Brand af 1792 fmba (parent company)
- EDC-Udvikling a/s (joint venture)
- Alm. Brand Formue A/S (subsidiary, not wholly owned)
- Alm. Brand Pantebreve A/S (subsidiary, not wholly owned)
- Invest Administration A/S (associate)
- Nordic Corporate Investment A/S (associeret selskab)
- 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.

Alm. Brand af 1792 fmba has injected subordinated loan capital into Alm. Brand A/S and has in addition granted a loan to Alm. Brand A/S. The accounts carry interest on market terms.

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.

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

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

DKKm	Alm. Brand af 1792 fmba	Alm. Brand subsidiaries (not wholly owned)	Management Board and Board of Directors of A/S	2009 Companies controlled by members of the Board of Directors
Sale of services	1,080	2,171	2	0
Purchase of services	845	2,684	0	0
Interest and fee income	0	106	1	0
Interest and fee expenses	6	0	-1	0
Receivables	0	1,839	17	7
Debt	149	7	34	0
Collateral	0	0	6	3
Interest rates			1.7-7.75%	3.25-4.93%
				2008
Sale of services	609	20,383	3	0
Purchase of services	1,281	21,461	0	0
Interest and fee income	0	176	1	0
Interest and fee expenses	10	26	-1	0
Receivables	152	1,693	22	7
Debt	0	11	36	1
Collateral	0	0	9	3
Interest rates			2,50-7,50%	3,65-7,50%

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

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

DKKm	Fair value	Amorti-sed cost	Total	Fair value	Amorti-sed cost	Total
Note 43 Classification of financial instruments						
Financial assets						
Government bonds	4,752	0	4,752	3,515	0	3,515
Mortgage bonds	19,905	0	19,905	15,159	0	15,159
Other fixed-rate instruments	660	0	660	669	0	669
Other floating-rate instruments	301	0	301	280	0	280
Listed shares	1,155	0	1,155	855	0	855
Unlisted shares	475	0	475	430	0	430
Other investment assets	89	0	89	72	0	72
Reinsurance deposits	0	0	0	0	9	9
Receivables from policyholders	0	168	168	0	245	245
Receivables from insurance brokers	0	14	14	0	19	19
Receivables from insurance companies	0	0	0	0	134	134
Other receivables	0	66	66	0	121	121
Positive market value of derivative financial instruments	537	0	537	829	0	829
Other assets	0	66	66	0	92	92
Pensionskassen under Alm. Brand A/S	0	9	9	0	8	8
Assets temporarily acquired	0	86	86	0	39	39
Interest receivable	565	0	565	510	0	510
Prepayments	0	54	54	0	68	68
Balances due from credit institutions and central banks	0	1,331	1,331	0	3,017	3,017
Cash in hand and demand deposits	0	49	49	0	146	146
Loans and advances	2,262	12,561	14,823	2,705	14,587	17,292
Financial assets	30,701	14,404	45,105	25,024	18,485	43,509

DKKm	2009 Fair value	2009 Amorti-sed cost	2009 Total	2008 Fair value	2008 Amorti-sed cost	2008 Total
Financial liabilities						
Subordinated debt	0	1,834	1,834	0	828	828
Issued bonds	0	26	26	0	1,145	1,145
Reinsurance deposits	0	0	0	0	27	27
Payables to policyholders	0	21	21	0	47	47
Payables related to direct insurance	0	6	6	0	12	12
Payables related to reinsurance	0	8	8	0	58	58
Payables to subsidiaries	0	303	303	0	2	2
Negative market value of derivative financial instruments	558	0	558	944	0	944
Other payables	203	587	790	0	794	794
Deferred income	0	4	4	0	30	30
Deposits	0	10,874	10,874	0	10,634	10,634
Payables to credit institutions and central banks	0	11,313	11,313	0	8,586	8,586
Financial liabilities	761	24,976	25,737	944	22,163	23,107

DKKm	Non-life	Banking	Life	Other	Total	Non-life	Banking	Life	Other	Total
Quoted prices										
Financial assets										
Loans and advances	0	0	0	0	0					
Bonds	6,915	8,744	8,621	2	24,282					
Shares	0	313	578	0	891					
Other assets	0	0	0	0	0					
Total financial assets	6,915	9,057	9,199	2	25,173					
Financial liabilities										
Other payables	0	0	0	0	0					
Total financial liabilities	0	0	0	0	0					
Observable data										
Financial assets										
Loans and advances	0	0	0	0	0					
Bonds	14	0	989	0	1,003					
Shares	0	0	4	0	4					
Other assets	134	831	137	0	1,102					
Total financial assets	148	831	1,130	0	2,109					
Financial liabilities										
Other payables	0	761	0	0	761					
Total financial liabilities	0	761	0	0	761					
Non-observable data										
Financial assets										
Loans and advances	0	2,262	0	0	2,262					
Bonds	297	0	125	0	422					
Shares	22	211	501	1	735					
Other assets	0	0	0	0	0					
Total financial assets	319	2,473	626	1	3,419					
Financial liabilities										
Other payables	0	0	0	0	0					
Total financial liabilities	0	0	0	0	0					

Loans, advances and other receivables at fair value comprises mortgage deeds measured at fair value using a valuation model. Bonds at fair value comprises corporate bonds valued at quoted prices or based on observable data. Shares, etc. comprises listed shares valued at quoted prices and unlisted shares for which the input is not based on directly observable market data. Other assets comprises interest receivable and positive values of derivative financial instruments valued based on observable data. Other liabilities comprises interest payable and negative values of derivative financial instruments valued based on observable data.

