

Copenhagen Stock Exchange  
Nikolaj Plads 6  
DK-1007 Copenhagen K**Ref** SLB/hdg**Announcement No. 12/2007****Date** 24 May 2007  
**Page** 1 of 2

## **Alm. Brand A/S – Interim report for the first quarter of 2007**

### **The quarter at a glance**

- **8.6% growth in non-life premiums**
- **29% growth in the bank's loans and advances**
- **Substantial growth in markets & asset management operations**
- **Full-year profit forecast upgraded by 6%**
- **15% of the DKK 600 million share buyback programme completed. The buyback programme equals a pay-out ratio of 7%**

Highlights of the Alm. Brand Group's interim report for the first quarter of 2007:

- The group generated a Q1 2007 profit before tax and minorities of DKK 274 million, as compared with a profit of DKK 226 million in Q1 2006.
- The results were highly satisfactory and attributable to a positive performance by all three of the group's business areas. In particular, banking outperformed expectations.
- The Q1 performance equalled an annualised return on equity of 22% before tax, compared with 20% in Q1 2006.
- As a result of the positive performance, we upgrade the full-year profit forecast for 2007 by DKK 50 million, or by 6%. The upgrade is based on the banking and life insurance operations.
- Non-life operations generated a pre-tax profit of DKK 142 million, which was satisfactory.

Underlying the results were favourable performances by all segments and the fact that the group experienced few major claims. On the other hand, a number of minor windstorms during the quarter resulted in weather-related claims of DKK 60 million.

The combined ratio was 93.5 in Q1 2007 with weather-related claims accounting for around five percentage points.

Non-life premium growth was 8.6%, which was highly satisfactory. The substantial growth performance builds on the initiatives the group has launched in recent years. The most important of these initiatives include allocation of more sales and service resources, a new sales tool within the private customer segment, new sales centres, the setting up of branch offices across Denmark and comprehensive training efforts for the group's entire sales and service staff.

- The bank posted a pre-tax profit of DKK 95 million excluding minorities in Q1 2007, which was better than expected. As a result, the full-year profit forecast is upgraded by DKK 40 million.

The bank expanded operations in all segments. For example, loans and advances were up by 29%. Also, our markets & asset management operations experienced increased business activity with a net inflow of new clients and business volumes with existing clients expanded. In addition, the bank's Q1 profit was supported by unrealised capital gains on a number of shareholdings and by very low losses on loans and advances.

- The life insurance operations posted a pre-tax profit of DKK 29 million in Q1 2007, as compared with DKK 21 million in the year-earlier period. As a result of the favourable performance, the full-year forecast is upgraded by DKK 10 million.

The collective bonus potential continued to rise, reaching 5% of provisions.

- The group generated total income of DKK 1.9 billion in Q1 2007.
- At 31 March 2006, shareholders' equity was DKK 5.5 billion including minority interests totalling DKK 0.5 billion.

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

Yours sincerely,

Alm. Brand A/S

*Søren Boe Mortensen*  
Chief Executive



## ALM. BRAND A/S

INTERIM REPORT

THE FIRST QUARTER OF 2007

7 MIDTERMOLEN • DK-2100 COPENHAGEN • REGISTRATION NUMBER CVR-NR. 77 33 35 17

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### Parent company

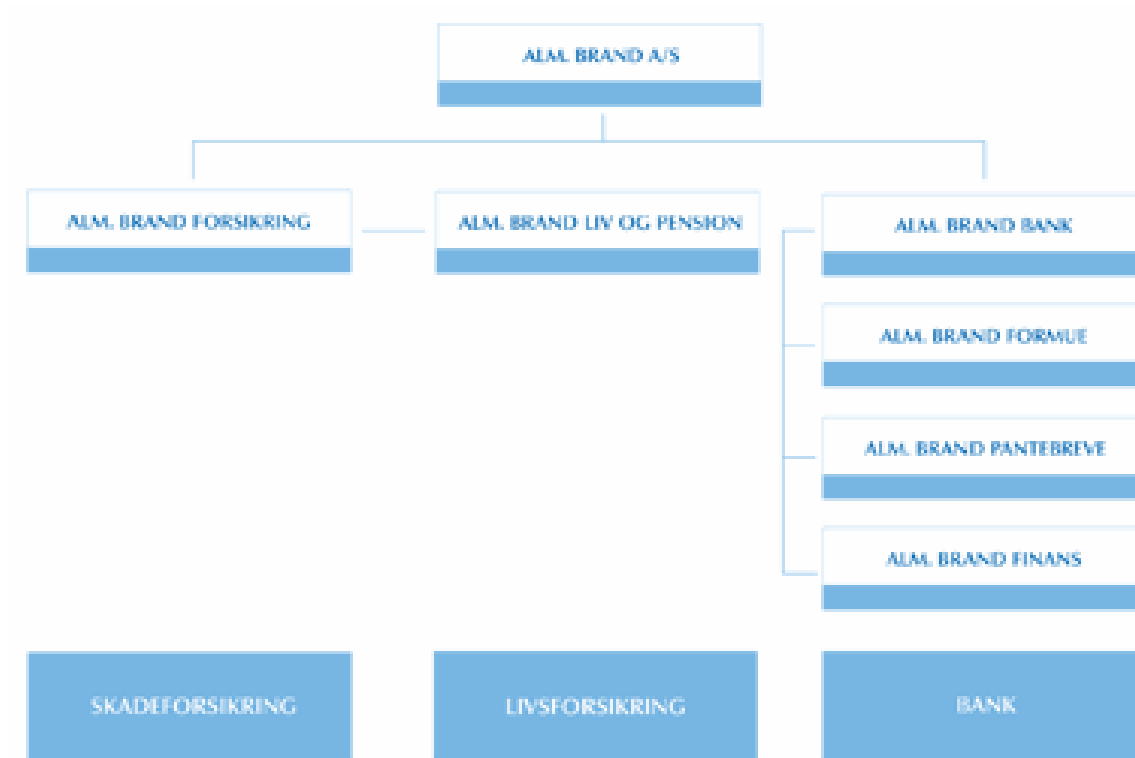
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# Group structure



## Group overview

### Alm. Brand Group main companies



*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 calendar

28 August 2007  
20 November 2007

Interim report H1 2007  
Interim report Q3 2007

# Group structure



## Board of directors

Christian N.B. Ulrich

Jørgen H. Mikkelsen

Lone Clausen

Henning Kaffka

Boris N. Kjeldsen

Niels Kofoed

Jørgen S. Larsen

Susanne Larsen

Henrik Stenbjerre

## Management board

Søren Boe Mortensen  
Chief Executive

Henrik Nordam  
Deputy Chief Executive

## Auditors

Deloitte, Statsautoriseret Revisionsaktieselskab

## Internal auditor

Poul-Erik Winther Nielsen, Chief Internal Auditor

## Company information

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DK-2100 Copenhagen Ø  
Phone: +45 35 47 47 47  
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CVR-no.: 77 33 35 17

