



## ALM. BRAND A/S

INTERIM REPORT  
- FIRST HALF OF YEAR 2007

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

**Christian N.B. Ulrich**, Chairman  
**Jørgen H. Mikkelsen**, Deputy Chairman  
**Lone Clausen**  
**Henning Kaffka**  
**Boris N. Kjeldsen**  
**Niels Kofoed**  
**Jørgen S. Larsen**  
**Susanne Larsen**  
**Henrik Stenbjerre**

### EXECUTIVE BOARD

**Søren Boe Mortensen**, Chief Executive  
**Henrik Nordam**, Deputy Chief Executive

### AUDITORS

Deloitte, Statsautoriseret Revisionsaktieselskab

### INTERNAL AUDITOR

Poul-Erik Winther Nielsen, Chief auditor

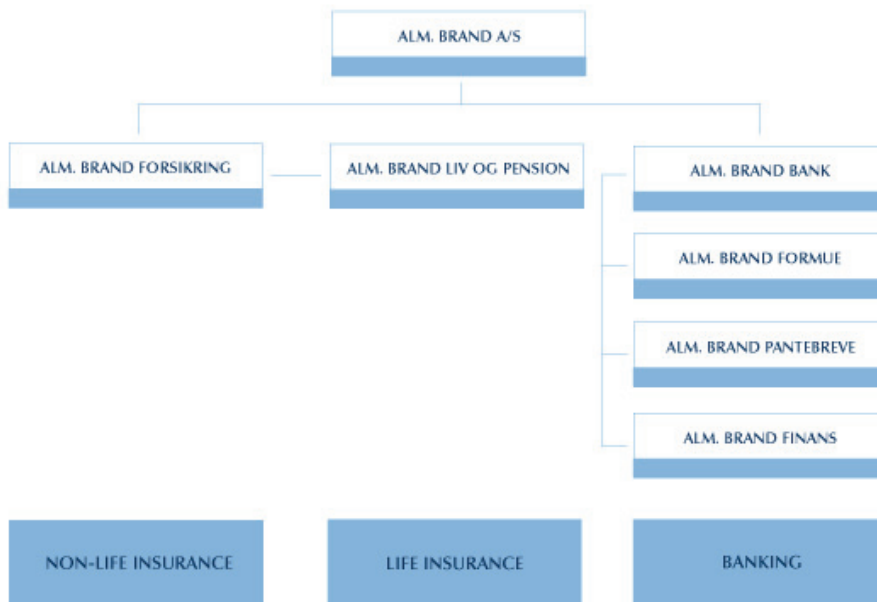
### REGISTRATION

Alm. Brand A/S  
Registration Number CVR 77 33 35 17

### 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](http://www.almbrand.dk)  
E-mail: [almbrand@almbrand.dk](mailto:almbrand@almbrand.dk)

## GROUP STRUCTURE



*Dormant or discontinuing activities are not included.*

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.

## FINANCIAL HIGHLIGHTS AND KEY RATIOS

	2Q	2Q	1H	1H	Year
DKKm	2007	2006	2007	2006	2006
<b>Income</b>					
Non-Life Insurance	1,131	1,048	2,240	2,069	4,279
Banking	350	236	685	457	980
Life Insurance	149	153	340	338	736
Copenhagen Re	13	4	15	15	11
Investments	241	223	461	419	849
<b>Total income</b>	<b>1,884</b>	<b>1,664</b>	<b>3,741</b>	<b>3,298</b>	<b>6,855</b>
<b>Results</b>					
Underwriting result from non-life insurance	150	170	250	250	598
Profit on banking operations	4	-3	113	25	200
Underwriting result from life insurance	3	-2	22	17	57
Underwriting result from Copenhagen Re	18	2	25	14	13
<b>Profit/loss for insurance and banking operations</b>	<b>175</b>	<b>167</b>	<b>410</b>	<b>306</b>	<b>868</b>
Profit/loss on investments after allocation of interest	49	31	108	103	180
Other ordinary items	0	20	-8	15	-11
<b>Profit/loss before tax</b>	<b>224</b>	<b>218</b>	<b>510</b>	<b>424</b>	<b>1,037</b>
Tax	-85	-39	-154	-97	-190
<b>Profit/loss after tax</b>	<b>139</b>	<b>179</b>	<b>356</b>	<b>327</b>	<b>847</b>
Share attributable to minority interests	1	26	-14	41	-36
<b>Profit/loss after tax excluding minorities</b>	<b>140</b>	<b>205</b>	<b>342</b>	<b>368</b>	<b>811</b>
<b>Profit/loss before tax excluding minorities</b>	<b>234</b>	<b>247</b>	<b>508</b>	<b>473</b>	<b>1,006</b>
Run-off gains/losses	-2	19	-10	-13	45
Provisions for insurance contracts	19,281	19,204	19,281	19,204	18,718
Shareholders' equity	5,471	5,046	5,471	5,046	5,432
Of which minority interests	483	340	483	340	520
<b>Total assets</b>	<b>47,487</b>	<b>41,493</b>	<b>47,487</b>	<b>41,493</b>	<b>42,992</b>
Return on equity before tax excluding minorities p.a.	19%	21%	21%	21%	22%
Return on equity after tax excluding minorities p.a.	11%	18%	14%	16%	17%
Earnings per Share, DKK 80	7	9	17	17	37
Diluted Earnings per Share, DKK 80	7	9	17	17	37
Net assets value per Share, DKK	246	211	246	211	234
Share price end of year	347	292	347	292	400
Share price/Net asset value	1.41	1.39	1.41	1.39	1.71
Number of shares end of period ('000)	20,245	21,642	20,245	21,642	20,929
Average number of shares ('000)	20,353	21,895	20,527	21,963	21,644
No. of own shares acquired until 6 August 2007 ('000)	209				
Average share price acquired own shares, DKK	372				
Pay-out ratio *	3%				
Pay-out ratio remaining buy-back programme *	7%				

\*) Based on marketcapitalisation at 6 August 2007

## REPORT - GROUP

Alm. Brand A/S is a listed Danish financial services group focusing on the Danish market. The group carries on non-life insurance, life insurance and pension activities as well as banking activities, including car finance, leasing and markets & asset management operations, and generates annual revenue of just over DKK 7 billion.

Alm. Brand's vision "We take care of our customers" is the guiding principle for the experience Alm. Brand seeks to give its customers when they interact with Alm. Brand.

Alm. Brand focuses on maintaining a strong local presence and more than half of the group's more than 1,800 employees work in close contact with customers at insurance offices and bank branches across Denmark.

The group's insurance and pension products cover private lines, agriculture as well as small and medium-sized businesses. Alm. Brand is Denmark's fourth largest provider of non-life insurance products. One of Denmark's large banks, Alm. Brand Bank also has nationwide coverage, offering individual solutions that cover the full range of financial needs of private and agricultural customers as well as small and medium-sized businesses.

### Financial results

The Alm. Brand A/S Group posted pre-tax profit excluding minorities of DKK 508 million in H1 2007, compared with DKK 473 million in H1 2006. Excluding minority interests, the profit after tax was DKK 342 million.

The performance was highly satisfactory, and the group's non-life operations reported a particularly good experience in spite of the windstorms in January and the large amounts of precipitation in June.

As a result of this very favourable performance, the forecast for the full year 2007 has been raised to DKK 930 million.

The H1 performance equalled an annualised return on equity of 21 % before tax and minorities, in line with the return reported for H1 2006. The return on equity after tax was 14 % p.a.