DKKm	Fair value	Assets and debt at amortised cost	Total	Fair value	Assets and debt at amortised cost	Total
Note 44 Return on financial instruments						
Interest income, etc.	1,243	752	1,995	1,340	1,085	2,425
Fee income, etc.	87	13	100	150	22	172
Other income	9	10	19	19	7	26
Total income	1,339	775	2,114	1,509	1,114	2,623
Interest expenses	-160	-643	-803	-166	-1,077	-1,243
Value adjustments	194	4	198	-1,015	-10	-1,025
Profit before tax	1,373	136	1,509	328	27	355

DKKm	Fair value	Recognised amount	Fair value	Recognised amount
Note 45 Fair value on financial instruments				
Financial assets at fair value through profit or loss				
Government bonds	4,752	4,752	3,515	3,515
Mortgage bonds	19,905	19,905	15,159	15,159
Other fixed-rate instruments	660	660	669	669
Other floating-rate instruments	301	301	280	280
Listed shares	1,155	1,155	855	855
Unlisted shares	475	475	430	430
Other investment assets	89	89	72	72
Reinsurance deposits	0	0	9	9
Receivables from policyholders	168	168	245	245
Receivables from insurance brokers	14	14	19	19
Receivables from insurance companies	0	0	134	134
Other receivables	66	66	121	121
Positive market value of derivative financial instruments	537	537	829	829
Other assets	66	66	92	92
Pensionskassen under Alm. Brand A/S	9	9	8	8
Assets temporarily acquired	86	86	39	39
Interest receivable	565	565	510	510
Prepayments	54	54	68	68
Balances due from credit institutions and central banks	1,331	1,331	3,017	3,017
Cash in hand and demand deposits	49	49	146	146
Loans and advances	14,922	14,823	17,357	17,292
Fair value on financial instruments, year-end	45,204	45,105	43,574	43,509

DKKm	Fair value	Recognised amount	Fair value	Recognised amount
Financial liabilities at fair value through profit or loss				
Subordinated debt	1,834	1,834	828	828
Issued bonds	26	26	1,145	1,145
Reinsurance deposits	0	0	27	27
Payables to policyholders	21	21	47	47
Payables related to direct insurance	6	6	12	12
Payables related to reinsurance	8	8	58	58
Payables to subsidiaries	303	303	2	2

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

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

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

Fair value adjustments of financial assets and liabilities represent a total unrecognised gain of DKK 65.2 million at the end of 2009, against DKK 50.1 million at the end of 2008.

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

					2009					2008
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Note 46 Financial instruments by term to maturity										
Bonds										
Expiry within 1 year	944	6,115	535	0	7,594	480	2,361	516	172	3,529
Expiry between 1 year and 5 years	2,667	754	1,242	2	4,665	2,389	288	1,957	184	4,818
Expiry after more than 5 years	3,607	1,875	7,877	0	13,359	3,890	729	6,557	100	11,276
Bonds, year-end	7,218	8,744	9,654	2	25,618	6,759	3,378	9,030	456	19,623
Cash in hand and balances at call										
Expiry within 1 year	264	34	160	9	49	272	29	352	0	146
Expiry between 1 year and 5 years	0	0	0	0	0	0	0	0	0	0
Expiry after more than 5 years	0	0	0	0	0	0	0	0	0	0
Cash in hand and balances at call, year-end	264	34	160	9	49	272	29	352	0	146
Loans, advances and receivables										
Expiry within 1 year	641	7,855	26	0	8,522	567	8,290	145	666	9,668
Expiry between 1 year and 5 years	0	2,119	0	0	2,119	0	4,776	0	0	4,776
Expiry after more than 5 years	0	5,695	0	0	5,695	0	6,263	0	0	6,263
Loans, advances and receivables, year-end	641	15,669	26	0	16,336	567	19,329	145	666	20,707
Deposits and payables to credit institutions and central banks										
Expiry within 1 year	23	16,348	19	0	16,190	48	12,451	13	56	12,101
Expiry between 1 year and 5 years	0	5,413	0	0	5,391	0	6,784	0	0	6,744
Expiry after more than 5 years	0	641	0	0	641	0	492	0	0	492
Deposits and payables to credit institutions and central banks, year-end	23	22,402	19	0	22,222	48	19,727	13	56	19,337
Issued bonds										
Expiry between 1 year and 5 years		0			0		1,135			1,135
Issued bonds, year-end		0			0		1,135			1,135

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. See note 14, which includes the expected cash flow for the group's claims and life insurance provisions.

	2009					2008				
DKKm	**Non-life**	**Banking**	**Life**	**Other**	**Total**	**Non-life**	**Banking**	**Life**	**Other**	**Total**
Note 47 Credit risk										
Credit risk by type of financial asset										
Government bonds	1,362	2	3,388	0	4,752	1,440	1	1,778	296	3,515
Mortgage bonds	5,595	8,674	5,636	0	19,905	5,165	3,243	6,725	26	15,159
Other fixed-rate instruments	167	68	425	0	660	154	134	256	125	669
Other floating-rate instruments	94	0	205	2	301	0	0	271	9	280
Other investment assets	8	0	81	0	89	0	0	72	0	72
Reinsurance deposits	103	0	31	0	134	67	0	27	123	217
Receivables from policyholders	142	0	26	0	168	208	0	37	0	245
Receivables from insurance brokers	14	0	0	0	14	19	0	0	0	19
Receivables from insurance companies	0	0	0	0	0	0	0	8	126	134
Other receivables	37	0	26	31	66	61	0	37	49	121
Positive market value of derivative financial instruments	0	537	0	0	537	0	829	0	0	829
Other assets	0	66	0	0	66	0	92	0	0	92
Interest receivable	134	294	137	0	565	148	198	164	0	510
Balances due from credit institutions and central banks	485	846	0	0	1,331	340	2,037	100	540	3,017
Cash in hand and demand deposits	264	34	160	9	49	272	29	352	0	146
Loans and advances	0	14,823	0	0	14,823	0	17,292	0	0	17,292
Maximum credit risk	8,405	25,344	10,115	42	43,460	7,874	23,855	9,827	1,294	42,317

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 portfolio of credit bonds in the life insurance company forms part of customer investment assets. The entire portfolio of credit bonds is Investment Grade-rated (BBB rating and higher). Overdue receivables in the non-life company are written off after nine months.