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

# Financial highlights and key ratios

## Financial Highlights and Key Ratios

DKK million	Q1 2007	Q1 2006	Year 2006
<b>KEY FIGURES</b>			
<b>Income</b>			
Non-Life Insurance	1,109	1,021	4,279
Banking	335	221	980
Life Insurance	191	185	736
Copenhagen Re	2	11	11
Investments	220	196	849
<b>Total income</b>	<b>1,857</b>	<b>1,634</b>	<b>6,855</b>
<b>Results</b>			
Underwriting result from non-life insurance	100	80	598
Profit on banking operations	109	28	200
Underwriting result from life insurance	19	19	57
Underwriting result from Copenhagen Re	7	12	13
<b>Profit/loss for insurance and banking operations</b>	<b>235</b>	<b>139</b>	<b>868</b>
Profit/loss on investments after allocation of interest	59	72	180
Other ordinary items	-8	-5	-11
<b>Profit/loss before tax</b>	<b>286</b>	<b>206</b>	<b>1,037</b>
Tax	-69	-58	-190
<b>Profit/loss after tax</b>	<b>217</b>	<b>148</b>	<b>847</b>
Minority interests share of profit for the period	-15	15	-36
<b>Profit/loss after tax excluding minorities</b>	<b>202</b>	<b>163</b>	<b>811</b>
<b>Profit/loss before tax excluding minorities</b>	<b>274</b>	<b>226</b>	<b>1,006</b>
Profit/loss on business in run-off, net of reinsurance	-8	-32	45
Provisions for insurance contracts	19,909	19,872	18,718
Shareholders' equity	5,458	5,041	5,432
Of which minority interests	483	411	520
Total assets	47,402	41,628	42,992
<b>KEY RATIOS</b>			
Return on equity before tax excluding minorities p.a.	22%	20%	22%
Return on equity after tax excluding minorities p.a.	16%	14%	17%
Earnings per Share, DKK 80	10	7	37
Diluted Earnings per Share, DKK 80	10	7	37
Net assets value per Share, DKK	242	207	234
Share price end of year	373	356	400
Share price/Net asset value	1.54	1.72	1.71
Number of shares end of period ('000)	20,590	22,045	20,929
Average number of shares ('000)	20,700	22,197	21,644
Number of own shares acquired until 2 May 2007 ('000)	235		
Average share price acquired own shares, DKK	387		
Pay-out ratio *	1%		
Pay-out ratio remaining buy-back programme *	6%		

\*) On the basis of market value at 2 May 2007

# Report - Group

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## The Alm. Brand A/S 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 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 just over 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 and 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 spectrum of financial needs of both private and agricultural customers.

### Financial results

The Alm. Brand A/S Group posted pre-tax profit excluding minorities of DKK 274 million in Q1 2007, compared with DKK 226 million in Q1 2006. Excluding minority interests, the profit after tax was DKK 202 million.

The performance was highly satisfactory and attributable to a positive performance by all three of the group's business areas, especially in banking which outperformed expectations.

The Q1 performance equalled an annualised return on equity of 22% before tax and minorities, against 20% in Q1 2006. The return on equity after tax was 16% p.a.

The full-year 2007 profit forecast is upgraded by DKK 50 million to DKK 850 million before tax. The upgrade is mainly based on the performance of the banking operations and due to unrealised capital gains on a number of thinly traded shares. We are also upgrading the expected results from the life operations.

The group generated total income of DKK 1.9 billion in Q1 2007.

Earnings per share was DKK 10, and the net asset value per share was DKK 242 at 31 March 2007.

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

### Business operations

Non-life operations generated a profit of DKK 142 million in the first three months of 2007.

Gross premium income from the group's non-life operations amounted to DKK 1,109 million for Q1, which constitutes an increase of 8.6% over Q1 2006. The performance was highly satisfactory. However, the growth performance should be seen in light of the fact that the substantial growth our non-life operations achieved in 2006 did not seriously gain momentum until in the second quarter of the year. The full-year growth rate is still expected to be slightly above 5%.

The combined ratio amounted to 93.5 in Q1 2007, against 94.3 in Q1 2006, backed by a generally favourable claims experience with few major claims. On the other hand, we did suffer weather-related claims during the quarter following a number of minor windstorms.

Banking operations reported a profit of DKK 95 million excluding minority interests.

All lending segments performed satisfactorily in Q1 2007, and loans and advances increased by 29% relative to 31 March 2006.

Also, our markets & asset management operations experienced increased business activity. The division reported a net inflow of new clients and business volumes with existing clients expanded.

In addition, the banking group's Q1 profit was supported by unrealised capital gains on a number of shareholdings.

Life insurance operations generated a profit of DKK 29 million.



# Report - Group



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. The growth performance was satisfactory considering the fact that the reporting from Q1 2006 reflected extraordinarily large single premiums.

The annualised return on investment of customer assets was 1.1%. The performance is a reflection of the rising level of interest rates, which has pushed down bond prices. The capital loss on the bond portfolio was offset by a corresponding decline in provisioning needs.

At 31 March 2007, the collective bonus potential in the life and pension insurance company equalled 5.0% of technical provisions, equal to an increase of DKK 35 million relative to 31 December 2006.

Other activities posted a profit of DKK 8 million, distributed on a DKK 12 million profit in Copenhagen Re and holding expenses of DKK 4 million.

#### *Total expenses*

The group's acquisition and administrative expenses totalled DKK 377 million in Q1 2007, as compared with DKK 345 million in Q1 2006. The increase relative to 2006 reflected the planned investments in growth in all of the group's business areas.

#### *Investment return*

The group's interest and fee income and value adjustments was a DKK 553 million gain in Q1 2007 against a DKK 20 million gain the same period of last year. The return includes capital gains of DKK 8 million against capital losses of DKK 387 million in Q1 2006.

Due to the rising interest rates in 2006 and 2007, the capital loss was offset by corresponding provision reversals in the group's life and pension insurance company.

The vast majority of the investment assets are fixed-income securities. Duration is about two years in non-life operations. In life and pension operations, it is about nine years, which largely corresponds to the duration of the liabilities.

#### *Number of employees*

In Q1 2007, the number of employees averaged 1,832 against 1,643 in 2006.