The Alm. Brand A/S Group generated total income of DKK 3.7 billion in the first half of 2007.

Earnings per share amounted to DKK 17, and the net asset value per share was DKK 246 at 30 June 2007.

Shareholders' equity was DKK 5.5 billion at 30 June 2007, against DKK 5.4 billion at 31 December 2007.

### Business operations

Non-life operations generated a profit of DKK 334 million in the first half-year of 2007.

Gross premium income from the group's non-life operations amounted to DKK 2,240 million in H1, which constitutes an 8.3% increase over the year-earlier period. The growth performance was highly satisfactory. The full-year growth rate is expected to be 5 %–6 %.

The combined ratio amounted to 91.5 in H1 2007, against 89.9 in the same period of last year. Apart from the extraordinary costs of weather-related claims, the claims experience was extremely favourable. Weather-related claims were substantially above the ordinary level and impacted the H1 combined ratio by 1.7 percentage points. Net of these extraordinary weather-related claims, the combined ratio would have been 89.8. In addition, the investment return was better than expected.

Banking operations reported a profit of DKK 110 million excluding minority interests.

The group's banking operations posted satisfactory results in all lending segments in the first half-year of 2007. Loans and advances were up by 34% relative to the first half of 2006. The strong growth is the result both of a net inflow of customers and of a general increase in business volumes with existing clients.

Similarly, the bank benefited from a very low level of impairments of loans, etc. on the back of the favourable economic conditions in Denmark and the bank's selection of low-risk exposures.

On the other hand, the narrowed interest rate margin and the increased costs of investing for future growth restrained the profit.

Life insurance operations generated a profit of DKK 34 million. However, due to the rising level of interest rates and the resulting capital losses, we were unable to recognise the full risk premium for

the first half of the year. However, we expect to receive the full risk premium for the 2007 financial year.

Premiums and business activities in the life company performed in line with expectations. In addition, sales of the group's non-guaranteed pension products offered through the bank performed well.

Payments by the life insurance company in the second quarter were marked by a large number of surrendered policies.

The annualised return on investment of customer assets was minus 3.3 % p.a. The performance is a reflection of the rising level of interest rates, which has produced capital losses on bonds. The capital loss on the bond portfolio was partially offset by a corresponding decline in provisioning needs.

At 30 June 2007, the collective bonus potential in the life insurance company equalled 4.3 % of technical provisions, an increase of DKK 39 million relative to 31 December 2006 caused by the rising level of interest rates.

Other activities posted a profit of DKK 30 million, distributed on a DKK 39 million profit in Copenhagen Re and holding expenses of DKK 9 million.

#### *Total expenses*

The group's acquisition and administrative expenses totalled DKK 760 million, as compared with DKK 686 million in H1 2006. The increase relative to 2006 reflected the planned investments for growth in all of the group's business areas.

#### *Investment return*

The group's interest and fee income was a DKK 766 million gain in H1 2007 against a DKK 160 million gain the same period of last year. The return includes capital gains of DKK 357 million against capital gains of DKK 670 million in H1 2006.

Due to the rising interest rates in 2006 and 2007, capital losses in the life company were partly offset by provision reversals.

The vast majority of our investment assets are fixed-income securities. Duration is about two years in non-life operations, which is less than the duration of the liabilities. Duration is about nine years in the life and pensions operations, which is slightly more than the duration of the liabilities

#### *Number of employees*

In H1 2007, the group had an average of 1,837 employees against 1,643 in 2006.

#### **Major events**

##### *Share buyback programme*

In light of the profit upgrade, the group now increases its share buy-back programme by DKK 100 million to DKK 700 million.

At the beginning of August 2007, the group had bought back shares for DKK 209 million, equal to 30% of the expected amount of DKK 700 million.

Based on Alm. Brand's market capitalisation at 6 August 2007, the expected total buyback of DKK 700 million corresponds to a pay-out ratio of 10 %. The pay-out ratio for the remaining share buyback programme is 7 %, equal to additional buybacks of DKK 491 million until 31 January 2008.

The group's website contains information about the guidelines for the share buyback programme.

##### *Cancellation of shares bought back*

The shareholders in general meeting approved a proposal related to the share buyback programme and the cancellation of shares, resolving to cancel the shares acquired in the group's share buy back programme.

The statutory notice period expired at the beginning of August with no claims received, and the shares in question were subsequently cancelled.

This brought Alm. Brand A/S's share capital to DKK 1,668,000,000, distributed on 20,850,000 shares. Alm. Brand af 1792 fmba has retained its ownership interest at about 60 % and continues to be the group's largest shareholder.

##### *Tax legislation amended*

Due to amendments to Danish tax legislation, the tax rate has been lowered from 28 % to 25 %, causing the group's tax asset to fall by just over DKK 40 million.

#### **Outlook**

We upgraded the full-year forecast when releasing the Q1 interim report.

Based on the performance of the first half of the year, including the better-than-expected investment return, we now upgrade the forecast by a further DKK 80 million to DKK 930 million for

the 2007 financial year. The non-life operations now project profit of DKK 600 million, which is DKK 60 million higher than the most recent guidance. The banking and life operations are expected to report profit of DKK 190 million and DKK 100 million, respectively. The profit from other business activities is expected to be DKK 40 million, reflecting an increase of DKK 20 million on the expected profit from reinsurance operations.

The non-life combined ratio forecast for 2007 is still expected to be at around 92.

The full-year consolidated income for 2007 is expected to be in the region of DKK 7.4 billion.

<b>Forecast for 2007</b>	<b>May</b>	<b>August</b>
<b>Mio.kr.</b>	<b>2007</b>	<b>2007</b>
Non-life	540	600
Banking	190	190
Life	100	100
Other	20	40
<b>Profit before tax and minotities</b>	<b>850</b>	<b>930</b>

#### **Disclaimer**

Forecasts are based on the level of interest rates prevailing at the end of August 2007. All forward-looking statements are based exclusively on the information available when this Interim Report was released.

The actual performance of the group overall and of the individual business areas may be affected by major changes in a number of factors. Such impacts include changes in economic conditions, changes in the financial markets, legislative changes, changes in the competitive environment, in the reinsurance market and in the property market, unforeseen events, such as extreme weather conditions or terrorist events, bad debts, major changes in the claims experience, unexpected outcomes of legal proceedings, etc.

The above-mentioned risk factors are not exhaustive. Investors and others who base their decisions on the information contained in this report should independently consider any uncertainties of significance to their decision.