Total receivables written down in connection with insurance operations:

Impairment beginning of year	38				38	25				25
Impairment during the year and reversal of impairment	10				10	13				13
Impairment, year-end	48	0	0	0	48	38	0	0	0	38

Loans and guarantees distributed by sector and industry										
Public authorities		0.0%			0.0%		0.0%			0.0%
Business sectors:										
Agriculture, hunting and forestry		7.8%			7.8%		6.8%			6.8%
Fishery		0.0%			0.0%		0.0%			0.0%
Manufacturing, raw materials extraction, utilities		0.3%			0.3%		0.4%			0.4%
Construction		1.0%			1.0%		1.3%			1.3%
Trade, restaurant and hotel industry		1.4%			1.4%		2.6%			2.6%
Transport, post and telecommunications		0.2%			0.2%		0.5%			0.5%
Credit and financing and insurance		24.5%			24.5%		21.7%			21.7%
Property administration and trading, business services		20.0%			20.0%		20.8%			20.8%
Other business		1.5%			1.5%		1.9%			1.9%
Business total		56.7%			56.7%		56.0%			56.0%
Private customers		43.3%			43.3%		44.0%			44.0%
Total		100.0%			100.0%		100.0%			100.0%

Impairment										
Individual assessment										
Impairment beginning of year		416			416		103			103
Impairment during the year		1408			1,408		380			380
Reversal of impairment		-20			-20		-57			-57
Loss (written off)		-15			-15		-10			-10
Impairment year-end		1,789			1,789		416			416
Group assessment										
Impairment beginning of year		34			34		27			27
Impairment during the year		50			50		13			13
Reversal of impairment		-12			-12		-6			-6
Impairment year-end		72			72		34			34
Total impairment		1,861			1,861		450			450
Value of security for loans found to be impaired based on individual assessments		20			20		4			4
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	2009 Non-life	Banking	Life	Other	Total	2008 Non-life	Banking	Life	Other	Total
Reasons for individual impairment writedowns										
Loans, advances and other receivables before impairment										
Estate administration		870			870		186			186
Debt collection		115			115		142			142
Uncollectible claims		2,674			2,674		1,706			1,706
Total		3,659			3,659		2,034			2,034
Impairment, etc.										
Estate administration		547			547		81			81
Debt collection		58			58		41			41
Uncollectible claims		1,184			1,184		294			294
Total		1,789			1,789		416			416
Loans, advances and other receivables after impairment		1,870			1,870		1,618			1,618
Value of security for loans which in an individual assesment have been found to be impaired		1,714			1,714		1,468			1,468
Description of security										
Value of security										
Real property, private		147			147		155			155
Real property, commercial		238			238		203			203
Cash, deposits and highly marketable securities		1,198			1,198		1,018			1,018
Cars		40			40		82			82
Other security		91			91		10			10
Value of security, year-end		1,714			1,714		1,468			1,468

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		46			46		17			17
Real property, commercial		329			329		0			0
Current-asset investments		33			33		0			0
Cars		62			62		21			21
Total value of realised security		470			470		38			38

Forced realisation of collateral becomes necessary if the bank cannot induce the creditor or the provider of collateral security to enter into a voluntary agreement on realisation. The bank always seeks to maximise the value of collateral by way of forced realisation. Before forced realisation of collateral is initiated, the debtor and/or the provider of collateral will receive typically eight days' notice, however, shorter notice may be given in case of an obvious risk of imminent impairment of the value of the collateral. Particularly in case of loans and credits secured against security-based investments, the company establishes so-called stop-loss clauses allowing the bank to initiate forced ralisation immediately, unless additional collaterel is provided. Typically, such clauses will enter intor force if the value of the collateral drops to a certain level of the loan, typically 105-110%.

Loans, advances and other receivables, etc. in arrears										
How much in arrears										
Up to three months		18			18		103			103
Three to six months		14			14		31			31
Six to twelve months		9			9		5			5
More than twelve months		44			44		10			10
Arrears year-end		85			85		149			149
Value of collateral security for loans in arrears		3,266			3,266		1,133			1,133
Description of security										
Value of security										
Real property, private		691			691		1,056			1,056
Real property, commercial		784			784		6			6
Cash and marketable securities		956			956		21			21
Cars		774			774		49			49
Other security		61			61		1			1
Value of security, year-end		3,266			3,266		1,133			1,133

DKKm	Non-life	Banking	Life	Other	2009 Total	Non-life	Banking	Life	Other	2008 Total
Total value of security at the balance sheet date		13,097			13,097		15,862			15,862
Description of security										
Value of security										
Real property, private		3,705			3,705		5,502			5,502
Real property, commercial		2,671			2,671		3,735			3,735
Cash and marketable securities		5,422			5,422		4,680			4,680
Cars		1,109			1,109		1,678			1,678
Other security		190			190		267			267
Value of security, year-end		13,097			13,097		15,862			15,862

Credit quality

The bank uses rating models on its retail customers and on small and medum-sized businesses. The rating models use a scale of 0-7, and each indivudual rating segment has a PD range (Probability of Default) for each scale step.