#### **Major events**

##### *Share buyback*

In connection with the release of Alm. Brand A/S' 2006 annual report, the group announced the 2007 share buyback programme. The group expects to buy back shares for a total of DKK 600 million during the period to 31 January 2008. As in 2006, the group's principal shareholder, Alm. Brand af 1792 fmba, will sell off its shares in proportion to shares bought back from other shareholders.

At the beginning of May 2007, the group had bought back shares for just over DKK 91 million, equal to 15% of the expected amount of DKK 600 million.

Based on Alm. Brand's market capitalisation at 2 May 2007, the expected total buyback of DKK 600 million corresponds to a pay-out ratio of 7%. The pay-out ratio for the remaining share buyback programme is 6%, equal to additional buybacks of DKK 509 million until 31 January 2008.

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

#### **Outlook**

Based on the generally positive performance of the group's banking and life operations, the forecast for the Alm. Brand Group's full year 2007 profit is upgraded to DKK 850 million before tax and minorities.

The forecast for the banking operations is upgraded by DKK 40 million, while the life operations forecast is raised by DKK 10 million. Projections for the remaining operations are unchanged.

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.

# Report - Group



Forecast 2007		
	February 2007	May 2007
Non-life	540	540
Banking	150	190
Life	90	100
Other	20	20
Profit before tax and minorities	800	850

## Disclaimer

Forecasts are based on the level of interest rates prevailing at the end of March 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

## Non-Life Insurance

Excl. Copenhagen Re

DKK million	Q1 2007	Q1 2006	Year 2006
Gross premiums	1,109	1,021	4,279
Technical interest	27	23	88
Gross claims expenses	-758	-682	-2,735
Underwriting management expenses	-228	-234	-877
Profit from reinsurance	-50	-48	-157
<b>Underwriting profit/loss</b>	<b>100</b>	<b>80</b>	<b>598</b>
Interest, dividends etc.	85	56	267
Capital gains/losses	29	64	93
Management expenses relating to investment business	-4	-3	-14
Return on technical provisions	-61	-48	-209
<b>Total profit/loss on investments transfer of technical interest</b>	<b>49</b>	<b>69</b>	<b>137</b>
Other ordinary items	-7	-5	-11
<b>Profit/loss before tax</b>	<b>142</b>	<b>144</b>	<b>724</b>
Tax	-40	-40	-186
<b>Profit/loss after tax</b>	<b>102</b>	<b>104</b>	<b>538</b>
Profit/loss on business in run-off, net of reinsurance	-8	-32	45
Technical provisions	6,796	6,500	5,719
Insurance assets	180	300	142
Shareholders' equity	1,976	1,905	2,169
Total assets	9,628	9,021	8,224
Claims Ratio	68.4%	66.8%	63.9%
Expense Ratio	20.6%	22.8%	20.5%
Net reinsurance Ratio	4.5%	4.7%	3.7%
Combined Ratio	93.5%	94.3%	88.1%
Operating Ratio	91.2%	92.3%	86.3%
Return on equity before tax p.a.	28%	31%	37%
Return on equity after tax p.a.	20%	22%	28%

### Financial results

The non-life operations generated a Q1 pre-tax profit of DKK 142 million, compared with DKK 144 million in Q1 2006, which was a satisfactory performance considering the number of weather-related claims during the period.

The performance in Q1 2007 equals an annualised return on equity before tax of 28% against 31% in the same period of last year.

### Premiums

Gross premium income amounted to DKK 1,109 million in Q1, which constitutes an increase of 8.6% over the year-earlier period.

This highly satisfactory performance was mainly driven by the activities the group has initiated in recent years in order to enhance growth. The most important of these initiatives include allocation of more sales and service resources, a new sales tool within the private customer segment, new sales centres, the setting up of

# Report – Non-life insurance

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branch offices across Denmark and comprehensive training efforts for the group's entire sales and service staff.

However, the growth performance should be seen in light of the fact that the substantial growth our non-life operations achieved in 2006 did not seriously gain momentum until in the second quarter of the year. The full-year growth rate is expected to be slightly above 5%.

In addition, the Q1 2007 improvements were supported by one-off income of DKK 13 million due to the implementation of a yield curve for the health and personal accident business.

## *Claims experience*

The claims ratio was 68.4 in Q1 2007 as compared with 66.8 in Q1 2006.

The results were favourably affected by a good claims experience for the group's overall portfolio. For example, the group experienced very few major claims, as losses were DKK 15 million below the normal level.

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 consistence between risk and price and, by extension, the quality of the portfolio. We will continue our dedicated efforts to ensure the quality and management of the portfolio.

The results were adversely affected by several minor windstorms in January, for a total of approximately DKK 60 million.

The Q1 2007 run-off result amounted to a loss of DKK 8 million, against a DKK 32 million loss in Q1 2006.

## *Net reinsurance ratio*

The net reinsurance ratio was 4.5 in Q1 2007, against 4.7 in the year-earlier period.

## *Costs*

The Q1 expense ratio was 20.6 against 22.8 in Q1 2006, a drop of 9.7% which was in line with expectations.

The expense ratio for the full year is expected to be at the level of 20. The additional cost savings achieved by the group through new and more efficient processes and business procedures will

be invested in allocating more resources to the group's sales and service force.

## *Combined ratio*

The combined ratio was 93.5 in Q1 2007, against 94.3 in Q1 2006. The combined ratio for the underlying business, i.e. excluding run-off losses, costs related to employee shares, was 92.1 in Q1 2007 against 89.8 in 2006. Weather-related claims in Q1 2007 accounted for more than 5 percentage points of the combined ratio of 92.1.

## *Investment return*

The non-life investment return before allocation of interest was DKK 110 million in the first quarter of 2007, as compared with DKK 117 million in the same period of 2006.

The investment return was ahead of expectations due, in part, to the higher level of interest rates and, in part, to the assets used to hedge the liabilities being placed at slightly shorter duration than the liabilities, which produced a capital gain from rising interest rates.

## **Balance sheet**

At 31 March 2007, the equity allocated to the non-life division was DKK 2.0 billion. Alm. Brand Forsikring A/S had a solvency ratio of 3.2 at 31 March 2007, compared with 3.0 at 31 December 2006.

## **Major events**

### *New motor tariff*

At the end of April, the group launched a new motor tariff that will produce lower prices for part of the private customer segment. In addition, the new tariff offers better terms to customers, such as no penalty in the event of new claims, no deductible for motor liability. Premiums depend on a number of factors, including the driver's age and driving experience, car size and engine power and the annual mileage. The new motor tariff makes the group more competitive on motor insurance.