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

## REPORT – NON-LIFE INSURANCE

	2Q	2Q	1H	1H	Year
DKKm	2007	2006	2007	2006	2006
Gross premiums	1,131	1,048	2,240	2,069	4,279
Investment income on insurance business	32	20	59	43	88
Claims incurred	-738	-659	-1,496	-1,341	-2,735
Underwriting management expenses	-236	-209	-464	-443	-877
Profit from business ceded	-39	-30	-89	-78	-157
<b>Underwriting profit</b>	<b>150</b>	<b>170</b>	<b>250</b>	<b>250</b>	<b>598</b>
Interest and dividends etc.	84	61	169	117	267
Capital gains/losses	34	37	63	101	93
Management expenses relating to investment business	-3	-4	-7	-7	-14
Interest on technical provisions	-72	-52	-133	-100	-209
<b>Profit on investments business after allocation of technical interest</b>	<b>43</b>	<b>42</b>	<b>92</b>	<b>111</b>	<b>137</b>
Other ordinary items	-1	0	-8	-5	-11
<b>Profit before tax</b>	<b>192</b>	<b>212</b>	<b>334</b>	<b>356</b>	<b>724</b>
Tax	-65	-47	-105	-87	-186
<b>Profit for the period</b>	<b>127</b>	<b>165</b>	<b>229</b>	<b>269</b>	<b>538</b>
Run-off gains/losses	-2	19	-10	-13	45
Technical provisions	6,482	6,275	6,482	6,275	5,719
Insurance assets	117	93	117	93	142
Shareholders' equity	2,102	1,900	2,102	1,900	2,169
Total assets	9,474	8,642	9,474	8,642	8,224
Gross claims ratio	65.3%	62.9%	66.8%	64.8%	63.9%
Gross expense ratio	21.0%	19.9%	20.7%	21.4%	20.5%
Net reinsurance ratio	3.3%	2.9%	4.0%	3.7%	3.7%
Combined ratio	89.6%	85.7%	91.5%	89.9%	88.1%
Operating ratio	87.1%	84.1%	89.1%	88.1%	86.3%
Return on equity before tax p.a.	38%	41%	33%	39%	37%
Return on equity after tax p.a.	25%	32%	22%	30%	28%

### Financial results

The group's non-life operations generated a pre-tax profit of DKK 334 million in H1 2007. Compared to last year, when the profit was DKK 356 million, this year's profit was adversely affected by substantially more weather-related claims than expected and is considered highly satisfactory.

The performance in H1 2007 equals an annualised return on equity before tax of 33 % against 39 % in the same period of last year.

### Premiums

Gross premium income amounted to DKK 2,240 million for H1, which constitutes an 8.3 % increase over the year-earlier period.

In other words, the positive growth trend continues, supporting the group's ambitious strategy. Growth is a factor in all customer segments, private, commercial and agricultural, and is particularly strong in the motor and commercial businesses.

The full-year 2007 growth rate is expected to be 5 %–6 %.



### *Claims experience*

The claims ratio was 66.8 in the first half of 2007 as compared with 64.8 in the same period of last year.

The results were favourably affected by a better-than-expected claims experience in the motor and personal accident businesses. Also, the positive trend in costs for non-weather-related claims continues.

The favourable performance is a reflection of our efforts to make correct risk assessments of each individual customer segment. Risk assessments and tariff reviews are based on statistical methods that ensure consistency between risk and price and, by extension, the quality of the portfolio.

Relative to last year, this year's results were adversely affected by storm and cloudburst claims of DKK 90 million, compared with DKK 12 million in H1 2006. In addition, the results were adversely affected by major claims of DKK 128 million, compared with DKK 87 million in H1 2006. Overall, these factors lifted the claims ratio by 4.9 points over H1 2006.

The storm in January and the excessive precipitation in June affected the combined ratio by 1.7 points during the reporting period.

### *Net reinsurance ratio*

The non-life operations incurred a net expense to reinsurers of 4.0% of premium income during the first half of 2007. In H1 2006, the net expense was 3.7 %.

### *Costs*

The expense ratio was 20.7 in H1 2007, against 21.4 in H1 2006, which was in line with expectations and a reflection of the strategy selected.

The expense ratio for the full year is expected to be around 20. The cost-savings achieved by the group through continuous efficiency improvements of processes and business procedures will be invested in allocating more resources to the group's sales and service force.

### *Combined ratio*

The combined ratio was 91.5 in H1 2007, against 89.9 in H1 2006.

Adjusted for the extraordinary poor weather conditions during the first half of 2007 (ie weather-related claims in excess of our expectations), the combined ratio would have been 1.7 points lower.

### *Investment return*

The non-life activities achieved an investment return before transfer to insurance activities of DKK 225 million in H1 2007, as compared with DKK 211 million in the same period of 2006. Assets are mainly placed in short-term bonds, and the investment return was lower than anticipated. The reason was the increase in short-term interest rates in the first half of 2007, which led to capital losses on the bond portfolio.

Conversely, the investment return was positively impacted by the fact that claims provisions at 30 June 2006 were discounted at a higher rate of interest than at 31 December 2006.

In other words, we generated additional income from the fact that asset duration was not fully aligned with liability duration.

In the second half of 2007, we expect to gradually align the duration of assets to better match the duration of liabilities.

### **Balance sheet**

At 30 June 2007, the equity allocated to the non-life division was DKK 2.1 billion.

Alm. Brand Forsikring A/S had a solvency ratio of 3.5 at 30 June 2007, compared with 3.0 at 31 December 2006.

### **Major events**

#### *Cloudburst events*

The months of June, July and August were marked by frequent, violent rainstorms; in many cases actual cloudbursts. Alm. Brand received about 7,500 weather-related claims, which was substantially above normal for the first half of the year. Overall, we estimate costs of the weather-related events in June, July and August to be almost DKK 120 million, or close to double the costs of weather-related claims in the summer of 2006.

#### *Major fire event*

At the beginning of July, a large fire broke out in a residential property in Copenhagen which was insured by Alm. Brand. At the present time, the claim is estimated at almost DKK 20 million.

#### *New motor tariff*

As announced in the Q1 interim report, the group launched a new motor tariff at the end of April. In addition to providing lower prices for part of the private customer segment, the new tariff offers better terms to customers, such as no penalty in

the event of new claims and no deductible for motor liability.

The purpose of the launch was for Alm. Brand to become more competitive in motor insurance, and in fact we have seen an increase in the net inflow of new motor policies. The new motor tariff will eventually increase the claims ratio for the motor business by around 5-7 percentage points. This expected impact is reflected in the group's profit and combined ratio forecasts.

*New travel insurance product*

Effective 1 January 2008, Danish public health care coverage will change to the effect that it will no longer cover repatriation from countries outside the Nordic region or medical aid outside the EU. Our customers with annual travel insurance will have coverage for these short-comings in Denmark's public health care.

*Workers' compensation*

On 24 May 2007, the Danish parliament, the Folketing, passed a bill to amend the act on workers' compensation. The amendment took

effect on 1 July 2007 and applies to work-related accidents occurring on or after 1 July 2007. Basically, the amendments will improve claimant positions, which will result in higher claims expenses on workers' compensation insurance. The Folketing has determined that such higher expenses may be funded by way of a premium increase.

On this background, we estimate that workers' compensation premiums may rise by about 12.5% annually.

Premium increases will apply as per the date the new legislation took effect, at 1 July 2007.

**Outlook**

As a result of the very favourable performance for the first half of 2007, we upgrade the forecast for the non-life operations for the full year 2007 to DKK 600 million. This is an increase of DKK 60 million relative to the most recent guidance, provided in May 2007.

We retain the combined ratio forecast at around 92.