Note 48 Hedge accounting

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

Nature of the hedged item										
Fixed-rate loans in DKK										
At amortised cost		645			645		150			150
At adjusted amortised cost (carrying amount)		637			637		149			149
Payables to credit institutions denominated in EUR										
At amortised cost		4,342			4,342		0			0
At adjusted amortised cost (carrying amount)		4,342			4,342		0			0
Hybrid Tier 1 capital in DKK										
At amortised cost		175			175		175			175
At adjusted amortised cost (carrying amount)		182			182		179			179
Nature of hedging instruments										
For fixed-rate loans in DKK										
Interest rate swaps in DKK										
Fair value		-8			-8		-1			-1
Synthetic principal		645			645		150			150
For payables to credit institutions denominated in EUR										
Currency swaps i DKK/EUR										
Fair value		0			0		0			0
Synthetic principal		4,342			4,342		0			0
For hybrid Tier 1 capital in DKK										
Interest rate swaps in DKK										
Fair value		7			7		4			4
Synthetic principal		175			175		175			175
Recognised through profit and loss										
Value adjustment of hedged assets and liabilities		4			4		-11			-11
Value adjustment of hedging instruments		-4			-4		11			11

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

DKKm	Non-life	Banking	Life share holders' equity	Other	Total	% of share-holders' equity

Note 49 Sensitivity information

Sensitivity information, group

Risk on shareholders' equity in case of specific events:						
Interest rate increase of 0.7 percentage point	-24	-61	-15	0	-100	-2.7%
Interest rate fall of 0.7 percentage point	14	61	14	0	89	2.4%
Share price fall of 12%	-4	-27	0	0	-31	-0.8%
Fall in property prices of 8%	-2	0	0	0	-2	-0.1%
Maximum exchange rate loss of 99.5% probability of 10 days	-1	-15	0	0	-16	-0.4%
Loss on counterparties of 8%	0	-25	0	0	-25	-0.7%
Loss on credit of 8%	-54	-52	-8		-114	-3.1%
Caststrophe events:						
- one "100-year event"	260	0	0	0	260	7.0%
- two "100-year events"	480	0	0	0	480	13.0%

The risk factors relating to the life group's shareholders' equity do not include risks related to securities owned by the policeholders. The heading 'Risk management' in the management's review contains a description of the risk assumed by the group.

Sensitivity information, life company

DKKm	Minimum effect on capital base	Maximum effect on collective bonus potential	Maximum effect on bonus potential on paid-up policies benefits before change in applied bonus potential on paid-up policies	Maximum effect on applied bonus potential on paid-up policies
Event:				
Interest rate increase of 0.7 percentage point	-12	-150	289	0
Interest rate fall of 0.7 percentage point	12	37	-249	0
Share price fall of 12%	0	-149	0	0
Fall in property prices of 8%	0	-92	0	0
Exchange rate risk (VaR 99.5%)	0	-1	0	0
Loss on counterparties of 8%	-6	-72	0	0
Fall in mortality intensity of 10%	-11	-32	7	0
Increase in mortality intensity of 10%	9	28	-7	0
Increase in disability intensity of 10%	-3	-9	-9	0

	2009	2008	2007	2006	2005
Note 50 Key ratios for the banking group					
Solvency ratio	16.0%	12.6%	11.7%	12.1%	11.5%
Tier 1 ratio	12.9%	6.8%	9.4%	10.4%	9.5%
Return on equity before tax	-321.7%	-45.4%	15.2%	14.5%	23.0%
Return on equity after tax	-243.7%	-37.2%	11.5%	11.1%	16.1%
Income/cost ratio	0.17	0.14	1.40	1.49	1.88
Interest rate risk	8.4%	11.6%	8.7%	13.3%	15.2%
Foreign exchange position	3.0%	43.3%	72.7%	41.1%	19.1%
Foreign exchange risk	0.1%	0.5%	0.6%	0.7%	0.2%
Loans and advances as a percentage of deposits	149.8%	159.2%	146.7%	139.4%	121.9%
Gearing of loans and advances	9.3	14.0	8.9	7.4	6.7
Annual growth in lending	-14.3%	1.0%	30.4%	22.2%	20.5%
Excess cover relative to statutory liquidity requirement	104.1%	93.0%	36.7%	71.5%	82.0%
Total amount of large exposures	73.9%	163.0%	177.6%	225.1%	275.3%
Impairment ratio for the year	7.9%	1.7%	-0.3%	-0.2%	0.0%

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 51 Accounting policies

GENERAL

The consolidated financial statements have 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 lateral pension funds. In addition, the financial statements have been presented in accordance with additional Danish disclosure requirements for listed financial enterprises.

Additional Danish disclosure requirements for annual financial statements are for the group set out in the Danish Statutory Order on Adoption of IFRS for financial enterprises issued pursuant to the Danish Financial Business Act and by NASDAQ OMX Copenhagen A/S. For the parent company, the disclosure requirements are defined in the Danish Financial Business Act and by NASDAQ OMX Copenhagen A/S.

The annual financial statements are 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.

IMPLEMENTATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Annual Report 2009 is presented in accordance with the new and amended standards (IFRS/IAS) and interpretations (IFRIC) which apply for financial years starting on or after 1 January 2009. These standards and interpretations are:

- IAS 1, Presentation of Financial Statements (September 2007). IAS 1 introduces amended terminology with respect to the financial statements and amendments to the format and contents of the financial statements.
- Amended IFRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments (March 2009). The amendments to IFRS 7 require extended disclosures with respect to fair value measurements and liquidity risk. In accordance with the transitional provisions of the amendment to the standard, the group has chosen not to include comparative figures in the current financial statements.