### *New act on workers' compensation insurance*

On 28 March 2007, a bill proposing to amend the act on workers' compensation was tabled in the Folketing. The bill involves a change of the discounting rate being applied for workers' compensation insurance for converting annuities into a lump sum payment. The discount rate of 10% applied to date has not been reviewed since 1978. Aligning the discount rate to the current level of interest rates would increase the lump

# Report – Non-life insurance

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sums paid to claimants who have lost less than 50% of their working capacity. If the bill is passed by the Folketing, it is expected to apply to all work-related accidents occurring from 1 July 2007 and onwards. Alm. Brand would incur an increase in annual payments for workers' compensation claims of about 15%. We intend to increase our premiums to some extent as a result of the expected changes, so it will not affect the combined ratio forecast.

## *Statistics from the Insurance Complaints Board*

On 27 April 2007, the Insurance Complaints Board released the statistics for claims processed in 2006. These statistics give insurance customers an opportunity to compare individual insurers by the number of their customers that have complained to the Board and how many of the claims were successful.

Enhancing our customer service and aligning customer expectations with the actual insurance policies taken out is extremely important to us. This has been a very successful strategy and Alm. Brand was ranked among the best in all business lines. In other words, we had the fewest or were among those with the fewest complaints submitted to the Complaints Board relative to our market share.

## *Subordinate loan capital raised*

Alm. Brand Forsikring A/S raised subordinate loan capital totalling DKK 150 million during the first quarter of 2007. In addition, Alm. Brand Forsikring A/S contributed DKK 120 million in subordinate loan capital to Alm. Brand Liv og Pension A/S.

## **Outlook**

The full-year pre-tax profit for the non-life insurance operations is expected to be around DKK 540 million, which is unchanged from the guidance provided in the 2006 Annual Report.

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. In addition, the projections of just over 5% premium growth in 2007 take account of the lower premium level.

Based on the overall performance of the non-life operations in Q1 2007, the combined ratio expectations for the full year are maintained at 92.

# Report - Banking

## Banking

DKK million	Prorata		Banking Group		Year 2006
	Q1 2007	Q1 2006	Q1 2007	Q1 2006	
Interest income	267	170	273	177	823
Interest expenses	-175	-85	-178	-89	-464
<b>Net interest income</b>	<b>92</b>	<b>85</b>	<b>95</b>	<b>88</b>	<b>359</b>
Net fee and commission income, dividends etc.	61	40	62	44	157
<b>Net interest and fee income</b>	<b>153</b>	<b>125</b>	<b>157</b>	<b>132</b>	<b>516</b>
Value adjustments	56	6	67	-24	75
Other operating income	3	3	3	4	10
<b>Profit on financial operations</b>	<b>212</b>	<b>134</b>	<b>227</b>	<b>112</b>	<b>601</b>
Total costs	-133	-90	-134	-91	-439
Write-downs on bad and doubtful debts etc.	18	4	18	4	27
Profit on participating interests	-2	3	-2	3	11
<b>Profit before tax</b>	<b>95</b>	<b>51</b>	<b>109</b>	<b>28</b>	<b>200</b>
Tax	-21	-14	-19	-9	-34
<b>Profit after tax</b>	<b>74</b>	<b>37</b>	<b>90</b>	<b>19</b>	<b>166</b>
Minority interests' share of profit/loss for the period			-16	18	-39
<b>Profit after tax excluding minorities</b>			<b>74</b>	<b>37</b>	<b>127</b>
<b>Profit before tax excluding minorities</b>			<b>95</b>	<b>51</b>	<b>167</b>
Loans and advances	15,336	11,863	14,485	10,988	13,128
Guarantees	1,499	1,804	1,499	1,804	1,477
Deposits	9,867	9,145	9,867	9,145	9,548
Shareholders' equity	1,290	1,126	1,824	1,581	1,785
Of which minority interests			534	455	569
Total assets	22,488	16,575	23,245	17,367	20,165
Net interest margin p.a.			1.8%	2.1%	2.0%
Operating income over operating expenses including minorities	1.82	1.59	1.94	1.32	1.49
Write-down ratio p.a.	-0.4%	-0.1%	-0.4%	-0.1%	-0.2%
Solvency ratio			11.2%	12.1%	12.1%
Return on equity before tax p.a.	30%	19%	30%	19%	15%
Return on equity after tax p.a.	24%	13%	24%	13%	11%

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 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 only when found relevant.

### Financial results

The bank's profit for Q1 2007 was DKK 95 million before tax, against DKK 51 million in the same quarter of last year. The performance equals an annualised return on equity before tax of 30% against 19% in the year-earlier period. The highly satisfactory performance was supported by unrealised capital gains on a number of shareholdings.

#### *Net interest and fee income*

Net interest and fee income was DKK 153 million, against DKK 125 million in Q1 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 first quarter of 2006, fee income was lifted by the restructuring of the group's markets & asset management operations implemented last year. As a result, this business

# Report - Banking



area is now making a stronger contribution to income. On the other hand, fee income was adversely affected by the reduced activity in the private housing market.

## *Value adjustments*

Value adjustments in Q1 2007 amounted to a gain of DKK 56 million, against DKK 6 million in Q1 2006. DKK 44 million of the overall value adjustments derived from equities, of which a not insignificant part was produced by unrealised capital gains on a number of thinly traded shares.

The banking group's overall value adjustments in Q1 2007 amounted to a gain of DKK 67 million, against capital losses of DKK 24 million in Q1 2006. Alm. Brand Formue made positive value adjustments and Alm. Brand Pantebreve made negative value adjustments during the reporting period.

## *Costs*

Total costs for Q1 2007 amounted to DKK 133 million, against DKK 90 million for the same period of last year. The costs increase was due to increased activity in all of the bank's business areas. The increase should also be seen in relation to the higher level of business activity. For example, loans and advances were up by 29%.

The income/cost ratio increased to 1.82 in Q1 2007 from 1.59 in Q1 2006. The corresponding figures for the banking group, i.e. including minorities, were 1.94 in Q1 2007 and 1.32 in Q1 2006.

## *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 18 million, against an income of DKK 4 million in Q1 2006. Accordingly, the bank benefited from lower-than-expected losses on the back of the favourable economic conditions in Denmark and the group's wish to maintain low risk in the bank's exposures.

The banking group's accumulated impairment charges and guarantees totalled DKK 163 million at 31 March 2007, which corresponds to an accumulated impairment ratio of 1.0 against 1.5 at 31 March 2006 and 1.2 at 31 December 2006.