## REPORT – BANKING

DKK million	PRO RATA					GROUP				
	Q2 2007	Q2 2006	H1 2007	H1 2006	Year 2006	Q2 2007	Q2 2006	H1 2007	H1 2006	Year 2006
<b>INCOME STATEMENT</b>										
Interest receivable	294	185	561	355	787	301	191	574	368	823
Interest payable	-198	-100	-373	-185	-449	-202	-102	-380	-191	-464
<b>Net interest income</b>	<b>96</b>	<b>85</b>	<b>188</b>	<b>170</b>	<b>338</b>	<b>99</b>	<b>89</b>	<b>194</b>	<b>177</b>	<b>359</b>
Net fee and commission income and dividends etc.	48	43	109	83	155	49	45	111	89	157
<b>Net interest and fee income</b>	<b>144</b>	<b>128</b>	<b>297</b>	<b>253</b>	<b>493</b>	<b>148</b>	<b>134</b>	<b>305</b>	<b>266</b>	<b>516</b>
Value adjustments	-31	-9	25	-3	60	-44	-45	23	-69	75
Other operating income	3	4	6	7	10	3	2	6	6	10
<b>Profit on ordinary activities before expenses</b>	<b>116</b>	<b>123</b>	<b>328</b>	<b>257</b>	<b>563</b>	<b>107</b>	<b>91</b>	<b>334</b>	<b>203</b>	<b>601</b>
Operating expenses and depreciation	-125	-112	-258	-202	-434	-127	-113	-261	-204	-439
Write-downs of loans, advances and receivables etc.	24	15	42	19	27	24	15	42	19	27
Profit/loss on participating interests	0	4	-2	7	11	0	4	-2	7	11
<b>Profit on activities before tax</b>	<b>15</b>	<b>30</b>	<b>110</b>	<b>81</b>	<b>167</b>	<b>4</b>	<b>-3</b>	<b>113</b>	<b>25</b>	<b>200</b>
Tax	-13	-11	-34	-25	-40	-3	-8	-22	-17	-34
<b>Profit for the period</b>	<b>2</b>	<b>19</b>	<b>76</b>	<b>56</b>	<b>127</b>	<b>1</b>	<b>-11</b>	<b>91</b>	<b>8</b>	<b>166</b>
Profit attributable to minority interests	-	-	-	-	-	-1	-30	15	-48	39
<b>Profit after tax exclusive minorities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>19</b>	<b>76</b>	<b>56</b>	<b>127</b>
<b>Profit before tax exclusive minorities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>30</b>	<b>110</b>	<b>81</b>	<b>167</b>
<b>BALANCE SHEET</b>										
Loans and advances	16,305	12,196	16,305	12,196	14,103	15,823	11,507	15,823	11,507	13,128
Deposits	9,993	10,106	9,993	10,106	9,548	9,992	10,106	9,992	10,106	9,548
Shareholders' equity	1,292	1,145	1,292	1,145	1,217	1,826	1,524	1,826	1,524	1,785
Of which attributable to minority interests	-	-	-	-	-	534	380	534	380	569
<b>Total assets</b>	<b>22,996</b>	<b>17,702</b>	<b>22,996</b>	<b>17,702</b>	<b>19,354</b>	<b>23,757</b>	<b>18,456</b>	<b>23,757</b>	<b>18,456</b>	<b>20,165</b>
<b>KEY RATIOS ETC.</b>										
Net interest margin p.a.	-	-	-	-	-	1.7%	2.1%	1.7%	2.1%	2.0%
Income/cost ratio	1.15	1.31	1.50	1.44	1.41	1.04	0.96	1.51	1.13	1.49
Impairment ratio	-0.1%	-0.1%	-0.2%	-0.1%	-0.2%	-0.1%	-0.1%	-0.2%	-0.1%	-0.2%
Solvency ratio	-	-	-	-	-	12.8%	10.5%	12.8%	10.5%	12.1%
Return on equity before tax p.a.	4.6%	10.6%	17.5%	14.6%	14.5%	4.6%	10.6%	17.5%	14.6%	14.5%
Return on equity after tax p.a.	0.7%	6.6%	12.1%	10.0%	11.1%	0.7%	6.6%	12.1%	10.0%	11.1%
Return in excess of the interest rate p.a. on certificates of deposit	0.6%	2.4%	12.1%	11.9%	11.5%	0.6%	2.4%	12.1%	11.9%	11.5%

In order to increase the transparency of Alm. Brand Bank's financial statements, the bank publishes pro rata consolidated figures (i.e. excluding minorities). The numbers 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 numbers. Banking group numbers (i.e. not pro rata) are commented on

**Financial results**

The bank's profit for H1 2007 was DKK 110 million before tax, against DKK 81 million in the same period of last year.

The performance equals an annualised return on equity before tax of 18 % against 15 % in the year-earlier period. The satisfactory performance

was supported by unrealised capital gains on a number of shareholdings, among other factors.

#### *Net interest and fee income*

Net interest and fee income was DKK 297 million, against DKK 253 million in H1 2006.

Interest income was favourably impacted by stronger growth in the bank and adversely affected by the narrowing interest margin. The interest margin contracted as a result of the more competitive market and higher costs of raising liquidity.

Relative to the year-earlier period, fee income was lifted by the restructuring of the group's markets & asset management operations implemented last year and adversely affected by reduced activity in the housing market.

#### *Value adjustments*

Value adjustments in H1 2007 amounted to a gain of DKK 25 million, against a loss of DKK 3 million in H1 2006.

The gain of DKK 25 million was composed of a number of opposing items. Equities produced an overall gain of DKK 52 million, of which a not insignificant amount was unrealised capital gains on a number of thinly traded shares. In addition, the company suffered a capital loss of DKK 27 million which mainly concerned interest-related items.

The bank hedges part of the risk related to investments in subsidiaries. The risk was not perfectly hedged in Q2.

The banking group's overall value adjustments, that is, including minorities, in H1 2007 amounted to a gain of DKK 23 million, against capital losses of DKK 69 million in H1 2006. Alm. Brand Formue A/S made a small positive value adjustment and Alm. Brand Pantebreve A/S made a small negative value adjustment during the reporting period.

#### *Costs*

Total costs for H1 2007 amounted to DKK 258 million, against DKK 202 million for the same period of last year. The high cost level was due to substantial investments in growth in all the bank's business areas.

The income/cost ratio increased to 1.50 in H1 2007 from 1.44 in H1 2006. The corresponding figures for the banking group were 1.51 and 1.13, respectively.

#### *Impairment of loans etc.*

For the year to date, impairment of loans and guarantees charged to the income statement amounted to an income of DKK 42 million, against an income of DKK 19 million in H1 2006. Accordingly, the bank benefited from very low losses on the back of the favourable economic conditions in Denmark and the bank's selection of low-risk exposures.

The bank's accumulated impairment charges on loans and guarantees totalled DKK 135 million at 30 June 2007, which corresponds to an accumulated impairment ratio of 0.5 against 0.9 at 30 June 2006 and 0.7 at 31 December 2006.

#### **Balance sheet**

##### *Loans and advances, deposits and guarantees*

The loan portfolio saw sustained growth, which was attributable, among other things, to continued success in providing loans for project funding and to investment customers. In addition, the bank recorded a general increase in business resulting from the Alm. Brand Group's *dobbeltKUNDE* concept.

Loans and advances totalled DKK 16.3 billion at 30 June 2007, an increase of DKK 2.2 billion relative to 31 December 2006 and an increase of DKK 4.1 billion or 34 % since 30 June 2006. Growth in loans and advances was satisfactory and should be seen in the light of the bank's strategy of focusing on selected segments while maintaining risk at a known and moderate level.

Deposits totalled DKK 10 billion at 30 June 2007, an increase of DKK 0.5 billion relative to 31 December 2006 and in line with the level at 30 June 2006.

Guarantees and other commitments amounted to DKK 1.8 billion at 30 June 2007, a fall of DKK 0.3 billion relative to 30 June 2006.

The banking group's loans and advances, that is, including the minorities of Alm. Brand Formue A/S and Alm. Brand Pantebreve A/S, amounted to DKK 15.8 billion at 30 June 2007, an increase of DKK 4.3 billion relative to 30 June 2006.