The implementation of the other new and amended standards and interpretations in the annual financial statements for 2009 did not result in any changes to the accounting policies.

STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

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

- IAS 24, Related Party Disclosures (November 2009). The amendment provides exemption from certain of the disclosure requirements for transactions between entities which are controlled or significantly influenced by the same state. Furthermore, the definition of a related party has been clarified.
- Amended IAS 39, Financial Instruments: Recognition and Measurement (Eligible Hedged Items) (July 2008). The amendment comes into force for financial years starting on or after 1 January 2011. The amendment has not yet been adopted for use in the EU. The amendments clarify the hedging provisions for hedging inflation risk and using options as hedging instruments.
- IFRS 9, Financial instruments: Classification and Measurement (November 2009). IFRS 9 concerns the accounting treatment of financial assets in relation to classification and measurement. Pursuant to IFRS 9, the "held-to-maturity" and "available-for-sale" categories are eliminated. A new optional category is defined for equity instruments which are not held for trading and which at initial recognition are classified in the category "fair value through other comprehensive income". In future, financial assets will thus be classified either as "measured at amortised cost" or "measured at fair value through profit or loss" or – in case of qualifying equity instruments – as "measured at fair value through other comprehensive income". The standard comes into force for financial years starting on or after 1 January 2010. The standard has not yet been adopted for use in the EU.

Management believes that the application of these other new and amended standards and interpretations will have no material impact on the annual financial statements for the coming financial years.

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 and until the date of disposal respectively. Comparatives are not adjusted.

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

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

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

INTRA-GROUP TRANSACTIONS

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

FOREIGN CURRENCY

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

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

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

GENERAL RECOGNITION AND MEASUREMENT POLICIES

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

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

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

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

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

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

ACCOUNTING ESTIMATES

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

As for the fair value of unlisted financial instruments, significant estimates have been applied in measuring the fair value. In addition, the banking group is subject to risks and uncertainties that may cause actual results to deviate from the estimates.

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

CHANGE IN ACCOUNTING ESTIMATES

As a result of the agreement on financial stability signed in October 2008, the Danish Financial Supervisory Authority effected a temporary adjustment of the method for determining the yield curve. The agreement has been extended until end-2010. The new method to some extent makes allowance for developments in the spread between mortgage bonds and government bonds.

Seen in isolation, the changed discount rate increased provisions for insurance contracts in the life insurance company by DKK 8 million, whereas it had no effect on the results of the non-life operations. The change has increased Alm. Brand A/S's shareholders' equity by DKK 25 million.

BALANCE SHEET

Intangible assets

Goodwill

On initial recognition, goodwill is recognised at fair value, determined as the difference between acquisition cost and fair value of the acquired net assets. An impairment test is conducted annually, and any impairment losses are recognised in the income statement.

Software

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

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

Land and buildings

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

The group has not used external valuers to determine the fair values of the properties. The fair value of land and buildings is assessed in-house on an annual basis.

Investment 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. Writedowns that do not offset previous revaluations are made in the income statement.

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

The yield method

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

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

Investments in associates

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

Reinsurers' share from insurance contracts

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

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

Operating equipment

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

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

Cost comprises acquisition cost and directly attributable costs.

Leasehold improvements are capitalised and amortised over their estimated useful lives, up to five years, taking into account the expected residual value.

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

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

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

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

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

Financial assets are recognised or derecognised at the settlement date.

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

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

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

Securities sold under agreements to repurchase at a later date (repo transactions) remain in the balance sheet. Amounts received are included as amounts owed to the purchaser and are subject to interest at the agreed rate. The securities are measured as if they were still included in the balance sheet, and market value adjustments and interest etc. are recognised in the income statement. Securities purchased under agreements to resell at a later date (reverse transactions) are not recognised in the balance sheet. Amounts paid are recognised as a receivable and are subject to interest at the agreed rate.

Derivative financial instruments
As part of the risk management efforts, the fair value of certain fixed rate 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Life insurance provisions
Life insurance provisions are stated at market value based on an expected cash flow discounted using the yield curve published by the Danish Financial Supervisory Authority. The market value expectations include a risk premium, corresponding to the risk of fluctuations in the amount and time of payment of guaranteed benefits. 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 and the development in case reserves. 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.

Alm. Brand introduced a more precise method for discounting claims provisions in 2009. The cash flow regarding payment of provisions for the past ten claims years is estimated for all lines and discounted using the adjusted yield curve of the Danish Financial Supervisory Authority. In workers' compensation, provisions relating to claims years more than ten years back are also discounted.

For all lines except workers' compensation, the future inflation rate is estimated and recognised implicitly in the provision models. The future inflation rate forecast used in the calculation of provisions in relation to workers' compensation consists of an inflation element and a real wage element.

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

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

The provisions for current disablement benefits are determined individually, and an assessment of the duration of the

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

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

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

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

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

Current costs in respect of pensions etc. for the group's employees are treated as defined contribution plans. For defined contribution plans, the group pays fixed contributions and has no obligation to pay any further contributions. The obligations are fully funded.

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

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

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

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

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

INCOME STATEMENT

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

Premium income, net of reinsurance, is the gross premiums for the year adjusted for movements in unearned premium provisions and less reinsurers' share. The part of the change in unearned premium provisions which can be ascribed to discounting is transferred to interest expenses, etc. The part of the change in unearned 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 income and dividends, etc. includes dividends received and interest earned during the financial year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Operating expenses relating to owner-occupied properties are recognised in the consolidated income statement under administrative expenses. Rent concerning the company's owner-occupied properties is not recognised in the consolidated income statement, but the expense is included in the individual segment financial statements.

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

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

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

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

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

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

TAX

All companies in the group are jointly taxed.