## **Balance sheet**

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

The bank's balance sheet was positively impacted by continued growth in the loan portfolio, which was attributable, among other things, to continued success in providing loans for property projects 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 15.3 billion at 31 March 2007, an increase of DKK 1.2 billion relative to 31 December 2006 and an increase of DKK 3.5 billion or 29% since 31 March 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 well-defined and moderate level.

Deposits totalled DKK 9.9 billion at 31 March 2007, an increase of DKK 0.3 billion relative to 31 December 2006 and an increase of DKK 0.7 billion or 8% since 31 March 2006.

Guarantees and other commitments amounted to DKK 1.5 billion at 31 March 2007, a fall of DKK 0.3 billion relative to 31 March 2006.

### *Payables to credit institutions*

Due to the increased lending activity, payables to credit institutions rose from DKK 5.2 billion at 31 March 2006 to DKK 8.0 billion at 31 March 2007.

### *Capital*

The bank's equity stood at DKK 1.3 billion at 31 March 2007. The capital base was DKK 1.6 billion.

The banking group's equity was DKK 1.8 billion at 31 March 2007, while the capital base was DKK 2.0 billion. The solvency ratio was 11.2 and the tier 1 ratio was 9.6.

## **Major events**

### *Slump in the housing market*

The housing market suffered a slump in the first quarter of 2007, resulting in lower customer turnover and fewer prepayments in the mortgage deed business. In spite of the subdued market activity, the net inflow of new private customers continued, as did growth in loans and advances.

# Report - Banking



## *Market for deposits becoming more competitive*

The market for deposits became more competitive during the first quarter. In step with the gradual hiking of interest rates by the European Central Bank, both Danish and foreign banks have raised the level of interest rates in the Danish market and intensified their marketing efforts. Alm. Brand Bank recorded an increase in customer deposits during the reporting period.

## *Positive performance by Alm. Brand Henton*

Alm. Brand Henton, the bank's markets & asset management operations, reported increased business activity in the first quarter. The portfolios under management produced competitive returns and, as a result, better earnings for the bank. There was a net inflow of new customers in the first quarter and business volumes with existing customers improved.

## *New risk management concept for agriculture*

The bank has developed a new risk management concept for large agricultural customers. The concept aims to reduce agricultural customers' funding costs by way of a controlled risk profile. The new product has been well received and contracts with an aggregate volume of more than DKK 1,5 billion were signed in the first quarter.

## *New mortgage deed company*

The bank's wholesale department has arranged a private placement in a new mortgage deed investment company with a volume of more than DKK 200 million targeting the bank's large private banking customers. The new company has budgeted for a very high return and applies a correspondingly high risk profile. Accordingly, the new investment product has a different target group than Alm. Brand Pantebreve A/S, the listed company addressing a wider spectrum of customers with a lower risk profile.

## **Events after the balance sheet date**

### *Liquidity to generate future growth in loans and advances*

As part of the long-term funding strategy, the bank raised a syndicated loan facility of EUR 455 million, corresponding to DKK 3.4 billion, in April 2007. DKK 0.7 billion of the proceeds will be used to repay existing loan facilities. Provided by a consortium of international banks, the loan consists of two tranches with maturities of three and five years, respectively. There was substantial interest in participating in the loan facility, and Alm. Brand Bank obtained attractive loan terms.

### **Outlook**

The bank forecasts pre-tax profit of around DKK 190 million for 2007, which is a DKK 40 million upgrade from the guidance provided in the 2006 Annual Report.

The upgrade is based on the better-than-expected performance in the first three months of 2007.



# Report – Life insurance

## Life Insurance

DKK million	Q1 2007	Q1 2006	Year 2006
<b>Premiums</b>	191	185	736
Claims incurred	-204	-170	-806
Investment return after allocation of interest	28	-259	91
Total underwriting management expenses	-20	-18	-77
Reinsurance result	3	-1	17
Change in life insurance provisions	56	349	256
Change in collective bonus potential	-35	-67	-160
<b>Underwriting profit/loss</b>	<b>19</b>	<b>19</b>	<b>57</b>
Transferred investment return	10	2	24
<b>Profit before tax for the period</b>	<b>29</b>	<b>21</b>	<b>81</b>
Tax	-8	-6	-15
<b>Profit/loss after tax</b>	<b>21</b>	<b>15</b>	<b>66</b>
<b>Result in life insurance</b>			
Administrative result	1	3	11
Investment result	-74	-370	-320
Change in provision for guaranteed pension benefits	119	437	497
Change in collective bonus potential	-35	-67	-160
Risk result	14	19	36
Reinsurance result	4	-1	17
<b>Profit before tax</b>	<b>29</b>	<b>21</b>	<b>81</b>
Tax	-8	-6	-15
<b>Profit/loss after tax</b>	<b>21</b>	<b>15</b>	<b>66</b>
Provisions for insurance contracts	11,563	11,120	11,294
Shareholders' equity	854	1,293	1,114
Total assets	12,653	12,797	12,482
Return on equity before tax p.a.	12%	6%	7%
Return on equity after tax p.a.	9%	5%	6%
Bonus rate	5.0%	3.8%	4.7%

### Investment return in life insurance in 1st quarter 2007

DKK million	Average amount of capital tied up	Return ratio
Interest-bearing assets	9,161	0.1%
Shares	11,845	1.8%
Property	18,595	1.4%
Management expenses relating to investments activities	-7,125	
<b>Total</b>	<b>32,476</b>	<b>0.3%</b>

### Financial results

The pre-tax profit for Q1 2007 was DKK 29 million, against DKK 21 million for the same period of last year. The performance was satisfactory.

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 percentage point of the average life insurance provisions inclusive of the collective bonus potential plus the full expense result and 25% of the risk result.

The full return on equity was achieved in the reporting period. The performance implies an annualised return on equity of 12% before tax, as compared with a return of 6% in Q1 2006.

# Report – Life insurance

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## *Premiums*

Gross premiums for the group's guaranteed pension schemes in the life and pensions company were DKK 191 million in Q1 2007, against DKK 185 million in the year-earlier period, corresponding to an increase of 3.2%. Premiums in the group's life company performed in line with expectations and reflect the group's strategy.

The total amount of pension contributions in Alm. Brand's investment scheme with Alm. Brand Bank was unchanged relative to the Q1 2006 performance, which was supported by a number of extraordinary, large single premiums.

The total amount of pension contributions, including investment schemes with the bank and premium income in the life insurance company, was DKK 225 million in Q1 2007 million, compared with DKK 219 million in Q1 2006.