##### *Payables to credit institutions*

Due to the increased lending activity, payables to credit institutions rose from DKK 5.5 billion at 30 June 2006 to DKK 8.6 billion at 30 June 2007.

##### *Capital*

In order to further strengthen its solvency and optimise the capital structure, the bank raised subordinated debt of DKK 200 million at 30 June

2007. The loan runs for eight years with optional prepayment after five years.

The bank's equity stood at DKK 1.3 billion at 30 June 2007. The capital base totalled DKK 1.8 billion while the solvency ratio was 10.4 and the tier 1 ratio was 7.6.

The corresponding figures for the banking group was equity of DKK 1.8 billion at 30 June 2007, while the capital base was DKK 2.3 billion. The solvency ratio was 12.8 and the tier 1 ratio was 10.0.

### **Major events**

#### *New product offers to the Alm. Brand Group's small and medium-sized corporate customers*

In the reporting period, Alm. Brand Bank introduced a new concept targeting small and medium-sized businesses. The new corporate concept offers all the traditional account types, payment cards and guarantees. Customers can also have the bank take care of their payroll management and payment handling. The concept is provided through the group's branch network and local customer advisers. The launch is consistent with the overall strategy for the Alm. Brand Group, which provides for the bank's activities to support the group's strategy by offering competitive products to the group's customers. The new concept was well received by customers from the outset.

#### *New business area*

In Q2, Alm. Brand Bank signed a strategic partnership agreement with Dansk Merchant Capital A/S, a newly-established independent corporate finance house focusing on small and medium-sized Danish businesses. Under the agreement, the bank will provide funding for acquisitions and other types of structured finance solutions. Furthermore, the bank expects that the partnership may result in greater activity within such areas as IPOs and share issues. The new partnership is part of the bank's strategic efforts to diversify activities on more business areas in order to reduce the dependence on single areas and to utilise the bank's skills in such areas.

#### *Increased project funding activity*

The level of project funding activity continued to increase, and the bank participated in a number of major transactions involving property projects in Denmark and abroad in the first half-year. The bank acted as a direct lender and participated in syndications, share issues and issues of property bonds. The bank continues to derive an increasing proportion of its earnings from project funding.

#### *Strong demand for mortgage deed investment products*

The bank continued to see strong demand for investment products based on mortgage deeds. In H1, the bank helped to set up an unlisted mortgage deed company with a portfolio of more than DKK 200 million. The bank also contributed to a capital increase of listed company Alm. Brand Pantebreve A/S in mid-August 2007 in the form of a private placement at the market price, which generated proceeds of almost DKK 100 million. Following that capital increase, Alm. Brand Pantebreve A/S intends to increase its volume of mortgage deeds to around DKK 1.5 billion.

#### *Basel II*

The bank increased its focus on managing risk and optimising capital and is investing heavily with a view to being approved as an IRB Foundation institute by 2010. The bank carries out its Basel II project in a close partnership with Bankdata, its IT provider. The project is progressing satisfactorily in line with the long-term time schedule and will require substantial resources over a period of several years. The bank believes that its investment in the Basel II project will generate significant long-term benefits in relation to risk management and capital optimisation.

#### *Debt management for agriculture*

The bank recorded considerable interest in the new debt management concept targeting large agricultural customers. Contracts with an aggregate volume of around DKK 3 billion were signed in the first six months of the year. The concept aims to reduce agricultural customers' funding costs by way of a controlled risk profile. The new concept has attracted customers from a new segment, thus diversifying the bank's portfolio further.

#### *Borrowings*

As part of its long-term funding strategy, the bank received a credit facility of EUR 455 million in April 2007. EUR 355 million, or DKK 2.6 billion, had been used at 30 June 2007. Some DKK 0.9 billion of the loan proceeds was used to repay existing facilities. Issued by a consortium of international banks, the loan was divided into two tranches with maturities of three and five years, respectively. There was a lot of interest in participating in the loan facility, and it was obtained on attractive terms.

#### **Outlook**

The bank forecasts pre-tax profit of around DKK 190 million for 2007, in line with the guidance provided after Q1 when the forecast was upgraded by DKK 40 million.

## REPORT – LIFE INSURANCE

	2Q	2Q	1H	1H	Year
DKKm	2007	2006	2007	2006	2006
Premiums	149	153	340	338	736
Claims incurred	-255	-212	-459	-382	-806
Investment return after allocation of interest	-183	-141	-155	-400	91
Total underwriting management expenses	-22	-22	-42	-40	-77
Profit/loss on business ceder	13	-1	16	-2	17
Change in life insurance provisions	227	160	283	509	256
Change in collective bonus potential	74	61	39	-6	-160
<b>Underwriting profit/loss</b>	<b>3</b>	<b>-2</b>	<b>22</b>	<b>17</b>	<b>57</b>
Return on investments allocated to equity	2	6	12	8	24
<b>Profit before tax</b>	<b>5</b>	<b>4</b>	<b>34</b>	<b>25</b>	<b>81</b>
Tax	-11	2	-19	-4	-15
<b>Profit after tax</b>	<b>-6</b>	<b>6</b>	<b>15</b>	<b>21</b>	<b>66</b>
<b>Result in life insurance</b>					
Administrative result	-2	-1	-1	2	11
Investment result	-289	-244	-363	-614	-320
Change in provision for guaranteed pension benefits	195	167	314	604	497
Change in collective bonus potential	74	61	39	-6	-160
Risk result	15	22	29	41	36
Profit/loss on business Ceder	12	-1	16	-2	17
<b>Profit before tax</b>	<b>5</b>	<b>4</b>	<b>34</b>	<b>25</b>	<b>81</b>
Tax	-11	2	-19	-4	-15
<b>Profit/loss after tax</b>	<b>-6</b>	<b>6</b>	<b>15</b>	<b>21</b>	<b>66</b>
Total technical provisions	10,980	10,885	10,980	10,885	11,294
Shareholders' equity	849	1,069	849	1,069	1,114
Total assets	12,393	12,042	12,393	12,042	12,482
Return on equity before tax p.a.	2%	1%	7%	4%	7%
Return on equity after tax p.a.	-2%	2%	3%	3%	6%
Bonus rate	4.3%	1.5%	4.3%	3.2%	4.7%

Investment return in life insurance in 1H 2007		Return	Return
DKKm		of the period	ratio
Interest-bearing assets		-311	-3.5%
Shares		74	7.4%
Property		56	4.1%
Management expenses relating to investments activities		-11	
<b>Total</b>		<b>-192</b>	<b>-1.7%</b>

### Financial results

The pre-tax profit for H1 2007 was DKK 34 million, against DKK 25 million for the same period of last year.

The return on equity principle has been changed effective from the 2007 financial year to the effect that we aim to achieve a return on equity corresponding to the investment return on the

assets included in the company's shareholders' equity plus a risk premium of 0.5 % of the average life insurance provisions inclusive of the collective bonus potential plus the full expense result and 25 % of the risk result. Due to the rising level of interest rates, we were unable to recognise the full risk premium in the first half of 2007, and DKK 10 million was transferred to the shadow account.

However, the full risk premium is expected to be recognised for the full year. Against this backdrop, the results are considered satisfactory.

The performance implies an annualised return on equity of 7 % before tax, as compared with an annualised return of 4% in the year-earlier period.

#### *Premiums*

Gross premiums rose by 0.8 % to DKK 340 million in H1 2006, against DKK 338 million in the year-earlier period. Premiums in the Group's life insurance company developed in line with expectations and reflect the Group's strategy that an increasing proportion of pension savings are expected to be placed in the Alm. Brand Investment Scheme, which is set up with Alm. Brand Bank.