Tax includes tax for the year, comprising income tax payable for the year, movements in deferred tax and prior-year adjustments. Changes in deferred tax resulting from changes in tax rates are also recognised in this item.

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

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

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

SEGMENT INFORMATION

Business segments are the group's primary segment, while the geographical segment is the secondary segment because the group primarily covers the Danish market.
The segment information follows the group's internal reporting structure, reflecting a risk allocation on relevant business areas.

More detailed segment information is provided in the management's review.

CASH FLOW STATEMENT

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

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

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

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

Cash and cash equivalents comprise cash and demand deposits.

Disclaimer
Forecasts are based on the level of interest rates prevailing at mid-February 2010. All forward-looking statements are based exclusively on the information available when this annual report was released.

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

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

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

financial statements parent company

BALANCE SHEET

		Parent company	
DKKm	**Note**	**2009**	**2008**
Assets			
Investment in group enterprises	1	4,308	4,080
Loans to group enterprises		0	550
Investment in associates	2	17	18
Total investments in group enterprises and associates		**4,325**	**4,648**
Equity investments		1	1
Other loans and advances		2	2
Deposits with credit institutions	3	0	50
Cash in hand and balances at call	4	9	0
Total other financial investment assets		**12**	**53**
Total investment assets		**4,337**	**4,701**
Receiveables from group enterprises		7	2
Other receivables		31	31
Total receivables		**38**	**33**
Current tax assets	5	13	26
Deferred tax assets	6	13	16
Total other assets		**26**	**42**
Total assets		**4,401**	**4,776**
Liabilities and equity			
Share capital		1,388	1,476
Retained earnings		2,098	3,034
Total shareholders' equity	7	**3,486**	**4,510**
Subordinated debt		249	0
Subordinated debt	8	**249**	**0**
Deferred tax liabilities	9	46	46
Total provisions		**46**	**46**
Payables to group enterprises		501	160
Issued bonds		26	10
Other payables		93	50
Total payables		**620**	**220**
Total liabilities and equity		**4,401**	**4,776**

Contingent liabilities, guarantees and lease agreements	10
Staff costs	11
Auditors' fees	12
Related parties	13

INCOME STATEMENT

		Parent company	
DKKm	**Note**	**2009**	**2008**
Income from group enterprises	14	-1,006	-26
Income from associates	15	-1	-2
Interest income and dividends, etc.	16	27	25
Interest expenses	17	-9	-1
Administrative expenses related to investment activities	18	-11	-32
Total return on investments		**-1,000**	**-36**
Loss before tax		**-1,000**	**-36**
Tax	19	-1	9
Loss for the year		**-1,001**	**-27**
Proposed allocation of loss:			
Retained earnings		-1,001	-27
Comprehensive income			
Loss for the year		-1,001	-27
Revaluation of owner-occupied properties		-4	2
Comprehensive income		**-1,005**	**-25**
Proposed allocation of loss:			
Retained earnings		-1,005	-25

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Retained earnings	Share-holders' equity
Shareholders' equity at 1 January 2008	**1,668**	**3,264**	**4,932**
Changes in shareholders' equity 2008:			
Loss for the year		-27	-27
Revaluation of owner-occupied properties in subsidiaries		2	2
Tax on changes recognised in equity		0	0
Comprehensive income	0	-25	-25
Cancellation of treasury shares	-192	192	0
Tax on equity entries in subsidiaries		22	22
Purchase and sale of treasury shares		-419	-419
Changes in shareholders' equity	-192	-230	-422
Shareholders' equity at 31 December 2008	**1,476**	**3,034**	**4,510**
Shareholders' equity at 1 January 2009	**1,476**	**3,034**	**4,510**
Changes in shareholders' equity 2009:			
Loss for the year		-1,001	-1,001
Revaluation of owner-occupied properties in subsidiaries		-4	-4
Tax on changes recognised in equity		0	0
Comprehensive income	0	-1,005	-1,005
Cancellation of treasury shares	-88	88	0
Tax on equity entries in subsidiaries		11	11
Purchase and sale of treasury shares		-30	-30
Changes in shareholders' equity	-88	-936	-1,024
Shareholders' equity at 31 December 2009	**1,388**	**2,098**	**3,486**

NOTES TO THE FINANCIAL STATEMENTS

DKKm	2009	2008
Note 1 Investment in group enterprises		
Cost beginning of year	4,242	4,244
Additions during the year	1,750	0
Disposals	-1	-2
Cost, year-end	5,991	4,242
Revaluation and impairment beginning of year	-162	322
Dividend received	-511	-775
Disposals	0	-6
Loss for the year	-1,006	-26
Remission of debt, subsidiaries	0	315
Revaluation of owner-occupied properties associates	-4	2
Revaluation and impairment of treasury shares in subsidiaries	0	6
Revaluation and impairment, year-end	-1,683	-162
Investment in group enterprises, year-end	**4,308**	**4,080**
Specification of carrying amount:		
Alm. Brand Bank A/S	1,362	938
Alm. Brand Forsikring A/S	2,945	3,130
Asgaard Finans A/S	1	0
Finansieringsselskabet af 9/10 1992 A/S	0	12
Investment in group enterprises, year-end	**4,308**	**4,080**
Note 2 Investment in associates		
Cost beginning of year	60	60
Cost, year-end	60	60
Revaluation and impairment beginning of year	-42	-40
Profit for the year	-1	-2
Revaluation and impairment, year-end	-43	-42
Investment in associates, year-end	**17**	**18**
Specification of carrying amount:		
EDC-udvikling a/s, ownership interest 50%	17	18
Investment in associates, year-end	**17**	**18**
Note 3 Deposits with credit institutions		
Term deposits, Alm. Brand Bank	0	50
Deposits with credit institutions, year-end	**0**	**50**
Note 4 Cash in hand and balances at call		
Deposits held at call, Alm. Brand Bank	0	0
Escrow account, Alm. Brand Bank	9	0
Cash at hand and balances at call, year-end	**9**	**0**
Note 5 Current tax assets		
Current tax assets beginning of year	26	12
Tax paid in respect of prior years	-26	-12
Tax paid during the year	11	11
Tax on profit/loss for the year	2	15
Current tax assets, year-end	**13**	**26**