## *Investment return*

The return on investment assets belonging to policyholders before tax on pension investment returns but after management costs was DKK 31 million for Q1 2007, equal to a return of 0.3% (1.1% annualised), against a negative return of DKK 309 million in Q1 2006. The absolute return was adversely impacted by rising interest rates, whereas value adjustments were offset by lower provisioning requirements. On the other hand, positive value adjustments were recorded for equities. The return was satisfactory relative to the benchmark.

The Q1 return on investment assets attributable to shareholders' equity was DKK 10 million, equivalent to a return of 0.9% (3.5% annualised), against a return of DKK 2 million in the same period of last year.

## *Benefits paid*

Benefits paid in Q1 2007 amounted to DKK 204 million, against DKK 170 million in Q1 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 56 million, of which DKK 39 million was attributable to the implementation of the yield curve.

## *Collective bonus potential*

The collective bonus potential increased by DKK 35 million to DKK 508 million in Q1 2007, equal to a bonus rate of 5.0%. The increase was due to the implementation of the yield curve and parameter reviews for calculating life insurance provisions.

## *Costs*

Acquisition and administrative expenses totalled DKK 20 million in Q1 2007, against DKK 18 million in Q1 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, amounted to DKK 1 million in the first six months of 2007. The expense result was satisfactory.

The risk result, which expresses the difference between risk premiums and actual claims expenses, was also an income in Q1 2007, at DKK 14 million, and was likewise satisfactory.

## **Balance sheet**

The life group's shareholders' equity was DKK 854 million at 31 March 2007. The solvency ratio was 195 at 31 March 2007.

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

## **Major events**

### *Subordinate loan capital raised*

In the first quarter of 2007, Alm. Brand Forsikring A/S contributed DKK 120 million in subordinate loan capital to Alm. Brand Liv & Pension. Alm. Brand Liv & Pension aims for the sum of its shareholders' equity and subordinate capital to be about twice the statutory capital requirement.

## **Outlook**

As a result of the positive performance of the group's life and pension operations, the profit forecast for the full year 2007 is upgraded to DKK 100 million from the previous forecast of DKK 90 million.

# Report – Other activities

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## Other business activities

### Copenhagen Re

The Q1 2007 pre-tax profit for Copenhagen Re was DKK 12 million, compared with DKK 18 million in Q1 2006. The results were in line with expectations.

Technical provisions net of reinsurance totalled DKK 1.2 billion at 31 March 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 220 million at 31 March 2007, equal to Alm. Brand A/S' carrying value on the investment.

The pre-tax profit forecast for the full year is retained at DKK 50 million.

### Other activities

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

Other activities of the group posted a pre-tax loss of DKK 4 million in Q1 2007, against a loss of DKK 8 million in Q1 2006.

We retain the forecast of a pre-tax loss of DKK 20 million for the full year.

### Outlook

The forecast for 'Other activities' is retained at DKK 30 million for the full year.

# Accounting policies



## Accounting policies

The consolidated interim report for the three months ended 31 March 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 quarter of 2007 is unaudited.

# Signatures



The Board of Directors and the Management Board have today considered and adopted the unaudited interim report for the first quarter of 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 31 March 2007 and of the results of the group's and the parent company's operations and the group's cash flow for the three months ended 31 March 2007.

## Management Board

Copenhagen, 24 May 2007

**Søren Boe Mortensen**

**Henrik Nordam**

*/Ole Joachim Jensen*

## Board of Directors

Copenhagen, 24 May 2007

**Christian N.B. Ulrich**

**Jørgen H. Mikkelsen**

**Boris N. Kjeldsen**

**Niels Kofoed**

**Jørgen S. Larsen**

**Henrik Stenbjerre**

**Susanne Larsen**

**Lone Clausen**

**Henning Kaffka**

# Balance sheet

## Group Balance Sheet

DKK million	31 March 2007	31 March 2006	Year 2006
<b>Assets</b>			
Intangible assets	187	133	187
Owner-occupied properties	632	629	632
Deferred tax assets	421	540	449
Participating interests in joint ventures	23	21	20
Tilgodehavende skat	4	0	41
Reinsurers' share of insurance contracts	853	1,096	636
Other assets	2,065	2,112	1,543
Loans	14,485	10,988	13,128
Investment properties	758	727	756
Investment assets	25,046	23,375	23,604
Amounts due from credit institutions and central banks	2,573	1,552	1,631
Cash in hand and demand deposits	355	455	365
<b>Total assets</b>	<b>47,402</b>	<b>41,628</b>	<b>42,992</b>
<b>Liabilities</b>			
Share capital	1,788	1,788	1,788
Reserves, retained profit etc.	3,187	2,842	3,124
Minority interests	483	411	520
Consolidated equity	5,458	5,041	5,432
Subordinated loan capital	622	300	474
Provisions for insurance contracts	19,909	19,872	18,718
Other provisions	243	323	246
Deferred tax liabilities	51	51	51
Other liabilities	2,179	1,781	1,213
Deposits	9,374	8,698	9,109
Issued bonds	1,375	0	1,040
Amounts owed to credit institutions and central banks	8,191	5,562	6,709
<b>Total liabilities</b>	<b>47,402</b>	<b>41,628</b>	<b>42,992</b>

Note 1 Own Shares - Group

Note 2 Change in contingent liabilities, guaranties and leasing

# Income statement

## Income statement

DKK million	Q1 2007	Q1 2006	Year 2006
<b>Income</b>			
Premium income	1,302	1,214	5,026
Interest income etc.	488	367	1,621
Fee income etc.	57	40	136
Other investment income	1	2	35
Other income	9	11	37
<b>Total income</b>	<b>1,857</b>	<b>1,634</b>	<b>6,855</b>
<b>Expenses</b>			
Claims incurred	-956	-847	-3,552
Interest expenses	-205	-111	-572
Other investment expenses	-14	-10	-51
Provisions for bad and doubtful debts	18	4	27
Acquisition and administrative expenses	-377	-345	-1,414
Other expenses	-13	-12	-39
<b>Total expenses</b>	<b>-1,547</b>	<b>-1,321</b>	<b>-5,601</b>
Result of business ceded	-48	-46	-111
Change in life insurance provisions	56	349	256
Change in collective bonus potential	-35	-67	-153
Exchange rate adjustments	8	-387	-194
Tax on pension investment returns	-5	44	-15
<b>Profit before tax</b>	<b>286</b>	<b>206</b>	<b>1,037</b>
Tax	-69	-58	-190
<b>Profit after tax</b>	<b>217</b>	<b>148</b>	<b>847</b>
<b>Profit before tax is distributed as follows</b>			
Alm. Brand's share of the profit for the period	274	226	1,006
Minority shareholders' share of the profit for the period	12	-20	31
	<b>286</b>	<b>206</b>	<b>1,037</b>
<b>Profit after tax is distributed as follows</b>			
Alm. Brand's share of the profit for the period	202	163	811
Minority shareholders' share of the profit for the period	15	-15	36
	<b>217</b>	<b>148</b>	<b>847</b>
Resultat pr. aktie, kr.	10	7	37
Resultat pr. aktie udvandet, kr.	10	7	37