The total amount of pension contributions, including investment schemes with the bank and premium income in the life insurance company, was DKK 429 million in H1 2007. This was in line with expectations, and an improvement of 4.6 % over the DKK 410 million recorded in H1 2006.

#### *Investment return*

The return on investment assets belonging to policyholders before tax on pension investment returns but after management costs was DKK 192 million for H1 2007, equal to a negative return of 1.7 % (3.3 % annualised), against a negative return of DKK 477 million in H1 2006. The absolute return was adversely impacted by rising interest rates, whereas value adjustments were to a large extent offset by lower provisioning requirements. The return was satisfactory relative to the benchmark.

The H1 return on investment assets attributable to shareholders' equity was DKK 12 million, equivalent to a return of 1.0 % (2.1% annualised), against a return of DKK 8 million in the same period of last year.

#### *Benefits paid*

Benefits paid in H1 2007 amounted to DKK 459 million, against DKK 382 million in the same period of 2006. The increase was attributable to a greater volume of policy surrenders.

#### *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 FSA for discounting provisions. Previously, the discount rate used was the 10-year mark on the yield curve.

Total provisions fell by DKK 283 million, of which DKK 39 million was attributable to the implementation of the yield curve.

#### *Collective bonus potential*

The collective bonus potential fell by DKK 39 million to DKK 435 million in H1 2007, equal to a bonus rate of 4.3 %. The fall was attributable to the higher interest rates.

#### *Costs*

Acquisition costs and administrative expenses totalled DKK 42 million in H1 2007, against DKK 40 million for the same period of 2006.

Total expenses for 2007 to date were in line with expectations. The increase relative to 2006 was due to higher acquisition costs. The level of administrative expenses was unchanged.

#### *Expense and risk results*

The expense result, which expresses the difference between expense loading and expenses incurred, was negative at DKK 1 million in the first six months of 2007. We aim for the expense result to be neutral.

The risk result, which expresses the difference between risk premiums and actual claims expenses, was an income of DKK 29 million in H1 2007, which was satisfactory.

#### **Balance sheet**

The life group's shareholders' equity was DKK 849 million at 30 June 2007. The solvency ratio was 199 at 30 June 2007.

The Danish FSA's stress scenarios were computed on an ongoing basis. The life group was in the green scenario by a fair margin throughout the reporting period.

#### **Major events**

##### *EU judgment*

In January, the EC Court of Justice passed judgment on the Danish tax deduction rules regarding payments to pension schemes. Denmark lost the case, as the judgment established that schemes with banks in other EU countries should be tax deductible. We expect that amended legislation resulting from the

judgment will require substantial investments in order to reposition IT systems, etc. On the other hand, we do not expect this to have any major effect on the competition.

*Appeal board cases*

Due to the group's general goal of having 90 % satisfied and 50 % very satisfied customers, we are extremely focused on this area and on the indicators that, like specific surveys, reflect customer satisfaction.

As is the case for our non-life operations, very few complaints against Alm. Brand Liv og Pension are brought before the Insurance Complaints Board.

In the first six months of 2007, only one customer filed a complaint relating to Alm. Brand Liv og Pension. Based on the industry average, eight or nine complaints would be the standard during a six month period for a portfolio of more than 100,000 customers.

**Outlook**

We continue to expect a full-year profit of DKK 100 million.

The performance will rely strongly on how interest rates, the property market and the equity markets develop.



## REPORT – OTHER ACTIVITIES

### **Copenhagen Re**

The H1 pre-tax profit for Copenhagen Re was better than expected at DKK 39 million, against DKK 32 million in H1 2006.

Technical provisions net of reinsurance totalled DKK 1.2 billion at 30 June 2007.

There is still considerable uncertainty with respect to the settlement of a number of claims reported, including for the World Trade Center event. These risks are further described in the Group's Annual Report 2006.

Copenhagen Re's shareholders' equity amounted to DKK 239 million at 30 June 2007, equal to Alm. Brand A/S' carrying value on the investment.

Backed by the good performance of the company's commutation activities and the

strong investment return, we upgrade the profit forecast by DKK 20 million to DKK 70 million for the full year 2007.

### **Other activities**

'Other activities' consist of corporate expenses and value adjustment of own shares, etc.

Other activities of the group posted a pre-tax loss of DKK 9 million in H1 2007, against a loss of DKK 21 million in H1 2006.

We retain the forecast of a pre-tax loss of DKK 30 million for the full year.

### **Outlook**

The full-year profit forecast for 'Other activities' is upgraded by DKK 20 million to DKK 40 million.

# STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Management Board have today considered and adopted the unaudited interim report for the six months ended 30 June 2007.

The consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Business Act. In addition, the interim report has been

presented in accordance with additional Danish disclosure requirements for the interim reports of listed financial enterprises.

In our opinion, the accounting policies applied are appropriate, and the interim report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 30 June 2007 and of the results of the group's and the parent company's operations and the group's cash flow for the first half of 2007.

## Executive Board

Copenhagen, 28 August 2007

**Søren Boe Mortensen**  
Chief Executive

**Henrik Nordam**  
Deputy Chief Executive

## Board of Directors

Copenhagen, 28 August 2007

**Christian N.B. Ulrich**  
Chairman

**Jørgen H. Mikkelsen**  
Deputy Chairman

**Boris N. Kjeldsen**

**Niels Kofoed**

**Jørgen S. Larsen**

**Henrik Stenbjerre**

**Susanne Larsen**

**Lone Clausen**

**Henning Kaffka**

## ACCOUNTING POLICIES - GROUP

The consolidated interim report for the first half of 2007 has been prepared in compliance with IAS 34 "Interim Financial Reporting" and the requirements of the Danish Financial Business Act and the Copenhagen Stock Exchange applying to interim financial reporting of Danish listed financial enterprises. The application of IAS 34 means that the report is limited relative to the presentation of a full annual report and that the valuation principles are in accordance with the International Financial Reporting Standards (IFRS).

The parent company interim financial statements have been prepared in accordance with the provisions of the Danish Financial Business Act, including the executive order on financial reports presented by insurance companies and

profession-specific pension funds and Danish accounting standards.

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

The accounting policies applied for the consolidated financial statements are unchanged from the policies applied for the Annual Report 2006. The accounting policies of the parent company are described in connection with the parent company's interim report, as detailed in a separate section of this report.

This interim report for the first half of 2007 is unaudited.