DKKm	2009	2008
Note 6 Deferred tax assets		
Deferred tax assets beginning of year	16	20
Change for the year	-3	-4
Deferred tax assets, year-end	**13**	**16**
Deferred tax on equipment	5	0
Deferred tax on provisions	5	16
Deferred tax on losses carried forward	3	0
Deferred tax assets, year-end	13	16

Note 7 Shareholders' equity		
Share capital beginning of year	1,476	1,668
Cancellation of treasury shares	-88	-192
Share capital, year-end	**1,388**	**1,476**

The share capital consists of 17,350,000 shares of DKK 80 each and has been fully paid up.

DKKm	2009	2008	2007	2006	2005
Share capital beginning of year	1,476	1,668	1,788	1,788	1,788
Cancellation of treasury shares	-88	-192	-120	0	0
Share capital, year end	1,388	1,476	1,668	1,788	1,788

Reference is made to the statement of changes in equity.

DKKm	2009	2008
Solvency		
Tier 1 capital after deductions	2,833	3,845
Capital base after decuctions	2,443	3,195
Weighted assets subject to market risks, etc.	3,511	3,828
Total weighted assets	3,511	3,828
Tier 1 capital after deductions as a percentage of total weighted items	80.7%	100.4%
Solvency ratio	69.6%	83.5%

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

No. of shares		
Reconciliation of the no. of shares (1,000)		
Issued shares beginning of year	18,450	20,850
Treasury shares beginning of year	-1,376	-1,884
No. of shares beginning of year	17,074	18,966
Shares bought back	-391	-1,935
Employee shares issued	153	43
Shares acquired/sold during the year	0	0
Cancellation of treasury shares	1,100	2,400
Issued shares, year-end	17,350	18,450
Treasury shares, year-end	-515	-1,376
No. of shares at year-end	16,835	17,074
Treasury shares		
Carrying amount beginning of year	0	0
Value adjustment	69	-211
Acquired during the year	30	419

DKKm	2009	2008
Nominal value beginning of year	110	151
Acquired during the year	31	154
Sold during the year	-12	-3
Cancellation of treasury shares	-88	-192
Nominal value, year-end	41	110
Holding (no. of shares) beginning of year	1,376	1,884
Acquired during the year	391	1,935
Sold during the year	-153	-43
Cancellation of treasury shares	-1,100	-2,400
Holding (no. of shares), year-end	514	1,376
Percentage of share capital	3.0%	7.5%

Note 8 Subordinated debt

Floating rate bullet loans maturing 2017.09.07	249	0
Subordinated debt, year-end	**249**	**0**
Interest on subordinated debt	5	0
Costs incurred in connection with the raising of the subordinated debt	1	0

The subordinate loan capital carries a floating rate of interest of 3M CIBOR plus 4.0 percentage points.

Note 9 Deferred tax liabilities

Deferred tax on contingency funds in group enterprises	46	46
Deferred tax, year-end	**46**	**46**

The company is liable to pay a possible tax amount in Denmark in respect of recaptured losses in foreign entitles. The liability amounts to a maximum of DKK 316 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 before 2016.

Note 10 Contingent liabilities, guarantees and lease agreements

Guarantee commitments	488	529

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. In connection with the divestment of the Copenhagen Re Group in 2009, the buyer has undertaken to indemnify Alm. Brand A/S against the guarantee commitments.

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 fmba 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 58 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.

DKKm	2009	2008

Note 11 Staff costs

Salaries and wages	30	16
Pension	3	3
Payroll tax, etc.	0	0
Total salaries and wages, pension, etc.	33	19
Average number of employees	6	6
Remuneration to the Board of Directors (DKK '000)	2,747	1,568
Remuneration to the Management Board (DKK '000)	26,971	10,421
Total remunerations	29,718	11,989

No bonus was earned to the members of the Management Board in relation to 2009. Remuneration to the members of the Management Board comprises remuneration to Chief Executive Søren Boe Mortensen and former Deputy Chief Executive Henrik Nordam, including severance payments, etc.

The number of Board members was increased by one in 2009. Moreover, the group set up audit committees.

Note 12 Audit fees (DKK '000)

Deloitte:		
Audit	628	549
Non-audit services	755	1,775
Total audit fees	1,383	2,324

Note 13 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.

Alm. Brand af 1792 fmba has injected subordinated loan capital into Alm. Brand A/S and has in addition granted a loan to Alm. Brand A/S. The accounts carry interest on market terms.