# Statement of changes in equity

DKK million	Share capital	Contingency funds	Retained profit	Revaluation reserve	Shareholders' equity	Minority interests	Consolidated equity
<b>Restated at 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>At 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			202		202	15	217
Sale of treasury shares			20		20		20
Repurchased shares			-159		-159		-159
Change in share attributable to minority interest						-52	-52
<b>At 31 Marts 2007</b>	<b>1,788</b>	<b>182</b>	<b>3,002</b>	<b>3</b>	<b>4,975</b>	<b>483</b>	<b>5,458</b>

	31 March 2007	Year 2006
Shareholders' equity exclusive minority interests	4,975	4,912
Consolidation of Pensionskassen under Alm. Brand A/S	-10	-11
<b>Shareholders' equity under the rules of the Danish Financial Supervisory Authority exclusive minority interests</b>	<b>4,965</b>	<b>4,901</b>
Share of profit attributable to Alm. Brand A/S	202	811
Consolidation of Pensionskassen under Alm. Brand A/S	1	-4
<b>Share of profit attributable to Alm. Brand A/S under the rules of the Danish Financial Supervisory Authority</b>	<b>203</b>	<b>807</b>

DKK million	Times the statutory solvency margin	31 March 2007	Year 2006
Non-life insurance	2.4	1,577	1,565
Banking excluding partly owned listed subsidiaries	1.3	1,521	1,410
Banking, investments in partly-owned listed subsidiaries		721	699
Life insurance	2.0	1,032	1,036
Reinsurance		220	212
<b>Capital target</b>		<b>5,071</b>	<b>4,922</b>
Consolidated shareholders' equity		5,458	5,432
Net tax asset		-421	-449
Intangible assets		-187	-187
<b>Adjusted consolidated shareholders' equity excluding capital base</b>		<b>4,850</b>	<b>4,796</b>
Dividend distribution excluding capital base		-221	-126
Capital base		622	475
<b>Dividend distribution including capital base</b>		<b>401</b>	<b>349</b>



# Cash flow statement

## Cash Flow Statement

DKK million	31 March 2007	31 March 2006	Year 2006
<b>Cash flows from operating activities</b>			
Premiums received	2,180	2,017	5,063
Claims paid	-944	-1,131	-3,908
Interest receivable, dividends, etc.	575	502	1,756
Interest payable	-163	-82	-440
Payments concerning reinsurance	-70	-15	117
Fee income received	55	41	151
Fee income paid	-5	-9	-32
Expences paid	-455	-270	-1,569
Tax on pension investment returns paid	0	0	-62
Acquisition of intangible assets, furniture, equipments etc.	-9	-20	-117
Other ordinary income received	3	0	10
Taxes paid/received	-1	1	-127
<b>Cash flows from operating activities</b>	<b>1,166</b>	<b>1,034</b>	<b>842</b>
<b>Change in investment placement (net)</b>			
Properties acquired or converted	-3	-1	-19
Sale of property	0	0	18
Sale/aquisition of equity investments	87	86	312
Sale/repayment of mortgage deeds and loans	-1,383	-346	-2,452
Sale/aquisition of bonds	-1,063	-112	-465
Dividend received from joint ventures	0	0	1
Change in receivables from credit institutions over 3 months	209	41	-253
<b>Change in investment placement (net)</b>	<b>-2,153</b>	<b>-332</b>	<b>-2,858</b>
<b>Change in financing (net)</b>			
Other provisions	-6	-5	-12
Sale/purchase of treasury shares	-139	8	-360
Sale/acquisition of subsidiaries (change in minority interests)	-2	0	10
Issued bonds	335	0	174
Change in deposits	149	155	1,040
Change in payables to credit institutions	319	-1,856	559
Change in other payables	1,478	-37	-709
<b>Change in financing (net)</b>	<b>2,134</b>	<b>-1,735</b>	<b>702</b>
<b>Gross change in cash and cash equivalents</b>	<b>1,147</b>	<b>-1,033</b>	<b>-1,314</b>
Exchange rate adjustments of cash equivalents, beginning of period	-6	-16	-40
<b>Net change in cash and cash equivalents</b>	<b>1,141</b>	<b>-1,049</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>2,843</b>	<b>2,007</b>	<b>1,702</b>

# Segment reporting

## Profit and loss account by business segments - Group

DKK million	Non-life		Life		Consolidation Adjustments	Group
	Insurance	Banking	Insurance	Other		
Premium income	1,109		191	2		1,302
Interest income etc.	86	273	115	24	-10	488
Fee income etc.		62			-5	57
Other investment income			19		-18	1
Other income	6	3				9
<b>Total income</b>	<b>1,201</b>	<b>338</b>	<b>325</b>	<b>26</b>	<b>-33</b>	<b>1,857</b>
Claims incurred	-758		-204	6		-956
Interest expenses	-36	-178	1	-2	10	-205
Other investment expenses	-4		-8	-7	5	-14
Provisions for bad and doubtful debts		18				18
Acquisition and administrative expenses	-228	-134	-20	-13	18	-377
Other expenses	-13					-13
<b>Total expenses</b>	<b>-1,039</b>	<b>-294</b>	<b>-231</b>	<b>-16</b>	<b>33</b>	<b>-1,547</b>
Result of business ceded	-50		3	-1		-48
Change in life insurance provisions			56			56
Change in collective bonus potential			-35			-35
Exchange rate adjustments	30	65	-84	-1	-2	8
Tax on pension investment returns			-5			-5
<b>Profit before tax</b>	<b>142</b>	<b>109</b>	<b>29</b>	<b>8</b>	<b>-2</b>	<b>286</b>
Tax	-40	-19	-8	-2	0	-69
<b>Profit after tax</b>	<b>102</b>	<b>90</b>	<b>21</b>	<b>6</b>	<b>-2</b>	<b>217</b>
<b>Profit before tax is distributed as follows</b>						
Alm. Brand's share of the profit for the period	142	95	29	8		274
Minority shareholders' share of the profit for the period	0	14	0	0	-2	12
	<b>142</b>	<b>109</b>	<b>29</b>	<b>8</b>	<b>-2</b>	<b>286</b>
<b>Profit after tax is distributed as follows</b>						
Alm. Brand's share of the profit for the period	102	74	21	6	-1	202
Minority shareholders' share of the profit for the period	0	16	0	0	-1	15
	<b>102</b>	<b>90</b>	<b>21</b>	<b>6</b>	<b>-2</b>	<b>217</b>