# BALANCE SHEET

DKKm	Group		
	30 June 2007	30 June 2006	31 December 2006
<b>Assets</b>			
Intangible assets	200	126	187
Owner-occupied properties	639	617	632
Deferred tax assets	385	525	449
Participating interests in joint ventures	23	23	20
Current tax assets	809	833	636
Reinsurers' share of insurance contracts	199	0	41
Other assets	1,403	1,763	1,543
Loans	15,823	10,047	13,128
Investment properties	774	728	756
Investment assets	23,483	23,796	23,604
Amounts due from credit institutions and central banks	3,273	2,629	1,631
Cash in hand and demand deposits	476	406	365
<b>Total assets</b>	<b>47,487</b>	<b>41,493</b>	<b>42,992</b>
<b>Liabilities and equity</b>			
Share capital	1,788	1,788	1,788
Reserves, retained profit etc.	3,200	2,918	3,124
Minority interests	483	340	520
<b>Consolidated shareholders' equity</b>	<b>5,471</b>	<b>5,046</b>	<b>5,432</b>
Subordinated debt	814	300	474
Provisions for insurance contracts	19,281	19,204	18,718
Other provisions	236	288	246
Deferred tax liabilities	45	51	51
Issued bonds	1,399	0	1,040
Other liabilities	1,886	1,343	1,213
Deposits	9,497	9,460	9,109
Payables to credit institutions and central banks	8,858	5,801	6,709
<b>Total liabilities and equity</b>	<b>47,487</b>	<b>41,493</b>	<b>42,992</b>

Note 1 Own Shares - Group

Note 2 Change in contingent liabilities, guaranties and leasing

# INCOME STATEMENT

DKKm	Group				
	2Q 2007	2Q 2006	1H 2007	1H 2006	Year 2006
<b>Income</b>					
Premium income	1,294	1,208	2,596	2,422	5,026
Interest income etc.	536	386	1,024	753	1,621
Fee income etc.	42	37	99	77	136
Other income from investment activities	2	2	3	4	35
Other income	10	31	19	42	37
<b>Total income</b>	<b>1,884</b>	<b>1,664</b>	<b>3,741</b>	<b>3,298</b>	<b>6,855</b>
<b>Costs</b>					
Claims incurred	-1,029	-884	-1,985	-1,731	-3,552
Interest expenses	-238	-132	-443	-243	-572
Other cost from investment activities	-11	-41	-25	-51	-51
Impairment of loans, advances an receivables, etc.	24	15	42	19	27
Acquisition and administrative costs	-383	-341	-760	-686	-1,414
Other costs	-8	-9	-21	-21	-39
<b>Total costs</b>	<b>-1,645</b>	<b>-1,392</b>	<b>-3,192</b>	<b>-2,713</b>	<b>-5,601</b>
Profit from business ceded	16	-15	-32	-61	-111
Change in life insurance provisions	227	160	283	509	256
Change in collective bonus potential	74	61	39	-6	-153
Exchange rate adjustments	-365	-283	-357	-670	-194
Tax on pension investment returns	5	23	28	67	-15
<b>Profit before tax</b>	<b>196</b>	<b>218</b>	<b>510</b>	<b>424</b>	<b>1,037</b>
Tax	-85	-39	-154	-97	-190
<b>Profit after tax</b>	<b>111</b>	<b>179</b>	<b>356</b>	<b>327</b>	<b>847</b>
<b>The profit before tax is allocated as follows:</b>					
Share attributable to Alm. Brand	234	247	508	473	1,006
Share attributable to minority shareholders	-10	-29	2	-49	31
	<b>224</b>	<b>218</b>	<b>510</b>	<b>424</b>	<b>1,037</b>
<b>The profit after tax is allocated as follows:</b>					
Share attributable to Alm. Brand	140	205	342	368	811
Share attributable to minority shareholders	-1	-26	14	-41	36
	<b>139</b>	<b>179</b>	<b>356</b>	<b>327</b>	<b>847</b>
Earnings per share, DKK	7	9	17	17	37
Diluted earnings per share, DKK	7	9	17	17	37

## STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Contingency funds	Retained profit	Revaluation reserve	Shareholders' equity	Minority interests	Consolidated equity
<b>Shareholders equity, 1 January 2006</b>	<b>1,788</b>	<b>182</b>	<b>2,488</b>	<b>3</b>	<b>4,461</b>	<b>474</b>	<b>4,935</b>
Profit/loss for the period			811		811	36	847
Revaluation of owner-occupied properties				7	7		7
Transferred to collective bonus potential				-7	-7		-7
Sale of treasury shares			44		44		44
Intra-group ownership			-404		-404		-404
Change in share attributable to minority interest						10	10
<b>Shareholders equity, 1 January 2007</b>	<b>1,788</b>	<b>182</b>	<b>2,939</b>	<b>3</b>	<b>4,912</b>	<b>520</b>	<b>5,432</b>
Profit/loss for the period			342		342	14	356
Sale of treasury shares			20		20		20
Repurchased shares			-286		-286		-286
Change in share attributable to minority interest						-51	-51
<b>Shareholders equity, 1 June 2007</b>	<b>1,788</b>	<b>182</b>	<b>3,015</b>	<b>3</b>	<b>4,988</b>	<b>483</b>	<b>5,471</b>

	30 June 2007	31 December 2006
Shareholders' equity exclusive minority interests	4,988	4,912
Consolidation of Pensionskassen under Alm. Brand A/S	-8	-11
<b>Shareholders' equity under the rules of the Danish Financial Supervisory Authority exclusive minority interests</b>	<b>4,980</b>	<b>4,901</b>
Share of profit attributable to Alm. Brand A/S	342	811
Consolidation of Pensionskassen under Alm. Brand A/S	3	-4
<b>Share of profit attributable to Alm. Brand A/S under the rules of the Danish Financial Supervisory Authority</b>	<b>345</b>	<b>807</b>

## CAPITAL CALCULATION MODEL

DKKm	Times the statutory solvency margin	30 June 2007	Year 2006
Non-life insurance	2.4	1,661	1,565
Banking excluding partly owned listed subsidiaries	1.3	1,491	1,410
Banking, investments in partly-owned listed subsidiaries		719	699
Life insurance	2.0	1,012	1,036
Reinsurance		239	212
<b>Capital target</b>		<b>5,122</b>	<b>4,922</b>
Consolidated shareholders' equity		5,471	5,432
Net tax asset		-385	-449
Intangible assets		-200	-187
<b>Adjusted consolidated shareholders' equity excluding capital base</b>		<b>4,886</b>	<b>4,796</b>
<b>Dividend distribution excluding capital base</b>		<b>-236</b>	<b>-126</b>
Capital base		824	475
<b>Dividend distribution including capital base</b>		<b>588</b>	<b>349</b>

# CASH FLOW STATEMENT

DKKm	Group		
	1H 2007	1H 2006	Year 2006
<b>Cash flows from operating activities</b>			
Premiums received	3,196	3,150	5,063
Claims paid	-1,973	-2,099	-3,908
Interest receivable, dividends, etc.	1,035	809	1,756
Interest payable	-354	-180	-440
Payments concerning reinsurance	-25	77	117
Fee income received	100	75	151
Fee income paid	-14	-14	-32
Expences paid	-783	-775	-1,569
Tax on pension investment returns paid	0	1	-62
Acquisition of intangible assets, furniture, equipments etc.	-33	-25	-117
Other ordinary income received	6	7	10
Taxes paid/received	-2	-1	-127
<b>Cash flows from operating activities</b>	<b>1,153</b>	<b>1,025</b>	<b>842</b>
<b>Change in investment placement (net)</b>			
Properties acquired or converted	-7	-2	-19
Sale of property	0	0	18
Sale/aquisition of equity investments	154	318	312
Sale/repayment of mortgage deeds and loans	-2,271	-1,040	-2,452
Sale/aquisition of bonds	142	298	-465
Dividend received from joint ventures	0	1	1
Change in receivables from credit institutions over 3 months	-129	41	-253
<b>Change in investment placement (net)</b>	<b>-2,111</b>	<b>-384</b>	<b>-2,858</b>
<b>Change in financing (net)</b>			
Other provisions	-8	-6	-12
Sale/purchase of treasury shares	-266	-123	-360
Sale/acquisition of subsidiaries (change in minority interests)	-2	0	10
Subordinated debt	340	0	174
Issued bonds	359	0	1,040
Change in deposits	443	1,116	559
Change in payables to credit institutions	2,143	-1,617	-709
<b>Change in financing (net)</b>	<b>3,009</b>	<b>-630</b>	<b>702</b>
<b>Gross change in cash and cash equivalents</b>	<b>2,051</b>	<b>11</b>	<b>-1,314</b>
Exchange rate adjustments of cash equivalents, beginning of period	-4	-32	-40
<b>Net change in cash and cash equivalents</b>	<b>2,047</b>	<b>-21</b>	<b>-1,354</b>
Cash and cash equivalents, beginning of period	1,702	3,056	3,056
<b>Cash and cash equivalents, end of period</b>	<b>3,749</b>	<b>3,035</b>	<b>1,702</b>