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

Note 14 Income from group enterprises

Alm. Brand Bank A/S	-1,325	-427
Alm. Brand Forsikring A/S	319	401
Asgaard Finans A/S	0	0
Finansieringsselskabet af 9/10 1992 A/S	0	0
Total income from group enterprises	**-1,006**	**-26**

As part of the agreement on financial stability, the Danish FSA has temporarily adjusted the basis for the maturity-dependent discount rate (yield curve). This adjustment

DKKm	2009	2008
Note 15 Income from associates		
EDC-Udvikling a/s	-1	-2
EDC-Udvikling a/s	**-1**	**-2**
The profit/loss is included in the following items:		
Income from associates	-1	-1
Total income from associates	**-1**	**-1**
Note 16 Interest income and dividends, etc.		
Interest, Alm. Brand Bank	5	18
Other interest	22	7
Total interest income and dividends, etc.	**27**	**25**
Note 17 Interest expenses		
Interest expenses, group enterprises	-2	-1
Other interest expenses	-7	0
Total interest expenses	**-9**	**-1**
Note 18 Administrative expenses related to investment activities		
Cost, group enterprises	-9	-5
Other costs	-2	-27
Total administrative expenses related to investment activities	**-11**	**-32**
Note 19 Tax		
Tax on profit/loss of jointly taxed foreign enterprises	2	13
Adjustment of deferred tax	-3	-4
Total tax	**-1**	**9**
Effective tax rate		
Current tax rate	25.0%	25.0%
Tax on profit/loss of jointly taxed foreign enterprises	-7.3%	65.0%
Prior-year adjustment of deferred tax	0.0%	-2.7%
Prior-year adjustment	-0.1%	10.0%
Tax adjustments	3.6%	-4.2%
Total effective tax rate	21.2%	93.1%

NOTE 20 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 lateral pension funds. In addition, the annual report has been presented in accordance with additional Danish disclosure requirements for the annual reports of listed financial enterprises.

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

The accounting policies are unchanged from the policies applied in the Annual Report 2008.

FINANCIAL RATIOS

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

In the calculation of return on equity, consideration is made for capital increases in the year and any other equity entries to the effect that such changes are included on a pro rata basis.

Financial ratios, Alm, Brand A/S, parent company

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

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

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

Financial ratios, non-life insurance

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

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

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

Financial ratios, banking

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

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

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

Financial ratios, life insurance

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

DIRECTORSHIPS

BESTYRELSE



JØRGEN H. MIKKELSEN
Chairman
Born 1954
Member of the Board of Directors since 1994

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

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

Directorships outside the Alm. Brand Group

Chairman of the board of directors of:
Tømrermester Søren Gliese-Mikkelsen A/S
Chr. Petersen A/S
A/S Sydjydsk Korn- og Foderstof-Kompagni
Danish Agro Byggecenter A/S
Danish Agro AMBA

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

Member of the boards of directors of:
Hesselbjerg Agro A/S
DLP Invest A/S



BORIS N. KJELDSEN
Deputy Chairman
Born 1959
Member of the Board of Directors since 2003

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

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

Directorships outside the Alm. Brand Group

Chief Executive of:
DADES A/S

General manager of:
DAVISTA Komplementarselskab A/S

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

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



NIELS KOFOED
Born 1962
Member of the Board of Directors since 2000

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

Directorships outside the Alm. Brand Group

General manager of:
EDC Niels Kofoed A/S
Ahead Property Innovation A/S

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



JØRGEN SKOVDAL LARSEN
Born 1949
Member of the Board of Directors since 1996

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

Directorships outside the Alm. Brand Group

Chairman of the boards of directors of:
Sydøstjyske Net A/S

Member of the boards of directors of:
TRE-FOR Entreprise A/S
N 1 A/S



HENRIK STENBJERRE
Born 1940
Member of the Board of Directors since 2006

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

Directorships outside the Alm. Brand Group

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

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



ARNE NIELSEN
Born 1944
Member of the Board of Directors since 2009

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



PER FRANDSEN
Born 1952
Member of the Board of Directors since 2009

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



LONE CLAUSEN
Employee representative
Born 1955
Member of the Board of Directors since 1998

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



SUSANNE LARSEN
Employee representative
Born 1964
Member of the Board of Directors since 2006

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



PER DAHLBOM
Employee representative
Born 1958
Member of the Board of Directors since 2009

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

MANAGEMENT BOARD



Chief Executive
SØREN BOE MORTENSEN
Joined Alm. Brand in 1987
Member of the Management Board since 1998
Chief Executive since December 2001
Born 1955

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

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

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

Member of the boards of directors of:
Alm. Brand Bank A/S

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

Directorships outside the Alm. Brand Group

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

Member of the boards of directors of:
Forsikring & Pension

GROUP COMPANIES

DKKm	Aktivitet	Profit/loss for the year	Shareholders' equity at year-end	Owner-ship interest
PARENT COMPANY				
Alm. Brand A/S, Copenhagen	Holding	– 1,001	3,486	
NON-LIFE INSURANCE				
Alm. Brand Forsikring A/S, Copenhagen	Insurance	319	2,945	100%
Alm. Brand Service ApS, Copenhagen	IT operation and development	6	52	100%
REINSURANCE				
Forsikringsselskabet Alm. Brand Liv og Pension A/S, København	Insurance	115	1,235	100%
Alm. Brand Ejendomsinvest A/S, København	Real property	64	1,171	100%
BANKING AND FINANCE				
Alm. Brand Bank A/S, Copenhagen	Banking	– 1,325	1,362	100%
Alm. Brand Finans A/S, Kgs, Lyngby	Car finance and leasing	– 29	235	100%
Alm. Brand Pantebreve A/S, Copenhagen	Investment	– 155	83	22%
Alm. Brand Formue A/S, Copenhagen	Investment	84	280	42%
The group also comprises Ejendomsselskabet af 30. april 2009, which is a wholly owned subsidiary established in 2009 with the taking over of a property held temporarily.				
OTHER COMPANIES				
Alm. Brand Præmieservice A/S, Copenhagen				
Asgaard Finans A/S, Copenhagen	Financing	0	1	100%
	Holding	0	1	100%
ASSOCIATED COMPANIES				
EDC-udvikling a/s				
Invest Administration A/S	Sales co-operation	– 1	35	50%
	Administration	1	4	50%

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