# Notes

## Note 1 Own Shares - Group

DKK million	Q1 2007	Q1 2006	Year 2006
Own shares held at beginning of year	0	0	0
Value adjustments	-139	6	-359
Additions	373	78	707
Disposals	-234	-84	-348
<b>Book value</b>	<b>0</b>	<b>0</b>	<b>0</b>
Nominal value, beginning of year	114	26	26
Additions, nominal value	74	18	177
Disposals, nominal value	-47	-20	-89
<b>Nominal value</b>	<b>141</b>	<b>24</b>	<b>114</b>
Number of shares held at beginning of year	1,421,280	319,832	319,832
Additions, number of shares	921,639	234,450	2,214,782
Disposals, number of shares	-582,692	-248,889	-1,113,334
<b>Number of shares held at period-end</b>	<b>1,760,227</b>	<b>305,393</b>	<b>1,421,280</b>
Percentage of share capital at period-end	<b>7.9%</b>	<b>1.4%</b>	<b>6.4%</b>

## Note 2 Change in contingent liabilities, guaranties and leasing

DKK million	Q1 2007	Year 2006
<b>Guarantee commitments</b>	<b>2,314</b>	<b>2,220</b>

The change is primarily attributable to Alm. Brand Bank A/S' unrecognised guarantee commitments.

**Alm. Brand A/S**

**Parent Company**

# Accounting policies



## 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 quarter of 2007 is unaudited.

# Balance sheet

## Balance Sheet - Parent company

DKK million	Note	31 March 2007	31 March 2006	31 December 2006
<b>ASSETS</b>				
Participating interests in subsidiaries	1	4,854	4,917	5,222
Participating interests in associated undertakings		21	21	20
<b>Total investments in subsidiaries and associated undertakings</b>		<b>4,875</b>	<b>4,938</b>	<b>5,242</b>
Other loans		1	0	1
Deposits with credit institutions		2	2	2
Cash in hand and demand deposits		585	0	125
<b>Total other financial investment assets</b>		<b>588</b>	<b>2</b>	<b>128</b>
<b>Total Investment Assets</b>		<b>5,463</b>	<b>4,940</b>	<b>5,370</b>
Amounts due from subsidiaries		15	31	2
Other debtors		31	18	22
<b>Total debtors</b>		<b>46</b>	<b>49</b>	<b>24</b>
Current tax assets		27	28	25
Deferred tax assets		23	25	23
Other assets		38	126	89
<b>Total other assets</b>		<b>88</b>	<b>179</b>	<b>137</b>
Accrued interest		1	0	0
Accruals and deferred income		0	4	0
<b>Accruals and deferred income</b>		<b>1</b>	<b>4</b>	<b>0</b>
<b>Total assets</b>		<b>5,598</b>	<b>5,172</b>	<b>5,531</b>
<b>LIABILITIES</b>				
Share capital		1,788	1,788	1,788
Retained profit		3,177	2,835	3,113
<b>Total shareholders' equity</b>		<b>4,965</b>	<b>4,623</b>	<b>4,901</b>
Deferred tax assets		51	51	51
<b>Total provisions for other risks and costs</b>		<b>51</b>	<b>51</b>	<b>51</b>
Amounts owed to subsidiaries		504	433	502
Other creditors		78	65	77
<b>Total creditors</b>		<b>582</b>	<b>498</b>	<b>579</b>
<b>Total liabilities</b>		<b>5,598</b>	<b>5,172</b>	<b>5,531</b>

# Income statement



## Income statement - Parent company

DKK million	Note	Q1 2007	Q1 2006	Year 2006
Income from subsidiaries	2	207	167	872
Interest, dividends etc.		4	1	15
Interest expenses		-5	-2	-17
Administrative expenses related to investment activities		-6	-5	-87
<b>Profit/loss before tax</b>		<b>200</b>	<b>161</b>	<b>783</b>
Tax		3	2	24
<b>Profit/loss after tax</b>		<b>203</b>	<b>163</b>	<b>807</b>

# Statement of changes in equity



## Statement of changes in equity

DKK million	Share capital	Retained earnings	Shareholders' equity
<b>At 1 January 2006</b>	<b>1,788</b>	<b>2,666</b>	<b>4,454</b>
Profit/loss for the period		807	807
Sale/buy of treasury shares		-404	-404
Sale of treasure shares		44	44
<b>At 1 January 2007</b>	<b>1,788</b>	<b>3,113</b>	<b>4,901</b>
Profit/loss for the period		203	203
Sale/buy of treasury shares		-159	-159
Sale of treasure shares		20	20
<b>At 31 March 2007</b>	<b>1,788</b>	<b>3,177</b>	<b>4,965</b>



# Notes

## Note 1 Participating interests in subsidiaries

DKK million	31 March 2007	31 March 2006	31 December 2006
Cost at beginning of year	6,042	6,042	6,042
<b>Cost at year-end</b>	<b>6,042</b>	<b>6,042</b>	<b>6,042</b>
Revaluation and write-downs, beginning of year	-1,134	-1,609	-1,609
Dividends	-575	0	-400
Profit/loss for the year	0	167	872
Revaluation and write-downs on own shares in subsidiaries	0	1	3
<b>Revaluation and write-downs, at year-end</b>	<b>-1,709</b>	<b>-1,441</b>	<b>-1,134</b>
Set-off against debtors and capital base	314	316	314
<b>Book value</b>	<b>4,647</b>	<b>4,917</b>	<b>5,222</b>
The book value is composed as follows:			
Alm. Brand Bank A/S	1,290	1,123	1,216
Alm. Brand Forsikring A/S	3,051	3,350	3,495
Asgaard Finans A/S	0	0	0
Finansieringsselskabet Balder A/S	437	369	435
Finansieringsselskabet af 9/10 1992 A/S	76	75	76
	<b>4,854</b>	<b>4,917</b>	<b>5,222</b>

## Note 2 Income from subsidiaries

DKK million	Q1 2007	Q1 2006	Year 2006
Alm. Brand Bank A/S	74	35	126
Alm. Brand Forsikring A/S	131	131	676
Asgaard Finans A/S	0	0	2
Finansieringsselskabet Balder A/S	2	1	67
Finansieringsselskabet af 9/10 1992 A/S	0	0	1
	<b>207</b>	<b>167</b>	<b>872</b>