# NOTES TO THE FINANCIAL STATEMENTS

DKKm	Group		
	1H 2007	1H 2006	Year 2006
<b>Note 1 Own Shares - Group</b>			
Carrying amount, beginning of year	0	0	0
Value adjustments	-266	-122	-359
Buying during the period	609	225	707
Sold during the period	-343	-103	-348
<b>Carrying amount, end of period</b>	<b>0</b>	<b>0</b>	<b>0</b>
Nominal value, beginning of year	114	26	26
Buying during the period	127	56	177
Sold during the period	-73	-25	-89
<b>Nominal value, end of period</b>	<b>168</b>	<b>57</b>	<b>114</b>
Holding (number of shares), beginning of year	1,421,280	319,832	319,832
Additions, number of shares	1,587,912	697,369	2,214,782
Disposals, number of shares	-904,681	-309,622	-1,113,334
<b>Holding (number of shares), end of period</b>	<b>2,104,511</b>	<b>707,579</b>	<b>1,421,280</b>
<b>Percentage of share capital, end of period</b>	<b>9.4%</b>	<b>3.2%</b>	<b>6.4%</b>
<b>Note 2 Change in contingent liabilities, guaranties and leasing</b>			
<b>Guarantee commitments</b>	<b>2,363</b>	<b>2,633</b>	<b>2,220</b>

## ACCOUNTING POLICIES – PARENT COMPANY

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

The consolidated financial statements of Alm. Brand A/S are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. With respect to recognition and measurement, the accounting policies of the parent company 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 Danish Financial Supervisory Authority's executive order on financial reporting was updated effective from 2007, resulting in a few adjustments to the layout of the income statement and the balance sheet. The principal change involves the parent company's presentation of income from group enterprises, which effective from 2007 is recognised as an after-tax figure. Previously, shares of the profit from these units were recognised before tax and shares of tax in group enterprises were recognised under tax. The comparative figures have been restated accordingly.

The accounting policies are beside these unchanged from the policies applied in the Annual Report 2006.

This interim report for the first half of 2007 is unaudited.

# BALANCE SHEET

DKKm	Note	Parent company		
		30 June 2007	30 June 2006	31 December 2006
<b>ASSETS</b>				
Investment in group enterprises	1	4,874	4,736	5,222
Investment in associates		20	20	20
<b>Total investments in group enterprises and associates</b>		<b>4,894</b>	<b>4,756</b>	<b>5,242</b>
Equity investments		1	0	1
Other loans and advances		2	2	2
Deposits with credit institutions		461	336	125
<b>Total other financial investment assets</b>		<b>464</b>	<b>338</b>	<b>128</b>
<b>Total investment assets</b>		<b>5,358</b>	<b>5,094</b>	<b>5,370</b>
Receiveables from group enterprises		7	1	2
Other receivables		40	18	22
<b>Total receivables</b>		<b>47</b>	<b>19</b>	<b>24</b>
Current tax assets		25	29	25
Deferred tax assets		23	42	23
Cash in hand and balances at call		27	71	89
<b>Total other assets</b>		<b>75</b>	<b>142</b>	<b>137</b>
Accrued interest		2	0	0
Accruals and deferred income		1	18	0
<b>Accruals and deferred income</b>		<b>3</b>	<b>18</b>	<b>0</b>
<b>Total assets</b>		<b>5,483</b>	<b>5,273</b>	<b>5,531</b>
<b>Liabilities and equity</b>				
Share capital		1,788	1,788	1,788
Retained earnings		3,192	2,912	3,113
<b>Total shareholders' equity</b>		<b>4,980</b>	<b>4,700</b>	<b>4,901</b>
Deferred tax liabilities		45	51	51
<b>Total provisions</b>		<b>45</b>	<b>51</b>	<b>51</b>
Payables to group enterprises		380	433	502
Other payables		78	89	77
<b>Total Payables</b>		<b>458</b>	<b>522</b>	<b>579</b>
<b>Total liabilities and equity</b>		<b>5,483</b>	<b>5,273</b>	<b>5,531</b>

# INCOME STATEMENT

DKKm	Note	Parent company		
		H1 2007	H1 2006	Year 2006
Income from group enterprises	2	351	390	872
Interest income and dividends, etc.		12	5	15
Interest expenses		-10	-4	-17
Administrative expenses related to investment activities		-15	-43	-87
<b>Profit before tax</b>		<b>338</b>	<b>348</b>	<b>783</b>
Tax		7	20	24
<b>Profit for the Period</b>		<b>345</b>	<b>368</b>	<b>807</b>

## STATEMENT OF CHANGES IN EQUITY

DKKm	Parent company		
	Share-Capital	Retained earnings	Shareholders' equity
<b>Shareholders' equity at 1 January 2006</b>	<b>1,788</b>	<b>2,666</b>	<b>4,454</b>
Profit for the year		807	807
Share buyback programme		-404	-404
Sale of treasury shares		44	44
<b>Shareholders' equity at 1 January 2007</b>	<b>1,788</b>	<b>3,113</b>	<b>4,901</b>
Profit for the year		345	345
Share buyback programme		-286	-286
Sale of treasury shares		20	20
<b>Shareholders' equity at 30 June 2007</b>	<b>1,788</b>	<b>3,192</b>	<b>4,980</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 1 Investment in group enterprises

DKKm	Parent company		
	30 June 2007	30 June 2006	31 December 2006
Cost, beginning of year	6,042	6,042	6,042
<b>Cost, at period-end</b>	<b>6,042</b>	<b>6,042</b>	<b>6,042</b>
Revaluation and impairment, beginning of year	-1,134	-1,609	-1,609
Dividend received	-699	-400	-400
Profit for the year	351	390	872
Revaluation and impairment of treasury shares in subsidiaries	0	-3	3
<b>Revaluation and impairment, at period-end</b>	<b>-1,482</b>	<b>-1,622</b>	<b>-1,134</b>
Set off against receivables and capital base	314	316	314
<b>Carrying amount, at period-end</b>	<b>4,874</b>	<b>4,736</b>	<b>5,222</b>
Specification of carrying amount:			
Alm. Brand Bank A/S	1,292	1,138	1,216
Alm. Brand Forsikring A/S	3,190	3,132	3,495
Finansieringsselskabet Balder A/S	380	390	435
Finansieringsselskabet af 9/10 1992 A/S	12	76	76
	<b>4,874</b>	<b>4,736</b>	<b>5,222</b>

## Note 2 Income from group enterprises

DKKm	Parent company		
	H1 2007	H1 2006	Year 2006
Alm. Brand Bank A/S	76	55	126
Alm. Brand Forsikring A/S	271	313	676
Asgaard Finans A/S	0	0	2
Finansieringsselskabet Balder A/S	4	22	67
Finansieringsselskabet af 9/10 1992 A/S	0	0	1
	<b>351</b>	<b>390</b>	<b>872</b>